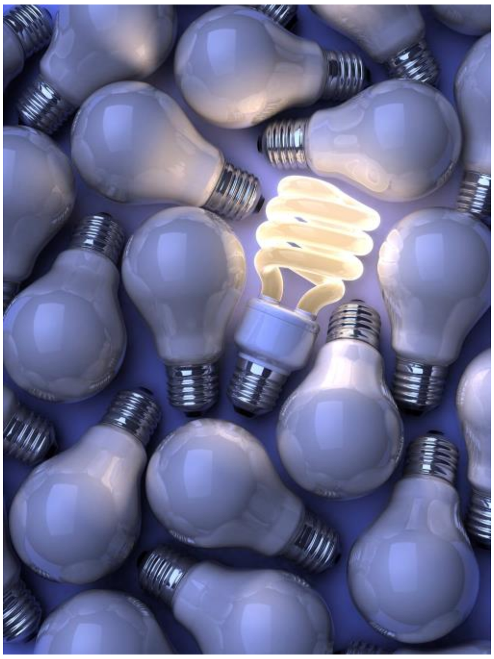
QCOSS
Queensland Council of Social Service

Regulated Retail Electricity Prices 2017-18

Submission to Queensland Competition Authority Draft Determination



3 April 2017

About QCOSS

The Queensland Council of Social Service (QCOSS) is the state-wide peak body representing the interests of individuals experiencing or at risk of experiencing poverty and disadvantage, and organisations working in the social and community service sector.

For more than 50 years, QCOSS has been a leading force for social change to build social and economic wellbeing for all. With members across the state, QCOSS supports a strong community service sector.

QCOSS, together with our members continues to play a crucial lobbying and advocacy role in a broad number of areas including:

- sector capacity building and support
- homelessness and housing issues
- early intervention and prevention
- cost of living pressures including low income energy concessions and improved consumer protections in the electricity, gas and water markets

QCOSS is part of the national network of Councils of Social Service lending support and gaining essential insight to national and other state issues.

QCOSS is supported by the vice-regal patronage of His Excellency the Honourable Paul de Jersey AC**,** Governor of Queensland**.**

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1. Introduction

1.1. Background

QCOSS thanks the Queensland Competition Authority (QCA) for the opportunity to comment on the Draft Determination on Regulated Retail Electricity Prices for 2017-18.

As stated in Chapter 1 of the Draft Determination, the QCA has received a delegation under the Electricity Act from the Queensland Minister for Energy, Biofuels and Water Supply (the Minister) to determine regulated retail electricity prices (notified prices) that will apply to non-market customers from 1 July 2017 to 30 June 2018.[1]

1.2. Context in regional Queensland

Retail price regulation in South East Queensland (the Energex distribution area) was removed on 1 July 2016. Consequently, notified prices only apply to 'non-market customers' in regional Queensland (Ergon Energy's distribution area). The outcome of the QCA's determination therefore has implications for economic development in the regions and social and economic outcomes for households in regional, rural and remote parts of the state.

While electricity prices have increased significantly across the National Electricity Market (NEM) in recent years, regional Queensland households are among the most vulnerable to impacts of declining energy affordability. On average, people in regional Queensland experience greater socio-economic disadvantage compared to south east Queensland (SEQ).[2] A comparison of the index of relative socio-economic disadvantage in 2011 shows that the Greater Brisbane area had 16.2 per cent of people in the most disadvantaged quintile (lowest quintile), while the rest of Queensland had 23.5 per cent.

Regional Queensland also has higher unemployment rates than in SEQ. For the September quarter 2016, the unemployment rate for the Greater Brisbane area was 5.7 per cent, while it was 6.6 per cent for the rest of Queensland.[3] There are some regional areas where unemployment is now especially high, including Townsville (10.1 per cent), Wide Bay (9.0 per cent), Cairns (8.6 per cent) and as well as 13.3 per cent in Outback Queensland.

Such relative differences manifest in lower median total personal income in regional Queensland than in the Greater Brisbane area. In 2011 the weekly income for Greater Brisbane was $633 per person while it was $553 in the rest of Queensland. The relative lower income that people in regional Queensland experience is compounded by the higher cost of living in many regional locations.[4]

Many households in regional Queensland are struggling in the current environment due to the flow-on impacts of the mining downturn, and drought is affecting agriculture in many areas. The recent impacts of Cyclone Debbie will have affected many regional Queensland households, businesses and communities who are now at greater risk of experiencing poverty and disadvantage.

This context is important and relevant to the extent that affordable electricity is essential for a robust regional economy and for social and economic wellbeing for individuals and families. For these reasons, it is critically important that electricity prices for regional customers are minimised to the greatest extent possible in 2017-18.

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1 Non-market customers are customers on a standard retail contract with terms and conditions specified by the National Energy Retail Rules.

2 Queensland Government Statistician's Office (2016), *Queensland Regional Profiles: Resident Profile Greater Brisbane compared with rest of Queensland*

3 https://training.qld.gov.au/site/docs-data/Documents/statistics/research/quarterly-qld-labour-market-review-sept16.pdf

4 Queensland Government Statistician's Office (2016), ibid

2. Pricing approach

The delegation from the Minister sets out the mechanics of how retail prices should be regulated in the Ergon Energy Distribution Area for 2017-18.

The purpose of the regulation is set out in the cover letter to the delegation from the Minister, which states: "*The Government remains committed to ensuring regional customers have access to reliable electricity supply at affordable prices*."

This is an important principle on which the QCA should base its approach to how retail prices should be regulated in the Ergon Energy Distribution Area for 2017-18.

The cover letter to the delegation from the Minister also states: "*To maintain consistency with the regulation of prices in previous years, the Government considers that regulated prices for small customers in regional Queensland should continue to broadly reflect the expected prices for small customers on standing offers in SEQ.*"

In section 2.1 of the Draft Determination, the QCA states that it has considered a range of possible approaches to determining notified prices for residential and small business customers that take into account the requirements of the Electricity Act and the Queensland Government's Uniform Tariff Policy (UTP).

QCA's draft decision is to continue basing notified prices for residential and small business customers on the costs of supply in SEQ.

We agree that notified prices for residential and small business customers should continue to be based on the efficient costs of supply in SEQ (i.e. Energex costs), rather than the costs of supply in regional Queensland (i.e. Ergon Distribution costs).

There is considerable evidence emerging from other NEM jurisdictions[5], such as Victoria, that in the longer term, after standing offer price regulation is removed, the standing offer prices no longer reflect efficient costs of supply. Further, retailers in SEQ compete primarily on the basis of market offers, not standing offers. Retailers are at liberty to raise their standing offer prices without having a detrimental effect on their competitive positioning in the market. The market offer prices increasingly no longer represent an appropriate benchmark on which to gauge efficient prices, competitive market prices or the typical prices paid by electricity customers in SEQ. As such, they are not fit for purpose to be used in any future regulatory price determination.

We understand that for 2017-18 the Minister has stated that the Government considers that regulated prices for small customers in regional Queensland should continue to broadly reflect the expected prices for small customers on standing offers in SEQ. However, it is QCOSS's strong view that this will not be appropriate for future years. We understand this is an issue for the Minister to note in drafting the delegation for 2018-19.

For future price regulation, QCOSS recommends that the Queensland Government and the QCA consider other ways in which notified prices could be set for small customers in regional Queensland that meet the aims and objectives of the UTP and are not based on standing offer pricing in SEQ.

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5 For example: Research undertaken by the Essential Services Commission Victoria and the AEMC, and the recent report from the Grattan Institute "*Price shock: Is the retail electricity market failing consumers?*", which highlight large margins being enjoyed by electricity retailers in various jurisdictions who are serving customers on standing offers that are priced well above market offers. The Victorian Government has also recently published 25 public submissions to a discussion paper as part of its *Review of Electricity and Gas Retail Markets* in Victoria. We have not yet reviewed all the submissions, but several do highlight the same issue that standing offer prices in Victoria are well above efficient supply costs.

3. Network costs

QCOSS agrees that in determining the network cost components of regulated retail tariffs residential and small business customers, network charges should be set at Energex cost levels to meet the objectives of regulated retail electricity prices.

For the 2016-17 price determination, the QCA used Energex's network tariff structures as the basis for setting flat rate retail tariffs for residential, small business and unmetered supply (excluding street lighting) customers, as those structures reflected the costs of supply in SEQ. The QCA used Ergon Distribution's network tariff structures as the basis for setting time-of-use and time-of-use demand retail tariffs for residential and small business customers, but adjusted them to reflect Energex cost levels to maintain consistency with the UTP.

The current Ergon Energy network tariffs for small customers on flat rate retail tariffs (including Tariff 11) are inclining block tariffs. However, because of the UTP, these inclining block network tariffs do not feed into, or in any way affect, the structure of the retail tariffs, which remain flat, without an inclining block structure.

Ergon Distribution has acknowledged that its inclining block network tariffs will, over time, need to be phased out in favour of more cost-reflective network tariffs that better satisfy the pricing principles in the National Electricity Rules (NER). This suggests that there may be some uncertainty about the future of these network tariff structures. QCOSS concurs with QCA that it would be preferable to have a higher degree of certainty about the future of Ergon Distribution network tariff structures before making any major changes that would affect nearly all customers in regional Queensland.

QCOSS supports the QCA's use of the existing Energex tariff structure for Tariff 11 for 2017-18 prices.

Using the Ergon network existing or future tariff structure would be very confusing for customers and would constitute a major change of tariff structure. As QCOSS has stated to the QCA in previous submissions, any changes to the structure of Tariff 11 should be accompanied by an education and public awareness campaign. The need for proactive public communication of changes in tariff structure has been highlighted by the negative customer response to the transition of Tariff 11 to 'cost reflectivity' over the previous three years. This was undertaken with no public awareness or education, and has had significant financial impacts on many households.

4. Energy costs

In regard to energy (generation) costs, QCOSS is not aware of any new information which would suggest alternative approaches to those used in the 2016-17 price determination might be more appropriate. **QCOSS supports the QCA's estimation of energy costs for 2017-18 being based on the application of the same methodology that was used in 2016-17.**

We do, however, have concerns regarding the likely magnitude of the energy cost component of final prices for 2017-18. The Ministerial media release announcing the QCA's draft prices clearly stated that: "*It's important to note this is only a draft and doesn't capture wholesale price impacts of recent extreme heatwaves and the record high demand events in Queensland*".

The methodology for estimation of energy costs is based on a complex model of contracting and hedging and settlement against expected future spot prices. We would be very concerned about the effects on small electricity consumers in SEQ if the QCA's Final Determination were to result in much higher price increases for 2017-18 than those that were announced in the QCA's Draft Determination.

While not an issue for the QCA in this process, QCOSS considers it essential that should the energy cost components increase significantly, the Queensland Government must prioritise measures to address the issues resulting in price spikes in the wholesale market.

5. Retail costs

5.1. Indexing of retail costs from 2016-17 to 2017-18

In the 2016-17 price determination process, the QCA conducted a comprehensive review of the retail cost components of retail tariffs. As part of that review, the QCA engaged ACIL Allen to provide advice on efficient retail costs. ACIL Allen used a combination of bottom-up and benchmarking methods to estimate retail costs for residential and small business customers, informed by analysis of publicly available data, observed market offers, and detailed confidential information provided by retailers.

The QCA considers that the retail cost allowances used for setting notified prices for 2016-17 are an appropriate starting point for setting notified prices for 2017-18.

QCOSS agrees with the view that the retail cost allowances used for setting notified prices for 2016-17 are an appropriate starting point for setting notified prices for 2017-18, and there is no need to redo the calculations from 2016-17 for 2017-18.

In our submission to the QCA's Interim Consultation Paper, QCOSS proposed that the retail costs from 2016-17 should not be indexed unless there is evidence that they have increased. We do not believe there should not be an automatic assumption that costs increase year-on-year by CPI. In fact, we stated in our submission that retail costs might suitably be indexed downwards to reflect increased efficiencies.

In its Draft Determination, QCA responded as follows:

> *"We note comments from consumer groups who considered that retail allowances should be reduced in real terms for 2017–18 through freezing or negative indexation of 2016–17 retail cost allowances. However, as stakeholders have not provided evidence, and we have no compelling evidence, that actual costs have fallen in real terms for retailers in the electricity market, we consider this would likely result in notified prices which are lower than expected residential and small business standing offer prices in south east Queensland and as a result would not be consistent with the UTP.*
>
> *Maintaining retail cost allowances, on the other hand, is consistent with our previous approaches to setting retail prices and is also consistent with the UTP".*[6]

QCOSS wishes to respond to the QCA's comment that "*stakeholders have not provided evidence, and we have no compelling evidence, that actual costs have fallen in real terms for retailers in the electricity market*".

Clearly, as 2016-17 is still in progress, and 2017-18 is yet to come, we cannot provide actual evidence of costs falling from 2016-17 to 2017-18. However, we can see that the trends in cost-to-serve among major retailers show that these costs have been falling in recent years, through re-organisation and transformations that the retailers have been undertaking and continue to undertake in order to become more efficient on an ongoing basis.

The two major retailers in SEQ are Origin Energy and AGL. In its Operating and Financial Review for the half year ended 31 December 2016, published on 16 February 2017, Origin Energy stated: "*Origin is targeting ongoing reductions in operating costs across Natural Gas and Electricity cost to serve, generation and LPG through operational excellence and innovation.*"[7]

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6 Draft Determination, section 5.1, page 30

7 Origin Energy Operating and Financial Review (OFR), section 2.1, page 14, 16 February 2017, available at https://www.originenergy.com.au/content/dam/origin/about/investors-media/ofr_consolidated.pdf

On that basis, QCOSS expects that retail operating costs will fall further in this and coming years, and expects QCA to reflect this trend in its determination of notified prices.

The following table of recent cost to serve for the two major retailers in SEQ has been compiled from publicly available information sources. We accept that the costs presented in the table cover electricity and gas customers nationally, and not just electricity customers in SEQ. However, we have no reason to believe that the year-on-year trends in electricity customer costs to serve in SEQ differ significantly from those shown in the table below. QCOSS presents this table to show the trends year-on-year which are likely to be similar across the two fuels and across jurisdictions, as against the actual values, which may differ between fuels and between jurisdictions.

This table shows 'dollars of the day', and clearly illustrates a trend of operating costs falling not just in real terms, but in actual dollars. The fall in real terms would be greater than indicated in the table below.

On the basis of this evidence, we reiterate our recommendation from our submission to the QCA's Interim Consultation Paper that retail allowances should be reduced for 2017–18 through negative indexation of 2016–17 retail cost allowances.

Cost to serve per customer / customer account[8]

Time period	AGL	Origin Energy
2015 – first half – 1 July to 31 December 2014	$38	$82
2015 – full year – 1 July to 30 June 2015	**$72**	**$159**
2016 – first half – 1 July to 31 December 2015	$37	$76
2016 – full year – 1 July to 30 June 2016	**$69**	**$148**
2017 – first half – 1 July to 31 December 2016	$36	$75

The sources used to compile this information are publicly available, as follows:

- AGL 2017 Interim Results Investor Presentation, slide 20, 9 February 2017, available at https://www.agl.com.au/-/media/AGL/About-AGL/Documents/Investor-Centre/170209-PresentationPack1642801.pdf
- AGL 2016 Full Year Results Investor Presentation, slide 17, 10 August 2016, available at https://www.agl.com.au/-/media/AGL/About-AGL/Documents/Investor-Centre/160810_ResultsInvestorPResentatio580439.pdf
- AGL 2016 Interim Results Investor Presentation, slide 14, 10 February 2016, available at https://www.agl.com.au/-/media/AGL/About-AGL/Documents/Investor-Centre/160210_Results_Presentation_1523474.pdf
- Origin Energy Operating and Financial Review (OFR), section 3.1.3, page 21, 16 February 2017, available at https://www.originenergy.com.au/content/dam/origin/about/investors-media/ofr_consolidated.pdf

8 AGL describes its cost to serve as being per customer account, whereas Origin Energy defines it per customer. It may be that AGL is counting a dual-fuel customer as two accounts, whereas Origin Energy would define it as a single customer. This may explain why Origin Energy's numbers are order of magnitude about twice those of AGL. QCOSS is presenting this table to show the trends year-on-year, not the actual numbers.

- Origin Energy Directors' Report (including the Operating Financial Review & Remuneration Report), section 5.1.3, page 37, 18 August 2016, available at https://www.originenergy.com.au/content/dam/origin/about/investors-media/FY16%20Directors%20Report.pdf
- Origin Energy ASX Appendix 4D & Interim Financial Statements, section 5.1.6, page 25, 18 February 2016, available at https://www.originenergy.com.au/content/dam/origin/about/investors-media/senate-submission-carbon-risk-disclosure-160331/ORG%20Half%20Year%20Results%20for%20the%20period%20ended%2031%20Dec%202015.pdf.

6. Other issues

6.1. Standing offer adjustments

6.1.1. Expected price differential in SEQ in 2017-18

The Queensland Government's definition of the UTP requires the QCA to set 2017-18 notified prices for residential and small business customers that broadly reflect the expected level of standing offer prices in SEQ. Consequently, for 2017-18, it is necessary to adjust the estimated market offer prices in SEQ to account for the expected price differential between market and standing offers.

For the 2017-18 price determination, the QCA's Interim Consultation Paper proposed to consider the following matters to form a view on the expected price differential between market offers and standing offers:

- the experience in other deregulated jurisdictions; and
- the observed price differentials in the newly deregulated SEQ retail market.

In its Draft Determination, the QCA stated that given the differences between retail markets in SEQ and other jurisdictions, it considered that the size of the pricing differential observed in other jurisdictions is unlikely to be indicative of the expected differentials in the SEQ market in 2017–18. The QCA therefore considers it reasonable and prudent to leave the standing offer adjustment at the level determined for the 2016–17 price determination.

In future price determinations, the QCA will continue to monitor market developments in the SEQ retail electricity market and other deregulated retail markets in the NEM to inform its view on how to set notified prices based on its estimates of efficient costs in SEQ.

QCOSS accepts that for this year's determination the standing offer adjustment can be left at the level determined for 2016-17. However, more detailed analysis should be undertaken in future price determinations.

6.1.2. Adjusting for differences in tariff structure

In our submission to the Interim Consultation Paper, we noted that in the past, the QCA has simply added a percentage to all tariff components that represents a reasonable expectation of the difference between the expected efficient market offer prices and the expected standing offer prices. However, we are now seeing divergence in the different tariff components in Queensland between market offers and standing offers. In many cases, the market offers show relatively higher fixed charges and lower unit charges as compared to standing offers. This suggests that the standing offer differential should no longer be a single percentage figure. Indeed, it is possible that the standing offer fixed charges might be lower than the market offer fixed charges.

In response to QCOSS presenting this view, the QCA stated that it considered that adopting our suggestion to have separate differentials for the fixed and variable components of a tariff is likely to be inconsistent with the UTP. The QCA stated that to be consistent with the UTP, it needs to set notified prices for small customers in regional Queensland that broadly reflect the expected overall level of standing offer prices in SEQ. To derive the overall level of standing offer prices, it needs to consider the average annual bill of standing offers, not the average amount payable under fixed or variable components of a tariff as QCOSS suggested.

We do not accept this position, and do not agree that our proposal is inconsistent with the UTP.

We accept that for 2017-18 the QCA needs to set notified prices for small customers in regional Queensland that broadly reflect the expected prices for small customers on standing offers in SEQ.

What we do not accept is that the expected prices for small customers on standing offers in SEQ can always best be determined by applying a single fixed percentage to all tariff components of market offer prices. It may be that the expected prices for small customers on standing offers in SEQ can better be determined by applying different factors to different tariff components. This is likely to be *more* consistent with the UTP than applying a single fixed percentage to all tariff components.

As discussed in section 2 above, we also have concerns with notified prices being set in future years based on standing offer prices in SEQ.

That said, given that the QCA is proposing to leave the standing offer adjustment at the level determined for the 2016–17 price determination, and to defer more detailed analysis for future price determinations. On that basis, we suggest that our proposal for more complex adjustment should also be deferred for consideration in future price determinations.

In summary, QCOSS is of the view that the following should be considered by the Queensland Government and by the QCA in setting notified years, after 2017-18:

- Whether standing offers in SEQ remain at all relevant as a basis for setting notified prices. This impacts on how the UTP is understood by the Queensland Government and how the Ministerial Delegation is worded.
- How, if at all, estimated efficient market prices need to be adjusted to set notified prices, and whether any adjustment should be a constant percentage across all tariff components, or should vary between tariff components.
- If standing offers are considered relevant as a basis for setting notified prices, how those standing offer prices will be estimated.

We will be happy to discuss these thoughts with the QCA at an early stage in future price determinations if that would be helpful to the QCA.

6.2. Analysis of customer impacts

In previous years, prior to 2016-17, QCOSS commended the QCA on its efforts to set out prices in its Draft and Final Determinations in a way that clearly identified the estimated bill impacts for different types of households, including clearly setting out the changes in fixed and variable components and providing indicative information about the likely bill impacts for different consumption profiles.

The QCA improved considerably in this aspect over time by developing factsheets to provide snapshots of the information in table and graph formats to present complex information in a way that is accessible and transparent for consumers.

QCOSS commented in its submission to the Interim Consultation Paper in regard to the QCA's assessment of customer bill impacts and the presentation of information in the QCA's residential fact sheets in 2016-17, and now adds further comment in regard to the Draft Determination and Final Determination for 2017-18.

6.2.1. Different tariffs and consumption profiles

Given fluctuations in how costs are allocated between the fixed and variable charges, notified prices set by the QCA have a different impact on the overall bill for households, depending on their household consumption. The impacts are also increasingly affected by differences driven by the uptake of technologies such as solar generation or controlled load tariffs.

Consumers with combinations of tariffs, in particular T11+T31 or T11+T33, for a range of usage levels, are important and common combinations, particularly given the high proportion of residential customers in Queensland who have a hot water system or a pool filtration system connected to a controlled load tariff.

It is important for the QCA to present clearly the bill impacts for a wide range of consumer usage levels on each tariff, and on common combinations of tariffs. This will help QCOSS and other stakeholders, including end consumers, to better understand the impact of the prices in the QCA's Draft and Final Determinations on actual bills.

QCOSS therefore requests the QCA to provide a wide range of effects in its future publications. These publications should include Draft and Final Determinations, as well as fact sheets.

QCOSS recommends the publication of bill impacts for customers who use more (75th percentile) than the typical (median) customer, as well as customers who use less (25th percentile).

QCOSS continues to encourage the QCA to present clearly the bill impacts for a wide range of consumer usage levels on each tariff, and on common combinations of tariffs, as it has done in previous years (prior to 2016-17).

6.2.2. Metering service charges

In our response to the QCA's Interim Consultation Paper, we requested that the QCA include metering costs in its bill impact analysis and fact sheets, even though metering costs do not form part of the QCA's determination. Our reasoning included the fact that the QCA determination refers to customers' ***annual electricity bills***, and therefore should accurately report on the year-on-year changes to customers' ***annual electricity bills***.

The QCA responded:

> *Under the Electricity Act, metering charges cannot legally be included in notified prices. The charges also vary from customer to customer.*
>
> *As the metering charges do not form part of notified prices or the QCA's price determination, we do not include metering charges in the customer impact analysis for notified prices.*

We understand that metering charges do not form part of notified prices and are not determined by the QCA, but metering service charges also form part of customers' ***annual electricity bills***.

The QCA's previous determinations and fact sheets referred to customers' ***annual electricity bills***, and not just to those parts of the customer bills that are determined by the QCA. For example, the QCA's Final Determination and factsheet for residential customers for 2016-17 both state that in 2016-17, the ***annual bill*** for a typical customer on tariff 11 will increase by 2.8 per cent from $1,457 to $1,498. The customer's ***annual bill*** includes metering services charges.

It was misleading to give customers and other stakeholders information regarding the customers' ***annual bill*** which is based on only some of the components of the annual bill.

In the current Draft Determination, the QCA has attempted to address this issue by stating:

> *“To illustrate the hypothetical impacts of the draft determination on customer bills, we have provided comparisons of the annual amount typical customers would have paid under 2016–17 notified prices and the annual amount that they would potentially pay under the draft 2017–18 notified prices. It is important to note that this information is only intended to show the potential impact of the annual change in notified prices on a typical customer’s bill. It is not intended to demonstrate the annual change in the total amount a customer will pay their electricity retailer in a given year.*
>
> *Many customers will incur additional charges that are not set by the QCA and cannot legally be included in notified prices. For example, most customers will also pay metering charges. These charges are set by the AER and will vary from customer to customer depending on a range of factors, including (but not limited to) the type of meter installed, the number of tariffs a customer uses and whether a customer has a solar power system. As these charges do not form part of notified prices or the QCA’s price determination, they have not been included in the customer impact analysis for notified prices”.*

Rather than refer to the customer’s ***annual bill***, the Draft Determination text refers to the customer’s ***annual notified price bill***. This is, however, not always consistent, as many Figures and Tables in the Draft Determination still refer to a customer’s ***annual bill*** rather than their ***annual notified price bill***. Further, there is no such bill as an ***annual notified price bill***, so this terminology is quite meaningless to customers and stakeholders.

More importantly, customers are more likely to read the one page factsheets than the full Determination. The factsheets published by the QCA with the Draft Determination still refer only to the customer’s ***annual bill***. The residential customer fact sheet says: “*Based on draft estimates, a typical household on the main residential tariff 11 is projected to pay $1,515 on their 2017–18 annual bill. This represents a 1.7 per cent increase from the 2016-17 annual bill of $1,490*”. Customers reading this factsheet will not understand that this wording “*is not intended to demonstrate the annual change in the total amount a customer will pay their electricity retailer in a given year*”.

In its 2014-15 fact sheet, the QCA flagged that metering charges would be included separately on customer bills from 1 July 2015, and the QCA stated that “*We have included metering charges in our assessment of customer bill impacts to ensure a like for like comparison with 2014–15 annual total bills”.* QCOSS considers that the QCA should continue to allow for a “like for like” full bill comparison across financial years by including metering charges in its assessment of customer bill impacts, as it did in 2014-15.

While we appreciate that the metering charges do not form part of the “notified prices” determined by the QCA, we do consider metering charges to be relevant for the QCA to report on as part of their role in communicating to regional customers the expected annual bills for 2017-18. This was a simple but effective way for the QCA to clearly state that metering charges do not form part of the notified prices while still providing customers with information that is relevant for them to know. We consider the QCA’s fact sheets to be useful tools in communicating complex information in a way that is relevant and useful for consumers. It is unreasonable to expect consumers to source information from multiple sources to piece together a picture of their overall bill impact, when this could easily be presented in the QCA’s factsheet as it has done in the past.

There is still some improvement required to the clarity of the Final Determination and its associated factsheets to explain to consumers that in the absence of consideration of metering charges the QCA’s determination of notified prices does not determine the quantum of the change or the percentage change in the customer’s annual electricity bill. We will be happy to assist the QCA further in this regard.

6.2.3. Additional information

In past years (prior to 2016-17), the QCA included a range of information on its fact sheets, some of which was not directly related to the QCA's role in setting notified prices, such as promoting the availability of concessions and hardship support.

We have been disappointed to see this information has not been included in recent years, and would be supportive of the QCA revisiting opportunities to maximise the value of its communications to consumers in future. We will be happy to assist the QCA further in this regard.

QCOSS recommends that the QCA revise opportunities to improve the quality and clarity of information provided on fact sheets aimed at consumers for the Final Determination for 2017-18.