

CONSUMER ADVISORY COMMITTEE

MEETING: August 2014

DATE: 27/08/2014

TIME: 10:00am

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| <p>Present</p> | <p><u>Members</u></p> <p>Dr Malcolm Roberts (QCA, Presiding Officer)</p> <p>Ms Julia Mylne (Chamber of Commerce and Industry Queensland)</p> <p>Ms Robyn Robinson (Council on the Aging)</p> <p>Mr Ian Jarratt (Queensland Consumers Association)</p> <p>Ms Carly Allen (Queensland Council of Social Service)</p> | |
| <p>Observers</p> | <p>Ms Ilona Cenefels (Energy and Water Ombudsman Queensland)</p> <p>Mr Paul Mitchell (Energy and Water Ombudsman Queensland)</p> <p>Mr Rodney Cameron (Department of Energy and Water Supply)</p> <p>Mr Chris Campbell (Department of Energy and Water Supply)</p> <p>Mr Charles Millstead (QCA)</p> <p>Mr Adam Liddy (QCA)</p> | |
| <p>Apologies</p> | <p>Ms Shirley Schurmann (Financial Counsellors' Association of Queensland)</p> <p>Mr Jonathan Pavetto (Queensland Cane Growers Association)</p> | |

- 1 **Previous minutes** The Committee resolved that the minutes of the meeting held on 28 May 2014 be accepted as a true record of proceedings.
- 2 **Status of outstanding issues** The QCA provided members with charts showing small customer disconnection statistics and overall customer numbers from mid 2010 to the march quarter 2014. Members raised that there appeared to be a significant increase compared to the previous year. The QCA highlighted that the percentage of customers disconnected due to non-payment was largely in line with the long term average. The QCA agreed to provide overall disconnection statistics in spreadsheet format to assist members to conduct their own analysis.

Members discussed difficulties encountered by retailers, including customers who failed to respond to warning notices, in attempting to identify customers who are in financial difficulty and are ultimately disconnected. Members also discussed the possible barriers for consumers in responding to warning notices, including people experiencing crisis situations, lack of trust, and low awareness that there is assistance available.

The QCA informed members that all existing member organisations of the Committee, excluding the Centre for Credit and Consumer Law (CCCL), had been re-appointed for a further 12 months.

- 3 **Carbon tax repeal** Members discussed retailers adjusting their prices to reflect the carbon tax repeal. The QCA informed members that, while some retailers had not changed their prices to date, all had undertaken to back date carbon tax-exclusive prices when they were finalised.

Members discussed the effect of the carbon tax repeal on the regional regulated Feed in Tariff (FiT). Members discussed the merits of having a representative on the committee representing solar interests.
- 4 **Retail price determination 2015-16** Members discussed the 2015-16 retail price determination. The QCA informed members that, at the time of the meeting, it had not received an updated delegation. The QCA informed members that, as prices in south-east Queensland were to be deregulated, the QCA expected a revised delegation to specify that regulated electricity prices would only apply to regional Queensland.

Members discussed consultation and regional consultation workshops. Members suggested the QCA contact local community groups in areas where workshops were being conducted. The QCA invited members to provide any further suggestions and encouraged members to use their own networks to raise awareness of the QCA's consultation process.

The QCA agreed to provide a workshop for members on the anticipated interim consultation notice for the 2015-16 retail price determination.
- 5 **Energy market reform update** Members discussed energy market reforms including, the implementation of the NECF, price deregulation in south-east Queensland and the introduction of price monitoring. Members discussed several issues regarding price monitoring, and the role of the QCA under these reforms.
- 6 **Review of minimum service standards and guaranteed service levels to apply from 1 July 2015** Members noted the paper and highlighted the importance of automatic payment of guaranteed service level payments for consumers.
- 7 **2014 review of the minimalist transitioning approach for Ergon Energy** Members noted the paper and discussed the minimalist transitioning approach and general issues for competition in regional Queensland.
- 8 **Requested amendments to notification and consent provisions in the electricity** Members noted the paper and discussed the form of notification being provided by retailers under the new provision. Members discussed how the amendments were being applied and whether the information being provided by retailers was delivering on the intent of the amendments.

Members asked the DEWS representative if the amendment would continue under the National

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| | industry code | <p>Energy Customer Framework (NECF) in Queensland.</p> <p>DEWS took the question on notice and, subsequent to the meeting, advised that the National Energy Retail Law (Queensland) Bill 2014 was introduced to Parliament in May 2014. The Bill reflects stakeholder consultation and incorporates a number of adjustments to proposed Queensland NECF variations.</p> <p>One of the proposals, to be included in subordinate legislation made under the Bill (if passed) relate to changes to the National Energy Retail Rules. Specifically, under a Market retail contract, electricity retailers will be required to:</p> <ol style="list-style-type: none"> a. advise customers in advance of any price increases b. advise customers in advance of the expiry of benefits on market retail contracts c. offer at least one market contract that does not have an early termination (exit) fee attached. |
| 9 | Contract interest rate for security deposits held by electricity retailers | Members noted the paper. |
| 10 | Code enforcement issues | Members discussed a contravention of the Electricity Industry Code by QEnergy. |
| 11 | Other decisions since last meeting | Members noted the paper. |
| 12 | Forward work program | Members noted the paper. |
| 13 | Price comparator (QCOSS discussion) | <p>Members discussed the QCA price comparator and highlighted its importance for consumers in the lead up to deregulation in south-east Queensland. The QCA provided some draft promotional material to members for the price comparator, invited feedback and offered to supply promotional materials for members to distribute.</p> <p>The QCA agreed to add some brief text to the price comparator to assist customers to understand their bills, and provide statistics on the number of people using the price comparator.</p> <p>Members discussed the lack of comparable price comparison tools for south-east Queensland small business customers.</p> <p>Members raised the importance of customers having an understanding of c/kWh tariff prices in the lead up to price deregulation in SEQ.</p> |
| 14 | EWOQ update | <p>EWOQ updated members on its activities. EWOQ received 14,097 cases, including a small number of water-related cases, for the 2013-14 financial year. Billing continues to be the number one category of complaints with 5,551 cases. The other major categories are:</p> <ul style="list-style-type: none"> • credit (2,598 cases) • customer service (969 cases) • transfer issues (767 cases) |

EWOQ informed members that it had extended its "Payment of accounts not in dispute" policy and procedure to all cases. EWOQ had found that the policy had improved debt management outcomes for customers.

EWOQ also advised members that its online complaints portal had been in operation for a year, and was receiving approximately 400 visits per month.

15 **Department of Energy and Water Supply update**

DEWS provided the following update to members on the Queensland Government's Energy Sector Reform Key Initiatives.

National Energy Customer Framework (NECF) and Market Monitoring

The Bills to facilitate the NECF and Market Monitoring were introduced into Parliament in May and will be debated in September. The legislation is currently being considered by the relevant Parliamentary Committee, with the Committee's final report due to be tabled in parliament on 28 August 2014.

NECF

DEWS hopes to release an Exposure draft of the Regulation shortly and will advise stakeholders in due course.

Market monitoring

- Market monitoring is expected to commence in SEQ on 1 July 2015, subject to the 5 key pre-conditions being met. Once government is satisfied these pre-conditions have been achieved, the commencement date will be proclaimed (subject to passage of the legislation through parliament in September).

- The pre-conditions are on track to be met by the end of 2014. The timing and status of each pre-condition is as follows:

- i) Ensure there is effective competition in SEQ – The Australian Energy Market Commission's 2014 review of retail competition confirmed there is sufficient competition in SEQ to support deregulation.

- ii) Improve customer engagement – DEWS is working closely with retailers and advocacy groups to develop a comprehensive customer education campaign, which is expected to be finalised later in 2014. Delivery of this strategy will be ongoing in the lead up to and after deregulation occurs.

- iii) Ensure appropriate customer protections are in place – commencement of NECF in Queensland is planned for 1 July 2015.

- iv) Establish a robust regulatory framework –

- The market monitoring legislation will allow the Minister to direct the QCA to monitor and report on the SEQ market, with a focus on price movements. DEWS is consulting with the QCA to finalise the details of the QCA's role.

- DEWS is also developing a set of competitive market indicators that will be used to measure the success of price deregulation. These indicators will be published on the DEWS website towards the end of 2014.

General business

Members discussed issues relating to the regulation of bulk hot water heated by reticulated natural gas, including information provided by retailers to bulk hot water customers.

Members expressed an interest in being part of the QCA customer consultation process for water issues.

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| Next meeting | MEETING: 26 November 2014 TIME: 10:00am |
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