



22 July 2013

Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

By e-mail: electricity@qca.org.au

Draft Decision - Requested Amendment to the Electricity Industry Code Customer Disconnection Provisions

Origin Energy (Origin) welcomes this opportunity to respond to the Queensland Competition Authority's (the QCA's) draft decision on requested amendments to the Electricity Industry Code (the Code) relating to customer disconnections.

Origin generally supports the views set out in the draft decision. We acknowledge that for older, multi-site residential premises, the Meter Switch Seal (MSS) process is likely to be the only viable short term solution. While we agree that the Authority is unable to oblige the use of other technology solutions (such as smart meter installations as suggested by AGL), we agree with other stakeholders that consideration of alternatives where no existing fusible link exists has merit and that these alternatives were no doubt raised to encourage further discussion at the policy level in addition to their relevance to the regulatory framework.

Specific comments on the draft decision are set out below.

Clause 5.7.4(a) - MSS disconnection for multi-occupancy dwellings

Origin strongly supports the QCA's draft decision to continue with compensation where a MSS disconnection occurs. Without compensation there is no incentive for a distributor to invest in a solution to address the current situation, which led to the MSS process being introduced in the first place.

A fixed charge per MSS disconnection is administratively simple, however we consider that the \$4 figure per premise proposed in the draft decision understates the financial exposure confronting retailers and ignores those situations where the financial impact on retailers far exceeds the estimate set out on page 6 of the draft decision. A flat fixed compensation figure also assumes that the incidence of MSS related financial exposure and its impact is identical for all retailers.

For these reasons, a method for determining compensation is preferable and should be included in the Code if agreement between Energex and retailers cannot be reached. Origin remains of the view that retailers can continue to work with Energex on this matter; however formalisation of compensation via the Code may be the only option should negotiation fail to resolve ongoing disagreement.

Such a method would:

- Exclude the application of network charges as per current practice (and reinstatement these charges following notification by Energex of consumption or the issuing of a relevant service order);

- Be based on the volume of energy consumed from the time of the MSS application until the notice described above has been provided; and
- Compensate the retailer for the value of the consumed energy, market fees and other costs it is liable for as the financially responsible Market Participant in the NEM for the relevant premise.

We would emphasize however that insertion of a method to compensate retailers as suggested by the QCA should only take place if agreement cannot be reached in the short term between Energex and retailers.

Clause 5.7.4(b)

Origin supports the QCA's draft decision not to include this amendment in the Code.

We would welcome further discussion with the QCA on matters and queries raised in this response. Should you have any questions or comments in relation to this response, please contact me in the first instance.

Regards

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