

CONSUMER ADVISORY COMMITTEE

MEETING: April 2017

DATE: 21/04/2017

TIME: 11:00am

Members present	Mr Charles Millstead Mr Joseph Kelly Ms Robyn Robinson Mr Mark Grenning Mr Jon O'Mally Mr Warren Males Mr Ian Jarratt	(QCA, Presiding Officer) (Chamber of Commerce and Industry Queensland) (Council on the Ageing) (Energy Users Association of Australia) (Financial Counsellors' Association of Queensland) (Queensland Canegrowers Association) (Queensland Consumers Association)
Observers	Ms Ilona Cenefels Mr Mark Barton Mr Rod Cameron Mr Adam Liddy Mr Shannon Murphy	(Energy and Water Ombudsman Queensland) (Energy and Water Ombudsman Queensland) (Department of Energy and Water Supply) (QCA) (QCA)
Apologies	Ms Carly Hyde	(Queensland Council of Social Service)

- 1 **Previous minutes** The Committee resolved that the minutes of the meeting held on 14 July 2016 be accepted as a true record of proceedings.
- 2 **Committee membership and fee update** The Chair welcomed Mr Mark Grenning from the Energy Users Association of Australia to the committee.

Members were informed that, as a result of an update to the *Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Committees* issued by the Queensland Department of Industrial Relations, meeting fees would increase from \$191 to \$300 per meeting.
- 3 **South east Queensland electricity market monitoring** The QCA updated Members on the south east Queensland electricity market monitoring report.

Members complimented the QCA on its consultation process. In particular, Members found meetings with the QCA on the matter highly useful.

Members asked if the market monitoring report would investigate retailer margins. The QCA informed Members that this matter was outside the scope of the direction it had received from the Minister for Energy and Water Supply. Members discussed the level of retail margins and costs in general and how they apply under regulated electricity prices.
- 4 **Retail price determination 2016-17** Members discussed the 2017-18 draft retail price determination. Members discussed changes in wholesale energy costs, the impact they had on the prices in the draft determination and the potential impact on final prices for 2017-18.

Members discussed the impact of transitional tariffs, in particular the new high voltage transitional tariffs, on businesses and industries in the regions.

Members discussed network costs. Members considered the current level of network costs to be excessive, and were frustrated that they had been unable to effect change in this area despite actively engaging with multiple regulators.

Members discussed the delegation from the Minister for Energy and Water Supply, and its impact on the QCA price setting process.
- 5 **Solar feed-in tariff for regional Queensland** Members discussed the 2017-18 regulated solar feed-in tariff (FiT) setting process. Members discussed the link between wholesale energy costs in notified prices and the FiT, and that should wholesale energy costs increase, all else equal, the FiT rate would also increase.
- 6 **Report on south east Queensland solar feed-in tariffs** Members discussed the upcoming report on south east Queensland solar feed-in tariffs. Members were informed that the QCA would, to the extent possible, aim to be consistent with the market monitoring report discussed in agenda item 3.
- 7 **Enforcement issues** Members were updated on investigations into compliance with standing offer fee regulations, distributor service order performance and Guaranteed Service Level (GSL) underpayment.

Members discussed the importance of informing retailers in advance of new regulations to limit the number of issues experienced by consumers. Members discussed differences in standing and market offers, and how they are being marketed.
- 8 **Other decisions since last meeting** Members discussed GSL payment reports from Energex and Ergon Energy. Members discussed whether these payments should be included in distributor operating expenditure and network costs borne by consumers. Members discussed how GSL payments were calculated and whether they should be based on reliability valuations calculated by the Australian Energy Regulator.

9 **Forward work program**

Members noted the paper.

EWOQ Update

EWOQ updated members on its activities. Members were informed that complaint calls for the month of March (754) are up from the previous month (685). Complaints registered since the beginning of 2017 have continued to show an increase in numbers from the month before.

The main areas for customer complaints continue to be for high / disputed billing, estimated billing, meter issues along with payment difficulties and disconnection for debt.

Members enquired as to whether EWOQ has received an increase in calls about the rollout of digital metering. EWOQ informed Members there have been calls in that regard but EWOQ had not seen a large increase in the number of calls.

EWOQ investigation officers do spend time dealing with customers that do not understand the information on bills (layout of the bill) from their energy retailer.

EWOQ continues to see 'Billing delays' identified as a potential systemic issue. There are a variety of reasons customers may experience billings delays which may include changes within the scheme participants systems etc.

EWOQ has also seen a number of potential systemic issues identified in relation to 'customer service'.

Department of Energy and Water Supply update

The Department of Energy and Water Supply (DEWS) provided the following update on its activities to Members.

Deregulation

Five new retailers have entered the south east Queensland market since deregulation commenced – there are now 18 retailers in residential sector and 15 in small business sector. Over 100 new offers since deregulation commenced – wider range of products now available.

While data for the month of March is yet to be published, monthly annualised customer transfer (switching) figures released by the Australian Energy Market Operator (AEMO) indicate customers are engaged in the market

DEWS has engaged St Vincent de Paul Society to analyse retailer fees and charges in SEQ, and is currently considering the report's findings before it is publicly released.

ACCC pricing inquiry

The Federal Government has directed the ACCC to commence an inquiry into retail electricity pricing - preliminary report due by end September 2017, with a final report due 30 June 2018.

The Queensland Government is already monitoring the SEQ market (with QCA monitoring price movements) and will assist the ACCC where required.

Electricity Rebate

The Electricity Rebate has been extended to Commonwealth Health Care Card holders and asylum seekers. Rebate payments will be backdated to 1 January 2017, and we encourage all HCC holders and asylum seekers to talk to their retailer about applying.

On-supply

Minister is considering options in relation to extending the Ombudsman Scheme to on-supply or (exempt customers), recommendation is to await outcomes of work being conducted by the AER, in conjunction with ANZECON to identify a national solution.

Embedded Network National Electricity Rule change will commence across all jurisdictions on 1 December 2017, this Rule will provide the framework for EN customers to have the option to purchase their electricity from an authorised retailer – Queensland intends to amend legislation to ensure consistency with the Rules prior to 1 December 2017.

AEMC Review of regulatory arrangements for embedded networks – requested by COAG as growth of embedded networks in recent years means an increasing number of customers are being supplied under the AER exemption framework rather than being subject to the same arrangements and protections as customers that have a standard network connection. Also, a range of business models to provide embedded network services are also emerging in the market and developments in technology, including distributed generation and energy storage also mean the configuration of, and arrangements within embedded networks are increasingly complex.

Timelines: Submissions close 16 May, Consumer Group forum Mid-May, Public forum Mid-2017, Draft Report and recommendations 15 Sept, Final Report and recommendations by Dec 2017.

Members discussed the high number of on-supply customers in Queensland and possible reasons behind this figure.