

QUEENSLAND COMPETITION AUTHORITY

MINUTES OF CONSUMER ADVISORY COMMITTEE MEETING

WEDNESDAY, 28 AUGUST 2013 – 9:00AM

LEVEL 27, 145 ANN STREET, BRISBANE

PRESENT:

Members

Dr Malcolm Roberts (Queensland Competition Authority, Presiding Officer)

Mr Ian Jarratt (Queensland Consumers Association)

Ms Carly Allen (Queensland Council of Social Service)

Mr Jonathan Pavetto (Queensland Cane Growers Association)

Ms Megan Johns (Chamber of Commerce and Industry Queensland)

Observers

Mr Gary Sacre (Energy and Water Ombudsman Queensland)

Mr Rodney Cameron (Department of Energy and Water Supply)

Ms Judith Allen (Department of Energy and Water Supply)

Mr Adam Liddy (Queensland Competition Authority)

Mr Charles Millsteed (Queensland Competition Authority)

APOLOGIES:

Ms Shirley Schurmann (Financial Counsellors' Association of Queensland)

MINUTES

- 1 Previous minutes The Committee resolved that the minutes of the meeting held on 29 May 2013 be accepted as a true record of proceedings.

MATTERS FOR INFORMATION

- 2 Outstanding issues from the May meeting Members noted the Council on the Aging (COTA) represent the views of a significant group of consumers and could make a positive contribution to the committee. The Presiding Officer agreed to invite COTA to join the committee.

Members discussed issues regarding standard contracts and the broader state of competition in Queensland. Members were informed the Authority was constantly monitoring the state of competition in Queensland. Members discussed the merits of available information on competition and options for gathering further data. Members discussed the reduction in door-to-door marketing by retailers, specifically the potential effect on competition and consumer complaints.

Members discussed information provided by retailers to consumers in financial hardship. Members were informed the Authority had conducted an investigation into the issues raised at the last meeting. While the Authority did identify individual cases where incorrect or incomplete information was provided to customers, the Authority found no evidence

of a systemic issue.

- 3 Retail price determination 2014-15

The Authority provided members with an update on the retail price determination process for 2014-15. Members were informed the approach to setting regulated retail electricity prices would be similar to that followed in 2013-14, as there had been no major policy changes that would affect the methodology. However, as with previous years, the Authority remained open to changes in approach where there was a compelling reason to do so.

Members asked if the Authority would provide information on the amount of Community Service Obligation payments made to each customer class as part of the 2014-15 determination. Members stated this would help customers in the Ergon Energy distribution area assess the true cost-reflective prices for their connection, and allow informed investment decisions to be made. Members were informed that such information was outside the scope of the 2014-15 determination.

The Authority suggested the best available estimate for consumers could be made using Ergon Energy network tariffs approved by the Australian Energy Regulator. Members discussed the variability of costs for similar customers across the Ergon Energy network and the significant cross subsidies that result.

Members informed the Authority there had been good feedback from consultation conducted during the 2013-14 price review process. Members discussed the proposed consultation for the 2014-15 determination including when the final consultation timetable would be released.
- 4 Tariff Reform Working Group

Members were informed the Authority was participating in the Tariff Reform Working Group established by the Department of Energy and Water Supply (DEWS). The Authority provided an outline of the operation of the working group and noted its focus on network pricing issues. Members discussed the importance of network tariffs that supported off peak and time-of-use retail tariffs.
- 5 Changes to the Authority website

Members were informed the Authority was working on a major update to its website. Members were asked to provide feedback on the parts of the website they used most frequently and offer any suggestions for improvement.
- 6 Retailer market offers

Members discussed electricity prices offered by retailers, noting that in 2013-14 retailers had generally maintained or increased discount rates compared to the previous year. Members discussed the effect of the one big switch campaign on consumer awareness and competition.
- 7 Requested Amendments to the Electricity Industry Code Customer Disconnection Provisions

Members received an update on the amendments to the Electricity Industry Code customer disconnection provisions requested by Energex. The Presiding Officer informed members that the Authority would conduct an additional round of consultation on the wording of the final amendments and aimed to release its Final Decision in October.

8	Review of Minimum Service Standards and Guaranteed Service Levels	<p>Members discussed the review of Minimum Service Standards (MSS) and Guaranteed Service Levels (GSL). Members discussed the potential effects of the review on consumers, and the incentive GSLs provide for distributors to improve performance. Members were informed responsibility for the regulation of MSS and GSL may change in the near future.</p>
9	Code enforcement issues	<p>Members were provided with an overview of the enforcement issues being dealt with by the Authority. All issues discussed at this meeting related to Origin Energy, which had breached the Code in relation to:</p> <ul style="list-style-type: none"> • incorrectly charging business tariffs to residential customers; • charging incorrect rates to tariff 37 customers; • failing to supply accurate written disclosure statements; • failing to provide written notice of a shortened collection period; and • wrongfully disconnecting two customers. <p>Members were informed the issues appeared to be a result of ongoing problems with a new billing system implemented by Origin Energy. The Presiding Officer told members the Authority was concerned both at the ongoing nature of these billing system issues, and the length of time before the Authority was notified of some of these potential breaches.</p>
10	Other decisions since last meeting	<p>Members discussed the result of the 2013 Review of the Ergon Energy Minimalist Transitioning Arrangements, and the Authority's June 2013 Report to the Minister.</p>
11	Forward work program	<p>Agenda paper noted.</p>
12	EWOQ update	<p>EWOQ reported that from 1 July 2012 until 30 June 2013, EWOQ received 14,266 cases and closed 14,096 cases. Of these, Billing was the highest case category with 6,300 cases, while Credit issues was next with 1,440 cases, Transfer issues with 980 cases and Customer Service with 830 cases.</p> <p>In the month of July 2013, EWOQ closed 1,465 cases, with Billing the highest category with 596 cases, Credit issues was next with 230 cases and Customer Service with 91 cases.</p> <p>EWOQ informed members it was dealing with cases where consumers had accumulated a sizeable amount of debt. Members discussed that this issue had been exacerbated by recent price increases and in some cases it was due to consumers simply being unable to afford the amount of electricity they were consuming.</p> <p>EWOQ confirmed that it received a relatively small number of complaints regarding hardship advice provided by retailers which indicated the issue was likely the result of human error rather than a systemic problem.</p>

13 DEWS update

Members were provided with an overview of the comprehensive energy sector reform program being led by DEWS. Members were informed the reform program was based on recommendations received from the Queensland Commission of Audit, the Interdepartmental Committee on Electricity Sector Reform, Independent Review Panel on Network Costs, and through National Energy Market processes under the Standing Council on Energy and Resources. The reforms aim to address rising electricity costs and will implement a series of market and industry reforms to tackle cost drivers and enable customers to benefit from a competitive electricity market.

In addition to the reform program the government is developing a long term plan for the state's electricity sector with the development of the 30 year electricity strategy.

DEWS will lead implementation of the majority of reforms and development of the 30 year electricity strategy. Members were informed a discussion paper on the 30 year electricity strategy would be released shortly.

DEWS also provided members with an update on complaints handled by the department. Members were told DEWS had investigated a total of 110 cases in the month of July. Most complaints related to solar photovoltaic customers, billing issues and on-selling complaints

DEWS reported that for the 2012/13 Financial Year, the department received a total of 1081 complaints and enquires versus 942 for the previous financial year with billing accounting for 35% of complaints and enquiries, 8% for on-selling and 16% for enquiries on fees and charges.

GENERAL BUSINESS No issues were raised.

NEXT MEETING The next ordinary meeting of the Committee will be held on Wednesday 27 November 2013 from 10:00am to 2:00pm.