



12 January 2020

**SUBMISSION ON QCA INTERIM CONSULTATION PAPER ON
REGULATED ELECTRICITY PRICES 2020-21**

BACKGROUND

The Queensland Consumers' Association (the Association) is a non-profit organisation which exists to advance the interests of Queensland consumers. The Association's members work in a voluntary capacity and specialise in particular policy areas, including energy. The Association is a member of the Consumers' Federation of Australia, the peak body for Australian consumer groups and is represented on the Queensland Competition Authority's Consumer Consultative Committee and the Energy and Water Queensland Ombudsman's Advisory Council. The Association is also a member of the Queensland Council of Social Service's Essential Services Consultative Group.

The Association welcomes the opportunity to make this brief submission.

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GENERAL COMMENTS

Scope of comments

Our comments relate only to household customers.

New issues and uncertainties

We recognise that changes in the delegation and the uncertainties regarding decisions on the DMO and the implementation of new network tariff structures are likely to have are major influences on the timing of, and outcomes from, this determination process.

However, we consider that a very cautious approach is needed by QCA to what, when and how any changes are implemented. This is to ensure that small consumers are not confused or overwhelmed by major changes. Also, that there is sufficient time for public education campaigns and assessment of the likely impacts of proposed changes on different consumer types.

Given the need to link the regulated retail tariffs to the retail tariffs in SEQ, account needs to also be taken of the major uncertainties regarding how any changes to Energex's tariff structures and rates will affect retail tariff structures in SEQ.

Tariff structures

Tariff 11 should be the default retail tariff for new accounts and any new retail tariffs should be available only on an opt-in basis (not opt-out) for all other customers.

Standing offer adjustment

As indicated in our submissions on previous determinations, we are not in favour of using the differential between standing and market offer prices in the SEQ market as the differential to apply to the process for regulating standing offer prices outside SEQ.

This is mainly because we have major concerns about the validity of the assumption that a standing offer contract provides significant additional protections, and therefore value, for consumers compared to market offers. For example, most market offers in SEQ now have no exit fee, prices are not normally changed more than once a year, and many have no fixed expiry date.

Therefore, for this determination we believe that any differential applied by QCA should definitely not be greater than the 5% applied for 2019-20 and ideally should be zero.

We agree that if the calculated notified prices are higher than the DMO set by the AER, any standing offer adjustment applied by QCA should be reduced. In our view the notified prices should be no higher than the DMO.

Retail costs

As indicated in our submissions on previous determinations, we consider that new retail cost allowances for retailing in SEQ should be based on up-to-date market data that reflects the major changes in retailer operations and costs in recent years.

In this regard we note that SEQ retailers are increasingly seeking to reduce costs by encouraging or requiring consumers to have electronic billing and payment and contact with them, as well as to pay by direct debit.