

QUEENSLAND COMPETITION AUTHORITY

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Dear Mr Hall,

CONSUMER ADVISORY COMMITTEE

Please find attached Ergon Energy Corporation Limited's (Ergon Energy) submission in relation to QCA's draft Consumer Advisory Committee (CAC) Charter.

Ergon Energy supports the establishment of the CAC to advise the Authority on the interests of consumers in the exercise of the Authority's responsibilities under the *Electricity Act 1994* and the *Gas Supply Act 2003*. However, our submission highlights a number of areas where we believe clarifications are required to both the CAC's objectives and its rules of operation.

If you have any questions regarding this submission, please do not hesitate to contact me.



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**Ergon Energy Corporation Limited
Ergon Energy Queensland Pty Ltd**

Consumer Advisory Committee Charter

Queensland Competition Authority

16 March 2007

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This submission, which is available for publication, is made by:

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Overview

Ergon Energy Corporation Limited and Ergon Energy Queensland Pty Ltd (collectively referred to as 'Ergon Energy') welcome the opportunity to provide comment to the Queensland Competition Authority (Authority) on the draft Charter for the Consumer Advisory Committee Charter (CAC).

As a general comment, while Ergon Energy supports the establishment of the CAC to advise the Authority on the interests of consumers in the exercise of the Authority's responsibilities under the *Electricity Act 1994* and the *Gas Supply Act 2003*, Ergon Energy suggests that a number of clarifications are required in the Charter to both the CAC's objectives and its rules of operation.

In particular, Ergon Energy considers:

- the CAC's role to be 'advisory' in nature and believes that references to an 'advocacy' objective must therefore be removed; and
- that rather than appointing individual organisations to the CAC, Members should be appointed to represent a relevant 'sector', for example financial counsellors, farming, small business, residential customers, etc. This will ensure that, while a representative from a particular organisation may be appointed, it will be incumbent upon that Member to obtain the views of other interested parties and organisations within the sector that it represents for the purposes of providing advice to the Authority.

These issues are discussed in greater detail in **Table 1**.

Ergon Energy would be pleased to meet with the Authority to discuss this submission or to provide further details about specific concerns raised. Ergon Energy believes that it can significantly contribute to the Authority's consideration of this and related issues and would welcome the opportunity to be actively involved in the ongoing development of the regulatory framework to support FRC in Queensland.

Table 1: Comments on Consumer Advisory Committee Charter

Section	ISSUE
<p>Interpretation</p>	<p>“Member” should be defined to avoid the suggestion that future CAC membership is limited to the specific organisations listed in the Charter (see also the comment below on ‘Establishment of the Committee’).</p>
<p>Objective of the CAC</p>	<p>The CAC’s role is ‘advisory’ in nature and references to an ‘advocacy’ objective must therefore be removed as it is inconsistent with section 253 of the <i>Electricity and Other Legislation Amendment Act 2006</i>. In particular, Ergon Energy is concerned that:</p> <ul style="list-style-type: none"> - the inclusion of an advocacy objective suggests the establishment of the CAC as a form of ‘peak’ consumer representative body with the ability (through the CAC processes) to pursue a program of advocacy that is outside the Authority’s formal and public consultation processes. This role is also unlikely to be supported by consumer organisations that are not CAC Members; and - the participation of the Presiding Officer on the CAC blurs the Presiding Officer’s role (and thereby that of the Authority) in carrying out an advocacy function. <p>Matters of general advocacy should be left to Member organisations to pursue on an individual or collective basis outside the CAC processes and the phrase “<i>act as an advocacy body on behalf of small consumers and</i>” must therefore be removed from the Charter.</p>
<p>Terms of Reference</p>	<p>The ability of the CAC to raise concerns regarding energy entity practices should be strictly limited to the CAC’s core responsibilities. That is, the CAC should not become a forum through which complaints against individual industry participants are pursued. This outcome would be of particular concern given the closed nature of the CAC’s discussions and the lack of formal mechanisms through which an energy entity is able to respond to an allegation of ‘deficient’ practices (or even become aware that an allegation has been made against it).</p> <p>Ergon Energy believes that this dot point must therefore be removed from the Terms of Reference; and</p>



Section	ISSUE
	<ul style="list-style-type: none"> - it should be clarified somewhere in the Charter that a reference to a “small consumer” is a reference to a residential or small business consumer.
Establishment of the Committee	<p>Ergon Energy believes that formal industry participation on the CAC, even in an advisory capacity, would assist in ensuring that:</p> <ul style="list-style-type: none"> - concerns raised by Member organisations are investigated and addressed promptly; and - the process and system impacts of industry code provisions or proposed changes to industry codes are fully understood at an early stage of discussions. <p>Ergon Energy believes that the Charter should provide for industry participation on the CAC, in an advisory capacity.</p>
Establishment of the Committee	<p>Further to the comment above under ‘Interpretation’, Ergon Energy is concerned that this section of the Charter entrenches future CAC Membership by listing the Member organisations. Inclusion of the proposed list of Member organisations would appear to be inconsistent with:</p> <ul style="list-style-type: none"> - the statement that appointment will occur “<i>after consultation with groups who represent the interests of consumers</i>”; - the statement that “<i>In general, the Authority will appoint organisations as Members rather than individuals</i>”; - the concept of vacating Member positions (rather than individuals participating on behalf of Members); and - the Authority’s ability to cancel an appointment. <p><i>Ergon Energy firmly believes that, rather than appoint individual organisations to the CAC, Members should be appointed in a representative capacity</i> – i.e. to represent a relevant ‘sector’, such as financial counsellors, residential consumers, farmers, regional consumers, small business, etc. Therefore while a representative from a particular consumer organisation may be appointed, it will be incumbent upon that Member to ensure that the views of other organisations and interested parties within the sector that it represents are captured for the purposes of providing advice to the Authority.</p> <p>This will assist in ensuring:</p> <ul style="list-style-type: none"> • that an appropriate cross-section of views are presented at CAC meetings, both within and between areas of consumer interest, and between regional and south-east Queensland; and



Section	ISSUE
	<ul style="list-style-type: none"> that organisations and individuals are not disenfranchised from the CAC process or from providing their views, by virtue of the fact that they themselves do not have a 'seat at the table'. <p>This approach to representation is consistent with that historically adopted for many national industry advisory committees and decision-making bodies.</p> <p>In circumstances where this proposal is not accepted by the Authority, Ergon Energy suggests that, either the list of Members organisations should be removed from the Charter or alternatively, that this list be qualified as representing the CAC's "initial Membership".</p>
Committee Support	<p>The circumstances in which the CAC would be required to issue correspondence is queried, given that the CAC's functions are limited to the provision of advice to the Authority. This function should be clarified – e.g. in providing formal advice to the Authority, rather than to external third parties.</p> <p>As noted above, matters of general advocacy should be left to the individual Member organisations.</p>
Confidentiality	<p>Ergon Energy believes that:</p> <ul style="list-style-type: none"> the minutes of the CAC should be made publicly available; and if requested by the Presiding Officer, information should be treated as confidential by Members (i.e. without the requirement to obtain agreement of the majority of CAC Members).

