

Consumer Advisory Committee meeting

Monday 20 May 2024 12:30 PM

Level 27, 145 Ann Street, Brisbane *and* via Zoom

Presiding officer: Charles Millstead (CEO, QCA)

Committee attendees:

- Ian Jarratt (Queensland Consumers Association)
- Jon O'Mally (Financial Counsellors Association of Queensland)
- Selvin Kwong (Queensland Council of Social Services)
- Dale Holliss (Bundaberg Regional Irrigators Group; representing the Queensland Farmers' Federation)
- Lachlan Crane (Business Chamber Queensland)
- Mark Grenning (Energy Users Association of Australia)
- Robyn Robinson (Council on the Ageing)

Observers:

- Kayla Hedge (Department of Energy and Climate)
- Mark Herbert (Department of Energy and Climate)
- Gavin Watts (Energy and Water Ombudsman Queensland)

Agenda item 1 – Regional Queensland regulated retail electricity prices

- QCA staff presented the key topics of the draft determination for 2024-25, including the methodology for setting notified prices and expected bill impacts. Staff noted that, consistent with previous determinations, the QCA compared notified price bills to the default market offer (DMO) for south-east Queensland and used the standing offer adjustment (SOA) included in small customer notified prices to lower notified prices to reflect the DMO. However, based on additional correspondence from the Minister, this year the DMO was applied as a price cap and a negative SOA was applied to ensure notified prices did not exceed the DMO.
- QCA staff explained that the draft determination was released later this year due to additional correspondence from the Minister. This also meant that there was a shorter timeframe for consultation and only online information sessions could be held.
- The Committee sought clarification on the calculation of the DMO comparison, whether the DMO cap (i.e. the application of a negative SOA) was a one-off occurrence or if it would be ongoing in future years and what the final 2024-25 DMO level might look like. QCA staff

explained the broad methodology for the DMO comparison, noted that whether the cap is kept in future years is a policy matter for the Government as part of the Minister's delegation, and that the final DMO for 2024-25 is unknown to QCA staff.

- The Committee considered there may be value in presenting bill impacts based on usage in different regions of Queensland (if there was a significant difference in consumption between regions) but noted the difficulty in presenting bill impacts for different customer types and usage levels. It was also stated that the QCA may need to consider whether it was time to start including bill impacts for small customer demand tariffs. QCA staff noted work was underway internally to review the bill impact presentation.
- The Committee sought information on the number of customers on time-of-use and demand tariffs. QCA staff noted that there was not a significant proportion of customers on time-of-use or demand tariffs yet, and that most customers were still on flat rate tariffs.
- The Committee sought clarity on how the uniform tariff policy (UTP) applies to large customer tariffs. QCA staff explained that the UTP applies differently to large customers compared to small customers – the costs for large customers are set based on Ergon's east zone, transmission region 1 (i.e. the Ergon area with the lowest cost of supply that is connected to the national electricity market).

Agenda item 2 – Solar feed-in tariffs in regional and south-east Queensland

- QCA staff noted the QCA had been directed to set a flat-rate solar feed-in tariff to apply in regional Queensland for 2024-25, using the same 'avoided cost' methodology as in previous years. The final determination of the feed-in-tariff for regional Queensland to apply in 2024-25 will be released by 7 June.
- The Committee asked what the impact of negative spot prices on the feed-in tariff was. QCA staff noted that this is considered during the energy cost modelling process and further information could be provided.
- QCA staff presented the insights from the south-east Queensland solar feed-in tariff monitoring report for 2022-23, and the Committee noted the information provided.

Agenda item 3 – South-east Queensland retail electricity market monitoring

- QCA staff discussed key insights of the 2022-23 SEQ retail electricity market monitoring report.
- The Committee noted the ongoing difficulty comparing prices of plans due to financial and non-financial incentives and complex tariff structures.
- The Committee queried whether the QCA observed any increase in switching rates because of the AER's Better Bill Guideline, which requires retailers to inform customers if they are on the cheapest plan for that retailer. QCA staff noted that a spike in switching rates was observed in the June quarter of 2022, but that:
 - data limitations only allow the QCA to observe switching *between* retailers, not *within* retailers to a better plan.
 - it was difficult to ascertain the specific reasons for customer switching.
- The Committee noted it would be preferable to publish the report earlier in the year or after Christmas. QCA staff noted that the publication date was determined by the Minister's direction and that it would be difficult to publish the report earlier.

Agenda item 4 – Compliance and enforcement matters

- QCA staff presented the main activities of its compliance and enforcement program.
- The Committee noted the information provided.

Agenda item 5 – Guaranteed service level scheme

- QCA staff presented key topics from its recently concluded review into the GSL measures, thresholds and payments to apply in the 2025-30 regulatory period.
- The Committee restated a previous comment that the GSL for wrongful disconnection should apply on a daily basis, as for connections and disconnections, but acknowledged that this would need to be considered as part of a future review.
- The Committee queried whether further work should be done now on cheques before the next review. QCA staff noted that the option for GSL payments by means other than cheques was already available, and as such, the matter could be addressed as part of the next review.
- QCA staff discussed Ergon Energy's and Energex's GSL performance in 2022-23.
- The Committee noted the information provided.

Agenda item 6 – QCA forward work program

- QCA staff presented the forward work program.
- CAC members noted the information provided.

Agenda item 7 – Energy and Water Ombudsman Queensland update

- EWOQ advised that:
 - customer complaints increased significantly in the last year, and that up to 80% of the complaints related to customer bills, which was primarily driven by cost-of-living pressures, illustrating the underlying theme of financial stress and hardship in customer complaints.
 - customer service complaints increased, primarily due to system changes at Ergon Retail, but these complaints have settled down over time again as the system issues smoothed out.

Agenda item 8 – Department of Energy and Climate update

- The Department informed the Committee of the Queensland Government's and Federal Government's combined \$1,300 cost-of-living rebate.

Agenda item 9 – Membership renewal

- QCA staff advised that it would ask the current CAC members via email if they wished to continue to stay on the committee.