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Department of
Mines and Energy

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Mr Tom Leuner
General Manager
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Australian Energy Regulator
AERInquiry@aer.gov.au

Dear Mr Leuner

The Queensland Government welcomes the opportunity to provide comment to the Australian Energy Regulator (AER) on its issues paper titled *AER Retail Pricing Information Guidelines*.

Firstly, in the interests of improved clarity, we suggest that the paper be updated regarding Queensland's price disclosure model to include a reference to the fact that the requirement for retailers to provide a price fact sheet is only applicable for residential customers. As it currently stands, the wording is ambiguous regarding the breadth of this requirement.

With respect to the AER's overall approach to price disclosure, we agree with the AER view that a critical feature of any price disclosure regime is standardisation. The use of a standard template with set information requirements for retailers should allow customers to easily compare offers in order to source the best deal. Improved availability and comprehensibility of information should enhance competition in the retail energy market. However, care should be taken to ensure that retailers are not exposed to burdensome reporting requirements that restrict their ability to offer innovative market contracts to energy customers and impose unnecessary costs. Such limitations would not be in the long term interests of customers. Therefore, whichever price disclosure model is chosen, it needs to balance the provision of information to customers and the reporting requirements on retailers.

The Queensland Government supports the provision of different pricing information for residential and small business customers. It is preferable that the residential customer template does not include small business customer information as it complicates ease of comparison for households and defeats the objective of the guidelines.

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Further, small customer information is often targeted towards residential users, which is meaningless for businesses that are on different tariffs to households. It may be possible for a separate price fact sheet to be provided to small businesses, though we acknowledge that retailers offer varied contracts to business and therefore it may not be possible to generate a complete price list. We suggest further consultation on this issue.

The research provided in the issues paper presented a balanced view of both the standard unit approach and consumption band approach, with both approaches having merit. A concern of the consumption band approach is that, should it be preferred, it would need to take into account the differences in the way energy is consumed across different regions in Australia. For example, some regional differences that affect consumption levels which need to be taken into account when setting consumption bands are:

- 1) the differences between air-conditioning and heating use in Queensland compared to the southern states as a result of climatic differences; and
- 2) the higher dual fuel usage in states such as Victoria that results in lower electricity consumption and higher gas consumption. Queensland by comparison with Victoria uses a greater proportion of electricity and a lower proportion of gas.

We would also like to propose that the AER consider providing a web based price comparator service. The AER is best placed to provide this service as it is an independent body, without bias or requiring commission to operate. Queensland, along with Victoria and South Australia, regulators provide this service and it is a useful tool to facilitate the provision of representative energy offers for customers. In Queensland, the comparator also notes the additional benefits of each offer, such as green power components and subscription offers.

An advantage of a price comparator being provided is that the burden of making potentially complicated price calculations is removed from customers. In addition, many comparators are based on the actual consumption history of the customer (rather than estimated figures), thereby addressing the issue(s) of customers putting themselves in the wrong consumption band and consumption bands taking account of regional differences.

The development of the guidelines provides an opportunity to improve customers' access to and understanding of pricing information. However, the guidelines will only remain relevant if it keeps pace with a changing energy market. Therefore the Queensland Government recommends that a review of the guidelines be undertaken periodically (e.g. every five years) to ensure it takes into account changes in tariffs (e.g. increased use of time of use tariffs) or other practices that have occurred in the market place.

I trust this information is of assistance. Should you have any further enquiries, please contact Mr Darren Schneider, Director, Industry and Client Services of the Department of Employment, Economic Development and Innovation on telephone (07) 3237 1131.

Yours sincerely



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