CCIQ SUBMISSION

Review of Queensland Energy Legislation

Department of Natural Resources, Mines and Energy

CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND

June 2018
Introduction

1. The Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide input into the Review of Queensland Energy Legislation.

2. CCIQ is Queensland’s peak industry representative organisation for small and medium businesses. We represent over 426,000 Queensland businesses on local, state, and federal issues that matter to them. Our guiding focus is to develop and advocate policies that are in the best interests of Queensland businesses, the Queensland economy, and the Queensland community.

3. CCIQ acknowledges this review of the energy legislation is part of the broader Powering Queensland Plan. It is essential that all businesses have access to affordable, reliable and secure energy.

4. We take this opportunity to provide comment on the areas critical to small businesses in Queensland: licensing, price control, energy efficiency and demand management.

Licensing

5. Queensland has a unique retail market structure which is split geographically. Regional Queensland’s energy retailer – Ergon Energy – is a monopoly and is supported by the government’s Community Service Obligation (CSO). The CSO is a subsidy paid to Ergon to ensure regional customers are not penalised for living remotely and can access similar standing offer pricing for South East Queensland consumers.

6. The CSO however has prevented any other retailer being able to enter the market as their distribution is not subsidised.

7. CCIQ believes the best approach would be to split Ergon into separate retailing and network companies. The Ergon network company would still receive the CSO subsidy to ensure regional consumers are not disadvantaged by their location.

8. However, the benefit of this change is the Queensland Government could then allow new retailers to enter into the regional market and provide greater choice of services and price competition for small business and residential consumers.

Price Control

9. CCIQ would like to see the new energy legislation introduce measures to improve pricing transparency for consumers. This is applicable for both the electricity and gas markets.

10. At the retail electricity level, CCIQ has for some time now, expressed a desire to see the standardisation of offer formats for consumers. Our feedback from members is there is confusion in the language of electricity offers and unnecessary complexity in the offers themselves.

11. This practice has made it difficult for customers to compare offers from the different suppliers. It has become a complicated process with customers forced to make ‘apples and oranges’
comparisons, behaviour which in our opinion is intended to reduce competition in the market place and prevent consumers from switching between difference energy suppliers.

12. CCIQ would like to see measures introduced to standardise offers made by suppliers which would enhance retail competition. Electricity consumers would be empowered in their decision-making process and could more readily switch to other suppliers.

13. Another tangible benefit of the standardisation of offers is it would help improve inputs used by the QCA for calculations of the Universal Tariff Policy (UTP). Previous CCIQ submissions have identified problems with the calculation method for the UTP which relies on standing offer pricing.

14. Unfortunately, this assumption does not accurately reflect the prices consumers in the SEQ region are being charged, as the majority of customers are currently paying market offers. Collecting the data from streamlined and standardised offers would help improve the methodology and remove the guesswork from the UTP calculations.

15. Finally, the collection of pricing data would help improve transparency which is critically important, given the lack of trust in the industry across the community. Measures to introduce transparency and standardisation of offers will help consumers make informed decisions and increase the perception that the energy industry is operating in the interests of consumers.

Energy Efficiency and Demand Management

16. CCIQ encourages and supports the push for initiatives to improve energy efficiency and reduce demand during peak periods. For many years now, Queensland’s electricity consumers have paid a big price for the cost of the upgrade to the network assets in network augmentation capital expenditure from the mid-2000s.

17. While the amount of augmentation expenditure is falling, CCIQ would like to see a greater effort to implement initiatives that would help reduce the peak demand strain on electricity networks. This would reduce the need for augmentation capital expenditure going forward and these savings would be passed through as lower prices on consumers.

Conclusion

18. CCIQ thanks the Department of Natural Resources, Mines and Energy for the opportunity to provide commentary into the review of Queensland’s energy legislation. If there are any questions in relation to the submission please contact Steven Gosarevski at