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Concerns with the Proposed Adoption of the Amended National Energy Retail Law

Thank you for the opportunity to comment on the National Energy Retail Law (NERL) (Queensland) Bill 2014 and the Electricity Competition and Protection Legislation Amendment Bill 2014. (The Bills)

National Seniors is the largest organisation representing Australians aged 50 and over, with around 200 000 members nationally including 80 000 in Queensland alone. We provide a well-informed and representative voice on behalf of older Australians and contribute to public education, debate and community consultation on issues of direct relevance to them.

Older Queenslanders continue to report that they are struggling with the growing cost of electricity, are confused by the complexity of electricity contracts and are unaware of their current rights and obligations. Unfortunately the majority of consumers are still also completely unaware of the proposed removal of electricity price regulation in South-East Queensland and the numerous implications for them.

National Seniors is concerned that the proposed customer engagement plan will be unable to prepare them for the significant consumer impact of the price deregulation to commence 1 July 2015. The proposed customer engagement timeframe is too short to create the necessary level of awareness required to allow consumers to adjust to a competitive electricity market, the customer engagement plan must also incorporate a focus on community based communication rather than a reliance on mass media.

National Seniors is also concerned that there is an assumption that increased competition automatically results in lower electricity prices and an increase in consumer benefit. Deregulation of electricity prices has the potential to result in positive consumer outcomes however it also presents a risk that some consumers will pay more for their electricity.

To reflect this increased uncertainty the Queensland Government must provide assurances that the current level of electricity concessions and associated eligibility criteria will not be scaled back. The proposed legislation must consider any proposed amendments to electricity concessions especially arising from the reduced federal budget allocations.

To ensure that consumers are not disadvantaged by the deregulation and to provide all consumers with the opportunity to benefit from the increased competition expected as a result of deregulation a number of amendments are required to the Bills.

Consumers must be given sufficient notice of price changes (including increase to fees, charges and the lowering of any discounts) to ensure that they can change providers if they are unhappy with any price increases.

- A minimum notification period of at least 10 working days before the price increase comes into effect should be mandated within legislation for both the standard and market contracts.
- There must be an option for consumers to choose to be notified of any price increases by written communication.

To avoid consumers becoming unfairly locked into electricity contracts, limiting the ability of consumers to change providers and therefore also limiting competition:

- A dollar cap on exit/termination fees should be set in legislation and/or consumers could be given one free change of contract every 12 months.

Those experiencing hardship and those not capable of benefiting from competition should not be punished for late payment of accounts.

- Late payment fees should be prohibited for concession card holders and those consumers on payment/hardship plans.
- Late payment fees should not be able to be charged to consumers on contracts provided by specific exempt sellers (Manufactured Home Parks and Retirement Villages owners/operators) when the consumer has no choice of retailer.

The health and safety of all Queenslanders must be protected with supply guaranteed to customers who have specified health conditions. The loss of electricity in certain weather events can have extremely detrimental health impacts.

- Disconnections at the discretion of the supplier must be prohibited in extreme weather events.

To allow consumers to more effectively manage the payment of their bills and adjust to price increases:

- Retailers providing the standard offer contracts should be obliged to provide more frequent billing i.e. weekly and fortnightly billing.
- Retailers must also be obligated to provide a standardized billing format including clear comparison of usage patterns for both gas and electricity contracts. To ensure clarity it would be beneficial if consumers could be consulted on the bill format before implementation.

To avoid confusion and misrepresentation of market electricity contracts:

- The Queensland Government must also apply restrictions on the use of the term "fixed" in the name of electricity contracts. Seniors in other states often incorrectly assume that when an electricity contract uses the term "fixed" in its title or promotional material this infers a fixed price which is not the case.
- Unlike other contracts for example telecommunication and other services electricity contracts can apply price increases at any time, this risk can be hidden by the clever use of the term "fixed" within the marketing of the contract.

National Seniors welcomes the adoption of the National Energy Price Fact Sheet (Fact Sheet) template however amendments to the Fact Sheet should be made to suit the Queensland situation and address the challenges/limitations of the Fact Sheet template already being experienced by consumers in other jurisdictions:

- The Fact Sheet template must be expanded to require that all fees are included and clearly presented (not just the key fees). As an example, printed bill fees and meter reading fees are currently not captured in the Facts Sheets template;
- Retailers must be required to provide customers and potential customers with a hard copy of the Fact Sheet within 5 working days of a request.
- The consumer's right to request a hard copy of the Fact Sheet must be listed on all marketing material, including mass media marketing.

National Seniors also welcomes the adoption of the Energy Made Easy web site price comparison tool. However, National Seniors believes that some consumers including many seniors will not be able to access the price comparison tool either online or via the dedicated hotline.

- The community sector should be provided with funding to ensure that all Queenslanders are aware of and have access to the unbiased price comparison tool and are able to benefit from competition.

Many of the proposed amendments to the Bill are already within the Queensland Electricity Industry Code and/or are best practices from other jurisdictions which have adopted the National Energy Retail Law.

If consumer protection measures are intended to be prescribed within an additional Regulation, public consultation should occur and the Regulation should be considered at the same time as the Bills.

If all the above amendments were implemented there are still many seniors including those who lack the technological expertise and those living within multi residential complexes who will not have the opportunity to benefit from the deregulation of the market but will most likely face higher prices for electricity.

Currently legislative protections enable residents of Manufactured Home Parks to benefit from the reduced cost of electricity negotiated by the owner of the multi residential complexes. However under the proposed Bills these protections have not been secured.

The NERL will enable owners of multi residential complexes to charge residents up to the standard offer price which is likely to result in a price increase for many residents. Meanwhile these residents of multi residential complexes will have no ability to access the benefits of the competitive market and/or market base contracts.

National Seniors is also concerned that under the NERL and the Retail Exemption Framework, residents of manufactured home parks and retirement villages will face increased electricity costs and lower standards of consumer protections than customers connected directly to the grid.


Many residents of multi residential complexes move into these complexes as a housing option of last resort. They have limited ability to move out and can also be locked in by large exit fees. Without additional protection some of the most vulnerable residents in Queensland will be worse off under the deregulated market. This anomaly should be considered and addressed as a component of consideration of the Bills.

The Queensland Government must provide customers of exempt sellers with access to the Energy and Water Ombudsman Queensland, to ensure any disputes can be appropriately and fairly resolved.

To avoid the continuation of this inequity the Queensland Government should also ensure that all new manufactured homes parks and retirement villages are constructed with individual connection to the electricity grid.

The deregulation of the electricity market must be accompanied by the proposed amendments which enshrine consumer protections necessary to ensure that all consumers are not disadvantaged by the proposed deregulation and can benefit fully from competition.

Yours faithfully



Michael O'Neill
Chief Executive

