

QUESTION ON NOTICE

No. 150

asked on Tuesday, 20 February 2007

MR HINCHLIFFE ASKED THE MINISTER FOR MINES AND ENERGY (MR WILSON)—

QUESTION:

Will he outline the impact of Full Retail Contestability on energy consumers in the Stafford Electorate by specifically detailing (a) the new retail providers of electricity and gas to consumers, (b) the timetable for implementation of competition and (c) avenues for consumers to seek more information about the changes?

ANSWER:

I thank the Member for Stafford for the questions relating to the forthcoming changes to the electricity and gas markets in Queensland.

- (a) Customers in the Stafford electorate currently buy their gas from Origin Energy and electricity from Powerdirect Australia (which was purchased by AGL on 1 March 2007). These businesses are expected to continue to provide retail services to small energy customers in Queensland. A number of other retail businesses are also expected to be active in the electricity and gas markets in the lead up to the official start of Full Retail Competition (FRC) on 1 July 2007.

There are a number of businesses licensed to sell electricity and gas in Queensland. At present there are 21 licensed electricity retailers and eight licensed gas retailers. These licensed retailers are listed on the Department of Mines and Energy website www.energy.qld.gov.au. However, it is a commercial matter for each individual energy business to decide which types of customers it wishes to sell electricity or gas to.

- (b) Since 1998, this Government has progressively introduced competition into the State's electricity and gas markets. Currently, all customers consuming more than 100 megawatt hours of electricity, or 1 terajoule of gas, per annum are entitled to choose who they purchase their energy from. FRC will commence on 1 July 2007 and allow almost all Queensland electricity and gas customers, including households and small businesses, to choose who they purchase their electricity from.

Although all Queensland customers will be able to choose who they purchase their electricity and gas from, the impacts of FRC are expected to be different across the State.

It is anticipated that market forces will determine which areas experience more competition than others. For example, in south-east Queensland, including the Stafford Electorate, competition is expected to be strong with multiple retailers competing to serve customers. This is because the majority of the State's population, and thus the "mass market", is in south-east Queensland.

Areas outside of south-east Queensland are not expected to experience significant competition initially, although competition should increase over time.

While FRC does not start until 1 July, retailers can start marketing and signing contracts with new customers any time now. Any contract signed before 1 July will only take effect from that date, with the 10-business day cooling off period on the contract also commencing on 1 July. It is expected that retailers will begin marketing to customers in earnest around April.

In order to ensure retailers act appropriately when marketing and pre-contracting in the months leading up to 1 July 2007, I brought into effect the Electricity Industry Retail Marketing Conduct Rules on 19 January 2007. These Rules govern the times in which a retailer can phone or visit a residential or small business customer, along with the information they must provide, and remind retailers they must not act in a manner that is misleading, deceptive or otherwise inappropriate when marketing their energy products to customers. This important consumer protection measure has been introduced to build upon the existing protections under the *Fair Trading Act 1989* and ensure customers can enter the market with confidence. Retailers in breach of the Conduct Rules may suffer fines of up to \$500,000.

When FRC starts, these Rules will be replaced by provisions in the new Electricity and Gas Industry Codes, which come into effect on 1 July.

- (c) In mid-March 2007 the Queensland Government will start an extensive consumer awareness and education campaign to explain what FRC means, what rights consumers have and how their interests are protected in a competitive market.

Consumers seeking more information about the changes for FRC will be able to access information provided by the Government through a variety of channels as part of this campaign, including a website solely devoted to information regarding FRC. Consumers should also contact their energy retailers to find out more.

It is also expected that energy retailers will provide information, both through general advertising and directly to individual customers, on FRC and the particular services they are offering.