



21 May 2015

SUBMISSION TO AEMC ON DRAFT DETERMINATION ON  
EXPANDING COMPETITION IN METERING AND  
RELATED SERVICES

**BACKGROUND**

The Queensland Consumers' Association (the Association) is a non-profit organisation which exists to advance the interests of Queensland consumers. The Association's members work in a voluntary capacity and specialise in particular policy areas, including energy.

The Association is a member of the Consumers' Federation of Australia, the peak body for Australian consumer groups and is represented on the Queensland Competition Authority's Consumer Consultative Committee and the Energy and Water Queensland Ombudsman's Advisory Council. The Association is also a member of the Queensland Council of Social Service's Essential Services Consultative Group.

The Association welcomes the opportunity to make this submission on the proposed rule changes. However, due to resource constraints this submission is brief.

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**GENERAL COMMENTS**

We consider insufficient attention has been given to the demand side of these proposed changes, especially to how consumers will be adequately informed and assisted to make informed choices.

As emphasised in the final report of the recently-released the Harper Review of Competition Policy, competition policies only work when consumers are able to make informed choices and to do so they need easy access to information etc. that is very easy for them to understand and use.

The report's recommendations on Informed Choice were:

*"Governments should work with industry, consumer groups and privacy experts to allow consumers to access information in an efficient format to improve informed consumer choice.*

*Insights from behavioural economics suggest that consumers' choices can depend on context or situation (including the way information is displayed or 'framed').*

*The Panel considers that governments, both in their own dealings with consumers and in any regulation of the information that businesses must provide to consumers, should draw on lessons from behavioural research to present information and choices in ways that allow consumers to access, assess and act on it."*

Given that the objective of the National Electricity Law is "to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of

electricity”, it is essential that any rule changes are in the long terms interests of consumers. We consider that this must include fully and satisfactorily addressing the demand side of the competition equation, including the Harper Review’s recommendations on Informed Choice.

Given the key roles of energy retailers in implementing the proposals, a critical issue is how energy retailers competing against each other and with their own business objectives will result in consumers able to make well informed choices. Other measures are also likely to be required including public awareness and education campaigns and effective monitoring and enforcement of compliance with consumer protection and information requirements.

In this regard, we consider that the proposals add greatly to what is for most consumers an already very complex market in which many are not or only inadequately participating. This increases the need to ensure that the proposals do result in net benefits for consumers.

Any review of the effectiveness of any rule changes implemented would need to look at this in depth including the actual outcomes achieved by consumers not just what is on offer in the market or consumer self-reporting of outcomes achieved, which is likely to be unreliable.

### **SPECIFIC COMMENTS**

#### **Consumer opt out of replacement of meters under retailer “new meter deployment strategies**

We consider that opt in not opt out, with specific informed consent, should be required initially and that this should be closely monitored and reviewed after 3 years.

We take this view because behavioural economics suggests that opt out will result in many consumers not making a well informed choice, plus it will take some time:

- before consumers become aware and comfortable with having choice of meters and providers.
- for the development, implementation and assessment of retailer strategies and tactics on meters, tariffs, packages, etc .
- for effective market monitoring/enforcement and consumer education arrangements to be developed and implemented.

#### **Services in the Minimum Services Specification**

Direct load control should be included in the minimum services specification due to:

- the importance of direct load control of hot water and pool pumps in Queensland and the growing use in the Energex area of load control to switch air conditioners to economy mode at peak demand periods,
- the current importance of direct load control in NSW,
- direct load control likely to become more important in other states.

If direct load control is not included in the minimum specifications, it is essential that whenever a consumer in Queensland is offered an advanced meter that the retailer be required to have available, and offer, one that will allow direct load control and that this be clearly communicated to the consumer.