



10 November 2005

SUBMISSION ON PROPOSED FRAMEWORK SCHEDULE FOR TRANSFER OF DISTRIBUTION AND RETAIL FUNCTIONS

BACKGROUND

The Queensland Consumers' Association (the Association) is the peak body for consumer groups in Queensland. The Association's members work in a voluntary capacity. The Association is a member of the Consumers' Federation of Australia, the peak body for Australian consumer groups.

The Association made a written submission on the MCE's 2004 issues paper and in that submission dealt with many of the principles underpinning the proposed framework schedule.

The Association also expects to make a detailed submission on the consultation paper by 13 January 2006.

This submission is therefore brief, especially since it is not clear why submissions are sought or how they will be used.

GENERAL COMMENTS

- The Association is particularly concerned to ensure that any national arrangements do not adopt a lowest common denominator approach to the provision of vital matters like consumer protection measures, the needs of disadvantaged and low income consumers, codes, and quality standards.
- The Association notes that the MCE decided recently that the economic regulation of distribution will be undertaken nationally from 1 July 2007. The Association emphasises that the final arrangements to achieve this objective should take adequate account of the special needs and circumstances of individual jurisdictions, including geographical, technical and policy differences. The latter should include FRC and the Queensland Government's recent decision that full FRC for electricity and gas shall commence on 1 July 2007
- The Association considers that national regulation of retail should not be considered until the economic regulation of distribution has been satisfactorily completed. This approach will allow the allocation of sufficient resources to, and time bed down, the economic regulation of distribution which is vitally important to consumers because of its major impacts on service

quality and retail prices. This approach will also facilitate implementation of FRC in Queensland which the Queensland Government recently announced will be introduced for small retail customers from 1 July 2007.

SPECIFIC COMMENTS

<u>Framework schedule issues</u>	<u>QCA Comment</u>
<u>National</u>	
4. Service performance targets – <i>Service reliability, service quality and customer service measures.</i>	<i>Need to take account also of regulation of customers and customer equipment to achieve some service performance standards</i>
10. Distributor interface with embedded generators – <i>regulation of relationship between electricity distribution businesses and embedded generators.</i>	<i>Should include internal and external dispute resolution arrangements. Interface between embedded generators and retailers must also be covered.</i>
11. Distributor interface with retailers – <i>regulations relating to dealings between retailers and distributors including use of system agreements.</i>	<i>Should include internal and external dispute resolution arrangements</i>
17. Retailer failure arrangements – <i>arrangements to ensure the continuity of energy supply to customers and integrity of wholesale market settlements.</i>	<i>Arrangements to cover distributor failure needed also</i>
<u>States/Territories</u>	
28. Community Service Obligations – jurisdictionally based service obligations applied on distributors and retailers.	<i>Need to recognise that these may be very diverse in terms of policy objectives and instruments.</i>
29. Environmental obligations – relates to jurisdictionally based greenhouse gas abatement schemes and consideration of demand side response.	<i>May need to take account also of national objectives. Could have important links to other policies including price regulation.</i>
<u>Abolish</u>	
33. Taxes and levies – jurisdictionally based which are linked to energy services.	<i>But not if in place to achieve specific energy policy objectives</i>

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