

*Submission in Response to The 30 year
electricity strategy Discussion Paper:
Powering Queensland's Future*

December 2013

National Seniors

Australia

About National Seniors Australia (National Seniors)

With almost 200 000 members Australia-wide, National Seniors is the consumer lobby for the aged 50 and older. It is the fourth largest organisation of its type in the world.

We give our members a voice – we listen and represent our members' views to governments, business and the community on the issues of concern to the over 50s.

We keep our members informed – by providing news and information to our members through our Australia-wide branch network, comprehensive website, forums and meetings, bi-monthly lifestyle magazine and weekly e-newsletter.

We provide a world of opportunity – we offer members the chance to use their expertise, skills and life experience to make a difference by volunteering and making a difference to the lives of others.

We help our members save – we offer member rewards with discounts from over 7000 businesses across Australia, we offer discount travel and tours designed for the over 50s, and we provide older Australians with affordable, quality insurance to suit their needs.

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Recommendations

National Seniors believes that all Queensland household customers regardless of age, location and ability to pay should have access to a level of secure and reliable electricity that supports their lifestyle requirements and aspirations. Our overarching recommendations are focused on consumer protection and advocacy for vulnerable people aged over 50.

National Seniors recommends that the Queensland Government:

- Monitors the preconditions to price monitoring throughout the 30 year time frame and takes action to remedy any failure.
- Develops and implements a comprehensive education and awareness program, to empower customers to benefit from increased competition and implement demand management strategies to reduce consumption.
- Evaluates the effectiveness of increased competition in delivering reliable electricity at an acceptable/reasonable cost and enhancing customers' choice and capacity to manage their consumption.
- Investigates the value that customers assign to reliability of supply, especially for at-risk groups such as low-income earners and retirees.
- Protects customers by:
 - restricting the use of the term "fixed" to contracts which cannot vary the prices and charges for the term of the contract;
 - requiring suppliers to proactively inform customers of their service and supply obligations, price changes and notice of contract expiry;
 - prohibiting electricity suppliers from charging late fees on electricity and gas contracts or reducing the services provided as a result of late bill payments;
 - promote the functions of the Energy and Water Ombudsman to all customers and provide adequate funding of services.
- Ensures that vulnerable groups are not disadvantaged by the transition to price monitoring and the implementation of time-based pricing. This should include:
 - defer the transition to price monitoring until 2016;
 - the roll-out of smart meters on a voluntary customer driven basis;
 - promoting and maintaining the current eligibility for and proportional level of electricity rebates and concessions.
- Support consumer representation on working groups including:
 - the proposed Electricity Outlook Expert Panel and Queensland based Energy Consumer Organisation.

National Seniors' response to *The 30-year electricity strategy; Powering Queensland's future* discussion paper proposes 32 detailed recommendations. These recommendations respond to the objectives, immediate challenges and future challenges and are provided within our submission.

Introduction

National Seniors welcomes the opportunity to respond to the Department of Energy and Water Supply discussion paper, *Powering Queensland's future*, the 30 year vision for the electricity sector.

Many older Queenslanders are struggling to keep pace with the growing cost of living. Electricity is a key component of rising living costs. National Seniors research indicates that in the five years to March 2013, the price of electricity has risen by 83 percent, more than six times the overall rate of inflation.¹

In Queensland the average over-50's household bill has increased by as much as 26 per cent in one year.² Price increases such as these are unsustainable and are having a detrimental impact on the lives of many older Queenslanders.

Pensioners and self-funded retirees have already cut back on their electricity usage as a result of recent price increases and are subsequently frugal electricity users (below 6,500 kWh per annum)³. Most have little ability to make further cuts to their electricity and gas usage thus increasing the likelihood of suffering adverse health effects as a result of exposure to extreme temperatures.

National Seniors believes that the Queensland Government must do more to limit electricity price rises, ensure security of supply, maintain appropriate levels of consumer protection and rebates, and ensure that all customers have access to sufficient affordable electricity to meet their lifestyle requirements.

Subsequently, National Seniors has made a number of recommendations to the 30-year strategy which, if implemented, will ensure a strong focus on customers while also allowing for greater competition as the government transitions from playing a price setting role to a price monitoring one

National Seniors appreciates the opportunity to provide input into this essential strategy and welcomes the long term focus beyond the election cycle.

Comment on objectives to achieve the vision of the Strategy

Empowered customers with greater choice and control

National Seniors believes that more product options resulting from an increase in competition will not necessary result in greater choice and control. Before

¹ National Seniors Australia (2013) *A squeeze on spending? An update on household living costs for senior Australians* Productive Ageing Centre.

² Queensland Competition Authority (2012) *Fact Sheet Tariff 11. The main residential tariff* Queensland Government

³ Australian Energy Regulator (2012), *Average household electricity usage*, Australian Government.

customers can benefit from any increase in competition, they must first attain a degree of awareness and understanding of their electricity use, the factors which contribute to their bill and the alternatives to control their electricity costs.

National Seniors supports the objective to empower customers with greater choice and control, however current levels of understanding are insufficient to empower them with greater choice and control.

National Seniors recommends: that the last line of the first objective *Empowered customers with greater choice and control* be amended to “Customers need more options **and support from government** to help them respond to these pressures and to enable them to better control their own costs and the impact of their usage on system costs”.

The recommended amendment highlights the role that government must play to ensure that customers are empowered. The private sector cannot be relied on to increase customer’s awareness and understanding to a sufficient level to allow for empowerment.

A competitive market that encourages innovation

National Seniors believes that the suggested indicators of competition in the Queensland electricity market should be refined further.

Suggested changes to Indicators 1 and 2

- The number of alternative suppliers and their market shares.
- The ability of new suppliers to enter the market, creating pressure to improve offering.

National Seniors is concerned that some of the indicators are open to interpretation, for example, number of alternative suppliers and their market share.

National Seniors considers that the number of alternative suppliers and market share will be a useful indicator of competition only if the suppliers are actually competing with each other for the same customer base. There is the concern that a number of new suppliers could enter the Queensland market and operate in niche segments based on geographic, electricity usage or other specific criteria resulting in limited competition across the market as a whole.

National Seniors recommends: that the first indicator of competition be amended to the “number of alternative suppliers and their market shares **specifically relating to the household customer market.**”

Additional indicator following Indicator 3

- Customers experiences: understanding and being able to act upon options (including being willing to change suppliers) and having access to attractive products and services.

National Seniors supports utilising customers' experiences as an indicator of competition. However, National Seniors believes that being willing and able to change suppliers does not necessary mean that there is a competitive market.

The actual number of customers who change electricity suppliers and achieve real cost savings must also be utilised as an indicator of a competitive market.

National Seniors recommends: that the government include the following additional indicator of a competitive market: the number of customers who benefit (i.e. reduce their electricity bill) as result of changing suppliers.

This additional indicator would ensure that the customer's actions and real costs outcomes are utilised as a measure rather than just the theoretical ability to reduce costs by changing suppliers.

A stable regulatory and policy environment without unnecessary government intervention

National Seniors recognises the need for a stable regulatory and policy environment. However National Seniors believes that the government must retain a reserve power, as suggested in the discussion paper, to intervene in the market to ensure that the market delivers cost-effective and customer-focused outcomes aligned with the government's vision and objectives.

Equitable access to electricity including adequate protections and well-targeted and financially sustainable assistance measures.

National Seniors is concerned that use of the terms "well-targeted" and "financially sustainable" are the preamble to reducing or limiting the eligibility criteria for the current electricity concessions and rebates.

All customers, including many fully self-funded retirees, are struggling with the increasing cost of electricity. The over-50s have balanced their budgets based on the current level of electricity concessions and rebates. Without these concessional arrangements they would be unable to afford this essential service.

Any move to scale back the level of concessions is unacceptable and would have a number of negative consequences on older Queenslanders.

National Seniors recommends: that the government commits to a policy of maintaining the current eligibility and proportional level of electricity rebates and concessions.

A secure, reliable and sustainable electricity supply system

National Seniors believes that all Queensland household customers regardless of age, location and ability to pay should have access to a level of secure and reliable electricity that supports their lifestyle requirements and aspirations.

The Immediate Challenges

Challenge 1: Improve competition in retail markets

National Seniors agrees with the preconditions for the move from regulated price setting to price monitoring in the South East Queensland retail electricity market by 1 July 2015. However National Seniors is doubtful that all the preconditions can be successfully implemented by the proposed 1 July 2015 deadline.

National Seniors recommends: that all the preconditions be converted to outcome-focused performance indicators which must be publicly reported on and achieved before the government moves to price based monitoring.

For example the first precondition *“ensuring there is sufficient competition in South East Queensland to benefit customers”* could be converted to include a measure similar to: *95 per cent of household customers are informed of the range of suppliers, and have the ability and option to change suppliers resulting in a reduction in their bill, while maintaining the same level of electricity security and supply.*

Again, the real customer outcomes must be monitored to ensure that customers are actually benefiting (saving money) from any increase in competition, simply having the theoretical ability to change suppliers is insufficient to justify the move to price monitoring.

Further, National Seniors believes that the first precondition is redundant and cannot be achieved without first achieving the third precondition *“improving customer engagement in the market to allow consumers to reap the full benefits of increased competition and drive “*

The creation of engaged customers will require considerable effort and resources to develop and implement an education and awareness program. This point is discussed further in “Improve Customer Engagement” below.

Challenge 2: Strengthen Customer Protection

National Seniors supports the implementation of the National Energy Customer Framework (NECF) and the option to review and modify the NECF to further protect Queensland customers.

National Seniors welcomes the commitment to establish a working group to examine options to enhance the way Queensland customers are protected and engaged. National Seniors will formally express an interest to become a member of this working group once established.

In the interim National Seniors suggests the government consider the following issues which may require amendment to the NECF.

Late Fees and Charges

The Victorian Government is implementing the NECF and is retaining laws which prohibit retailers from charging late payment fees on all electricity contracts⁴. Given the magnitude of the changes proposed in the Queensland electricity market, National Seniors believes that the Queensland Government should commit to implementing similar legislation.

National Seniors recommends: that the government implements legislation which prohibits electricity suppliers from charging late fees on electricity and gas contracts or reducing the services provided as a result of late bill payments.

Fixed Term Contracts

Customers prefer and often expect that a fixed term contract secures them a fixed price⁵, however this is often not the case in market contracts. There is the risk that private sector providers will utilise confusing terminology to attract new customers who are unaware that the price, fees and charges are subject to change.

National Seniors recommends: that the government ensure that electricity suppliers proactively inform customers of price changes, their service and supply obligations to the customers and notice of the expiry of the contract to allow customers to find more favourable contracts.

Informing Customers

The transition to price monitoring and market contracts is the most dramatic change to the electricity market, specifically price-setting, that many customers will ever experience.

To ensure that all customers are informed of any change in prices to their contract, electricity suppliers must be obligated to proactively advise customers of any price change and of the supplier's obligation to the customers.

⁴ Australian Energy Regulator (2013) *Tariffs and fees explained* Australian Government

⁵ Consumer Action Law Centre (2013) *Essential Services Commission Victoria Harmonised Energy Retail Code* Consumer Action Law Centre.

Electricity suppliers must also be obligated to utilise a number of communication mediums to proactively inform their customers. Simply referring customers to a website is inadequate as some may not have access to the internet or they may be limited in their capacity⁶. Only 40 per cent of people aged 65 to 74 years and 20 per cent of people aged 75 and older access the internet.⁷

National Seniors recommends: that the government ensure that electricity suppliers proactively inform customers of price changes and their service and supply obligations to the customers through a number of communication mediums.

Complaints and Public Disclosure

The transition to price monitoring will result in an increase in the number of variables customers and private sector electricity suppliers will have to consider and manage. It is rational to expect that within the transition period this increase in interaction will result in additional confusion and complaints.

National Seniors recommends that the government promote the functions of the Energy and Water Ombudsman to all customers and also provide additional funding and support to handle the expected increase in complaints and customer concerns.

In addition **National Seniors recommends:** that the government provide for an increased level of complaint disclosure including listing on the ombudsman's web site the number of complaints each electricity supplier receives, the general nature of the complaint and the outcome of the complaint.

Challenge 3: Improve Customer Engagement

National Seniors agrees that customer confusion and a lack of engagement in the electricity market limits the ability of customers to participate effectively and obtain full benefit from the market. National Seniors welcomes the commitment to establish a working group to develop a strategy to increase consumer engagement and will formally express an interest to become a member of this working group once established.

However, National Seniors does not believe that the majority of South East Queensland customers will become "engaged customers" by 2015, as asserted in this discussion paper.

In order for customers to attain the level of engagement required to justify a move to price monitoring, customers' knowledge of their own electricity usage,

⁶ Consumer Action Law Centre (2013) *Essential Services Commission Victoria Harmonised Energy Retail Code*

⁷ National Seniors Australia (2011) *Older Australians and the Internet Bridging the Digital Divide* Productive Ageing Centre.

the operation of the electricity market and the impact on their bills must be enhanced. National Seniors believes that it would take an extra year to attain the required level of customer engagement.

National Seniors recommends: the government defer its timeframe for the transition to price monitoring beyond 2015 until 2016.

National Seniors recommends: that an education and awareness program be developed which includes 3 stages:

- 1.) Understanding your electricity consumption and bill.
- 2.) Understanding the Queensland electricity market.
- 3.) Opportunities to fully engage in the market including the ability to reduce your electricity usage and/or cost by switching providers.

All stages must involve utilising communication channels and approaches which target all customers from the highly technology savvy customers to customers with low literary levels.

National Seniors believes that customers must first understand what components determine their bill, including their individual usage requirements and preferences and the costs components with contribute to their bill. Following this level of personal understanding the customer must then be educated on how the broader electricity market functions, its impact on their bill and electricity use and the opportunities and challenge of retail competition and time base pricing.

The first two stages are prerequisites for the last stage as it is only after the customer is aware of how they interact with the electricity market and how the electricity market influences their usage and bill that customers will be motivated to become fully engaged including adjusting their electricity use and/or switch providers.

National Seniors emphasises that an effective program requires more than just a web site and advertisements. In order to reach the over-50s and the most vulnerable customers the community non-for-profit sector should be utilised to capitalise on their existing networks and communication channels.

In addition unique communication approaches should be explored including town meetings and public presentations. Traditional communication channels which are preferred by over-50s including banks and Government departments should also be utilised to communicate the key messages and ensure that no customers are missed.

The endemic lack of trust that customers and the general public have for government⁸ suggest that if the government does not employ the support of the non-profit sector then any education and awareness program would struggle to create engaged customers.

National Seniors believes that as a component of stage 3 of the education and awareness program the government can be guided by the New Zealand engagement strategy the *Consumer Switching Fund*⁹, in particular their use of surveys and data collection methods to publicly display the effectiveness of the program.

National Seniors recommends: that the government's education and awareness program include support to assist customers to reduce their electricity usage (including energy efficient advice) and support to search for and switch electricity suppliers. This support must be more than a price comparison website, but also include a dedicated phone line and drop-in contact points where customers can discuss their individual situations with trained staff.

National Seniors believes that the non-profit sector would be best placed to operate the recommended drop-in centres, however additional government funding to employ financial counsellors and support staff may be required.

National Seniors does not believe the government should follow the New Zealand funding model where electricity retailers are charged to fund the education and awareness program as this cost will be passed on to the customers already struggling to pay their electricity bills.

National Seniors recommends: that the government fund the proposed education and awareness program from consolidated revenue.

National Seniors supports the government adopting the range of customer awareness and education tools suggested through the NECF including an Energy Made Easy web site, Energy price fact sheets, Bill benchmarking and standardised requirements to identify and assist customers in hardship.

Challenge 4: Review Electricity Rebates and Customer Assistance

National Seniors is concerned that the government intends to scale back or restrict the eligibility requirements for the electricity rebate.

National Seniors believes that all current recipients of the electricity rebate would struggle to afford this basic necessity if they were no longer eligible for the rebate.

⁸ Edelman (2012) *Edelman Trust Barometer data of Australia results* Edelman.

⁹ Electricity Authority Te Mana Hiko (2013) *Consumer switching fund* New Zealand Government

National Seniors' research has revealed that nearly 750,000 seniors (aged 50 years and over) are spending half of their income on just three essential cost of living items including electricity and gas¹⁰. This high level of expenditure combined with the dramatic price increases has resulted in electricity cost becoming a financial stressor for many over-50s households including self-funded retirees who receive limited concessions and would lose access to the electricity rebate if it was means tested.

National Seniors recommends: that the government publicly commit that they will not adjust the eligibility requirements and will not reduce the current electricity concessions and rebates.

National Seniors believes that the government can review and better target the electricity rebate without the need to disadvantage those currently supported by the scheme.

National Seniors recommends: that the government review, determine and publicly disclose the uptake rate of the current electricity concessional scheme.

It has been suggested that Queensland should follow the Victorian Annual Electricity Concession approach which provides concession cardholders with a discount of 17.5 percent off household electricity bills. Although some stakeholders consider this is more equitable, a percentage rebate does not reward low electricity use households, many of whom are aged 50-plus.¹¹. National Seniors believes that efficient electricity users should be rewarded through the rebate.

National Seniors recommends: that the electricity rebate should remain as a flat dollar amount automatically adjusted to compensate for any increase in electricity prices.

Challenge 5: Reform Tariffs to Address Costs and Provide Greater Customer Control

Challenge 7: Enable Improvements in Metering Services

National Seniors supports the government's commitment to assist consumers to adjust to the implementation of any new tariffs with a customer education and engagement program and protection for vulnerable consumers.

However National Seniors is again concerned that the July 2015 timeframe is too short to allow all customers to adjust to the new pricing schedules.

¹⁰ Productive Ageing Centre (2011), *Are Older Australians Being Short Changed?* National Seniors Australia.

¹¹ Australian Energy Regulator (2012), *Average household electricity usage*, Australian Government.

Older Queenslanders including pensioners and self-funded retirees have already cut back on their electricity usage as a result of recent electricity cost increases and are subsequently frugal electricity users (below 6,500 kWh per annum)¹². Most have little ability to make further cuts to their electricity and gas usage thus increasing the likelihood of suffering adverse health effects as a result of cutting back on heating and cooling and being exposed to extreme temperatures. Therefore any move to time-based pricing will result in increased electricity costs to many older households as they do not have the ability to respond to price signals.

National Seniors recommends: that at risk low-income consumers should have the option to remain on their current flat tariff indefinitely.

Customer's adoption of any new tariffs should be voluntary as supported by the Australian government¹³. The government and the private sector can encourage customers to adopt the new tariff by providing education, support and technology under the previously recommended comprehensive education and awareness program (see Improve Customer Engagement). This would ensure customers are fully informed and empowered regarding adjustments to the new pricing arrangements.

In addition National Seniors believes that the roll out of smart meters should only be commenced once a cost-benefit analysis demonstrates the value of the roll out, as suggested in the Productivity Commissions Review of Electricity Network Regulatory Framework.¹⁴

National Seniors recommends: that the government allow the roll-out of smart meters on a voluntary customer driven basis.

National Seniors recommends: that the roll out of smart meters should only be commenced once a cost-benefit analysis demonstrates the value of the roll out for customers.

National Seniors recommends: that vulnerable customers should be provided with smart meters and real time monitoring technology free of charge.

The adoption of new technology will allow customers to understand and adjust their electricity use and also allow customers to make informed choices of the most appropriate and cost effective pricing structure.

¹² Australian Energy Regulator (2012), *Average household electricity usage*, Australian Government.

¹³ Australian Government (2013) The Australian Government Response to the Productivity Commission Inquiry Report Electricity Network Regulatory Frameworks

¹⁴ Productivity Commission (2013) *Final Report into Electricity Network Regulatory Frameworks*, Australian Government

Challenge 6: Develop a Demand Management and Energy Efficiency Strategy

National Seniors recommends: that before any roll out of new time based tariffs the government should provide customers with detailed information on the range of demand management options which are available to customers, including the use of technologically advanced appliances and direct load control.

Additionally financial incentives and support should be developed to promote the use of these technologies before the implementation of the new pricing structure.

Challenge 8: Support Customer-Focused Reliability Standards

Older Australians have a high preference for reliability with very limited additional financial capacity to pay higher electricity costs to secure this level of reliability.

National Seniors believes that the level of reliability should not be determined by a consumers' ability to pay higher electricity charges.

National Seniors supports the government's approach to investigate customers trade-off between level of reliability and cost. However, National Seniors believes that no consumer should experience a drop in the level of reliability or any increase in costs to guarantee this existing level of reliability.

National Seniors recommends: that the government guarantee the current level of electricity supply reliability.

National Seniors members have also indicated that a loss of electricity supply has a large economic and psychological impact on over-50s generally. For example, an extended loss of power could result in the loss of produce from the refrigerator. Many older people do not have the financial capacity to replace these essential staples of life which creates a potentially health threatening situation and a high level of anxiety.

National Seniors recommends: that the government conduct specific research to determine the true costs associated with the loss of reliability on at-risk consumer groups, including retirees and low-income earners.

Challenge 9: Improve Consultation Practices for Network Extensions

National Seniors recommends: that the government employ a broad approach to all consultations (including network extensions consultations) with the aim to involve many different consumer groups, utilise a diverse set of communication channels and commence the consultation process at the earliest opportunity.

Challenge 10: Improve the Operations of the Gas Market

National Seniors is concerned that the development of the gas export market will result in large price increases and a loss of security of supply for domestic customers.

Low income consumers (including pensioners) are particularly at risk of detriment from rising prices as they often lack the access to the resources required to upgrade their energy efficiency (e.g. through better appliances or insulation)¹⁵

National Seniors appreciates the government's preference to avoid directly intervening in the gas market. However National Seniors believes that to ensure adequate supply for domestic, specifically low income customers the government may be forced to intervene.

National Seniors recommends: that the government remains open to the possibility that it may be necessary to intervene in the gas market to secure a supply of affordable gas for domestic use.

The Future Challenges

Challenge 1: Facilitating the Development of Cost-Effective New Generation Alternatives

Challenge 2: Attracting Investment in Generation.

The Queensland community has already shown its willingness to adopt and support emerging generation technology. Queensland has the largest rooftop solar generating capacity of any state in Australia¹⁶. National Seniors believes there is opportunity to harness this willingness to adopt innovative technologies

National Seniors believes the government should consider directly investing in innovated generation technologies including solar technology taking advantages of the State's natural advantages.

The government could be guided by the Sunshine Coast Regional Council's proposed solar farm development.¹⁷

National Seniors recommends: that the government investigate approaches to reduce the barriers to entry (including any unnecessary regulation) and

¹⁵ Consumer Utilities Advocacy Center (2013) *Making the Gas Connection An Introduction to the gas sector for consumer organisations.*

¹⁶ Queensland Competition Authority (2013) *Final Report Estimating a Fair and Reasonable Solar Feed-in Tariff for Queensland*

¹⁷ Sunshine Coast Council (2013) *Sunshine Coast Solar Farm*

<http://www.energybusinessnews.com.au/energy/solar/solar-farm-for-coolum/>

provide a supportive link between the private sector developers of (emerging generation and local level storage technologies) and the customers.

Challenge 4: Engaging and Protecting Residential Customers of the Future

National Seniors agrees that within the next 30 years consumers will be faced with many choices within an increasingly complex electricity market.

National Seniors recommends: that the government continue to monitor the electricity market to ensure that the key precondition thresholds are still met throughout the 30 year time frame.

National Seniors recommends: that if any precondition ceases to be met then the government should commit to take action to remedy this failure.

For example the precondition of engaged customers is likely to be harder to achieve as the market becomes increasingly complex. To ensure this precondition is maintained the government will have to continue an education and awareness program to maintain customers understanding of the changing electricity market.

Similarly National Seniors believes the precondition of appropriate support mechanisms will also have to be monitored as the inevitable increasing complexity of product offerings will increase the risk of vulnerable customers being exploited and/or excluded from the market.

National Seniors believes that an independent organisation similar to the Australian Energy Consumer Organisation¹⁸ and Australian Energy Regulator Consumer Challenge Panel¹⁹ should be established to ensure that the interests of all household consumers are represented and considered.

National Seniors recommends: that the government establish a Queensland based Energy Consumer Organisation to ensure that the interest of all household consumers are represented and considered by decision makers.

National Seniors supports the proposed 2014 electricity and water forum and the development of the Electricity Outlook Expert Panel. National Seniors will formally express an interest to become a member of this Panel.

National Seniors recommends: that the 2014 electricity and water forum and the Electricity Outlook Expert Panel seek adequate consumer representation to ensure that interest of consumers are considered by industry and government.

¹⁸ Standing Council on Energy Resources (2013) *Australian Energy Consumer Organisation* Australian Government

¹⁹ Australian Energy Regulator (2013) *Consumer Challenge Panel* Australian Government.

Conclusion

It is difficult to predict all the opportunities and challenges that may develop within the Queensland electricity market over a 30-year timeframe, however National Seniors appreciates the opportunity to provide input into this strategy.

Regardless of the unknown, a number of key factors must be considered before the government transitions to price monitoring.

The supply of reliable electricity at a reasonable cost is an essential service that must be provided to all Queenslanders and access to supply should not be determined solely by a consumer's ability to pay higher charges.

A large number of customers will be unable to afford an appropriate level of electricity supply if the current eligibility requirements were means tested and the level of concessions and rebates were reduced.

Older Queenslanders have already cut back on their electricity usage and do not have the ability to make further reductions or amendments to the timing of their electricity usage. Therefore, it will be difficult for them to benefit from the implementation of a new time based pricing regime and smart meters.

The lack of customer awareness and understanding is resulting in customers not being engaged with the electricity market. This lack of engagement must be addressed before customers will be able to benefit from any increase in competition.

The government will always have a large role ensuring that the market does not exploit or exclude any segment of the community. There will be an ongoing requirement for the government to provide electricity concessions and ensure effective competition and an adequate level of consumer protection.

Further, the government must monitor the preconditions to price monitoring throughout the 30-year time frame and take action to remedy any failure.

National Seniors looks forward to continue working with government to create an electricity market which is resilient, cost-effective and customer-focused to support the economic and lifestyle aspirations of all.

However National Seniors is doubtful that all the preconditions including the necessity to develop engaged customers can be successfully implemented by the proposed 1 July 2015 deadline.