

# OTTER CUSTOMER CONSULTATIVE COMMITTEE

## MEETING NO. 1/2017

2.30 PM WEDNESDAY 15 FEBRUARY 2017

MURRAY ROOM, THE TREASURY BUILDING,

21 MURRAY STREET, HOBART

### DRAFT MINUTES

2:30 pm Meeting commenced

#### 1. Apologies

##### Present

Cr Peter Rhodes (Flinders Council) (via teleconference)  
Mr Robert Mallett (Tasmanian Small Business Council)  
Dr Kath McLean (TasCOSS)  
Dr Cynthia Townley (TasCOSS)  
Mr Charles Scarafiotti (Property Council of Australia - Tasmania Division)  
Mr Ray McKendrick (Ombudsman Tasmania)

##### In attendance

Mr Joe Dimasi (Tasmanian Economic Regulator)  
Mr Dean Burgess (Director, OTTER)  
Mr Glenn Bounds (Assistant Director, OTTER)  
Ms Lana Hutchinson (Principal Policy Analyst, OTTER)  
Ms Sharon Raymond (Senior Policy Analyst, OTTER)  
Mr Warren Brookes and Ms Kirstan Wilding from TasNetworks attended the meeting, from 2.40pm until 3.10pm, to present Item 3.  
Mr Daniel Peters and Ms Sue Morrison from the Department of State Growth attended the meeting, from 3.10pm until 3.50pm, to present Item 4.  
Mr Eamon Sullivan and Mr Ben Morris from TasWater attended the meeting, from 3.50pm until 4.20pm, to present Item 6.

##### Apologies

Mr Geoff Fader (Tasmanian Small Business Council)  
Mr David MacFie (Australian Competition and Consumer Commission)  
Mr Nick Steel (Tasmanian Farmers and Graziers Association)

##### Absent

Ms Georgia Palmer (Local Government Association of Tasmania)  
Ms Margie Law (Anglicare Tasmania)  
Mr Michael Bailey (Tasmanian Chamber of Commerce and Industry)

#### 2. Ratify minutes from meeting 14 December 2016

The minutes from the meeting of 14 December 2016 were ratified.

#### 3. Electricity metering services - changes and how customers will be affected

Mr Warren Brookes (Metering Strategy Co-Ordinator) and Ms Kirstan Wilding (Leader, Regulation) from TasNetworks provided members with an overview of the customer impacts arising from the upcoming changes to electricity metering services.

Ms Wilding also provided an update on the status of TasNetworks' tariff trial.

During the course of the presentation members raised the following issues in relation to metering services and tariff trial:

- (a) the ability to, and/or desire of, some customers to change their electricity usage;
- (b) whether the current concessions would also be reviewed once tariff structure changed; and
- (c) the move away from variable costs to fixed costs from the perspective of removing customers' ability to financially benefit from controlling their power consumption.

Ms Wilding also mentioned the following upcoming consultations relating to network issues:

- 22 February - Network Transformation Roadmap Forum; and
- 27 April - Pricing Reform Working Group (Transmission and Distribution Regulatory Reset 2019-2024)

Members requested an electronic copy of the presentation.

*Action: OTTER to provide the Committee with an electronic copy of TasNetworks' presentation.*

#### **4. State Growth discussion on customer understanding of energy bills**

Mr Daniel Peters (Policy Analyst) and Ms Sue Morrison (Acting Director, Industry Policy) from the Department of State Growth, provided members with a presentation on the status of its current project which is aimed at:

- improving customer information to assist customers in understanding what drives their energy bills; and
- ensuring customers have the basic information required to evaluate retail product options

The project and associated actions form part of the Tasmanian Energy Strategy.

Dr McLean questioned whether Aurora had, or intended, consulting stakeholders on the format of its new bill.

Members requested an electronic copy of the presentation.

*Actions:*

*OTTER to provide the Committee with an electronic copy of State Growth's presentation.*

*OTTER to contact Aurora Energy and establish whether it has consulted or intends consulting on the format of its new energy bill.*

#### **5. 2016-17 MAIB Pricing Investigation - approach, key issues and timing**

Ms Lana Hutchinson from OTTER provided members with an overview of the upcoming investigation into the Motor Accidents Insurance Board's (MAIB) pricing policies. The presentation explained the Regulator's approach to the investigation together with the key issues that are likely to arise during the investigation (including ride-sourcing ie Uber).

Ms Hutchinson also noted that interested parties would have two opportunities to comment on the MAIB's proposed insurance premiums (later in February when the Regulator seeks comments on the Terms of Reference for the investigation and the MAIB's Preliminary Submission and again in April when the Regulator seeks comments on its draft report).

Members requested an electronic copy of the presentation.

*Action:*

*OTTER to provide the Committee with an electronic copy of the presentation*

## **6. Update on TasWater's Price and Service Plan - consultation and next steps**

Mr Eamon Sullivan from TasWater provided members with an update on the approach to, and outcomes from, TasWater's consultation on its proposed Price and Service Plan (PSP) for the third regulatory period (2018-2021) and outlined the next steps in the process.

Mr Sullivan noted that there was some confusion surrounding the dam safety questions, reflecting the community lack of knowledge of dam safety risk management.

After Mr Sullivan presented the outcomes from the telephone survey, Dr McLean sought clarification as to the wording of the actual question in relation to "reasonable price increases". In response to Dr McLean's question, Mr Sullivan provided the following response after the meeting:

The telephone survey asked a number of questions relating to priorities, price increases, price and service trade-offs, tariff structures and policies. And, more generally, our entire engagement program for PSP3 is focused on seeking feedback from customers on various aspects of price and service outcomes. The specific telephone survey questions to which Kath refers are questions TQ1 and TQ2 in the attached survey questionnaire

The questions and answers are difficult to consider in isolation and should be viewed in the context of the full telephone survey. Our customer engagement report will be made publicly available at the time of our draft PSP3 submission and will include information on our engagement methodology and results – including the telephone survey, focus groups, 1-on-1 interviews, workshops and Issues Paper submissions.

Mr Mallett also raised the prospect of installing water tanks rather than undertaking what was often very expensive network upgrades in rural areas. Mr Morris noted that TasWater had already undertaken work to replace reticulated services with water tanks in Mountain River and Pioneer.

Dr Townley queried whether the telephone surveys had used land lines or mobile numbers. After the meeting Mr Sullivan advised OTTER that both land line and mobiles were included in the telephone survey. Mr Sullivan also provided the following explanation of the telephone survey method:

The sample was drawn randomly from households and small businesses, and potential respondents were screened to ensure that they are currently a water customer. The target for interview was the person within the household or business who is the main or joint decision maker, or the person who usually deals with bills and queries. Apart from the regular eligibility criteria, additional screening criteria excluded respondents working in the utility sector or research industry. As a proportion of households and businesses no longer have landlines, we used a dual frame sample of both landlines and mobiles. Up to five call attempts were made to each piece of sample until the quotas were completed.

Dr McLean also sought clarification regarding TasWater's recent decision to cease receiving cash at its shopfronts. After the meeting, Mr Sullivan advised OTTER that, to ensure a safe working environment for its staff, TasWater had ceased accepting cash

payments at its shopfronts effective from 3 January 2017. However, customers continue to be able to make cash payments at Australia Post locations.

There was also some discussion regarding fixed and variable charges and the recent trend for utilities in both the electricity and water and sewerage sectors to seek to recover a greater proportion of costs through fixed charges.

Mr Sullivan noted that consultation on TasWater's PSP Issues Paper closed on 17 February 2017.

Members requested an electronic copy of the presentation.

*Actions:*

*OTTER to provide the Committee with an electronic copy of TasWater's presentation.*

## **7. Tasmanian Ombudsman update**

Mr Ray McKendrick, Principal Officer (Energy) at the Office of the Ombudsman and Health Complaints Commissioner (the Ombudsman), outlined the recent experience with complaints regarding electricity entities and TasWater for the quarter ending 31 December 2016.

Mr McKendrick distributed a hard copy of the Office of the Ombudsman's report to members.

## **8. Projects on the go**

The Committee noted the February 2017 edition of Projects on the Go.

Dr McLean queried whether there will be additional costs associated with the commencement of metering competition. In response, OTTER noted that it is expecting to receive a submission from Aurora by the end of February setting out how Aurora proposes accounting for costs associated with the commencement of metering competition. OTTER undertook to provide members with an update on this issue at the next meeting.

Mr Mallett noted that the commentary in section 2.a of Projects on the Go with respect to 2017-18 Standing Offer Prices did not mention the cross-subsidy that business customers provide to residential customers. OTTER noted that Aurora's Standing Offer Price Strategy referred to non-uniform price changes occurring from Period 2 of the pricing period ie 2017-18.

Dr Townley sought an explanation for the relatively high number of new connections reported by Aurora for Q4, 2015-16.

*Actions:*

*OTTER to provide members with an update at the next OCCC meeting of the expected impacts of the commencement of metering competition.*

*OTTER to follow up with Aurora regarding the relatively high number of new connections in Q4, 2015-16 and provide the response to members.*

## **9. Other Business**

### **Tasmanian Small Business Council submission in relation to the Tasmanian Energy Security Taskforce's Interim Report**

Mr Mallett (Tasmanian Small Business Council) distributed a copy of the Council's recent submission in response to the Tasmanian Energy Security Taskforce's Interim Report and encouraged Committee members and OTTER to read and consider the issues raised in the submission.

### **Kath McLean's retirement**

Mr Dimasi and the other Committee members wished Dr McLean all the best for her impending retirement and thanked her for the valuable input she had provided into the OCCC's activities over an extended period.

**Future meeting dates**

The Committee noted the meeting dates.

The meeting closed at 4:45 pm.