

OTTER CUSTOMER CONSULTATIVE COMMITTEE

MINUTES

MEETING NO. 3/2019 - 9.30 AM THURSDAY 19 SEPTEMBER 2019

21 MURRAY STREET, HOBART

9:30 am Meeting commenced

1. Welcome and apologies

Present

Mr Joe Dimasi (Tasmanian Economic Regulator)
Mr Geoff Fader (Tasmanian Small Business Council)
Ms Bernadette Jago (TasCOSS)
Ms Elizabeth Skirving (CEO, Rural Business Tasmania)
Mr Ray McKendrick (Energy Ombudsman Tasmania)
Mr John Pauley (Council on the Ageing (COTA))
Mr Jack Gilding (Tasmanian Renewable Energy Alliance)

In attendance

Mr Chris Lock (Director, OTTER)
Mr Glenn Bounds (Assistant Director, OTTER)
Mr Floyd Connelly (Assistant Research Officer, OTTER)
Ms Julia Ma (Research Officer)
Ms Toulia Alvanos (Executive Officer, OTTER)

The Regulator welcomed John Pauley and Mr Jack Gilding to their first meeting of the OCCC.

Apologies

Ms Margie Law (Anglicare Tasmania)
Mr Tommy Wong (Tasmanian Chamber of Commerce and Industry)
Mr Charles Scarafiotti (Property Council of Australia - Tasmania Division)
Mr Michael Bailey (Tasmanian Chamber of Commerce and Industry)
Mr David MacFie (Australian Competition and Consumer Commission)
Mr Brian Wightman (Property Council of Australia - Tasmania Division)
Ms Kate Cox (Energy Ombudsman Tasmania)
Ms Tracey Brown (Energy Ombudsman Tasmania)
Ms Georgia Palmer (Local Government Association of Tasmania)
Mr Robert Mallett (Tasmanian Small Business Council)
Ms Rosalind Herbert (Council on the Ageing (COTA))

2. Ratify minutes from meeting 20 June 2019

The minutes from the meeting of 20 June 2019 were ratified.

3. Water - Update and engagement on PSP4

Mr Ben Morris and Mr Trent Swindells from TasWater gave an update on TasWater's intended approach to customer engagement and the associated preparation of its proposed price and service plan for the fourth regulatory period. The plan is to be submitted to the Regulator by 30 June 2020. The presentation gave the committee an update on the following:

- key dates and milestones;
- the areas that price and service plan will focus on, such as:
 - demand Forecast - foundation of capital, operating and revenue requirement;
 - technical regulation;
 - service standards; and
 - policies for connections, service charges, trade waste, sub-metering, extension and expansion, service introduction, developer charges.

Part of the presentation focused on TasWater's Customer Support Program and the guiding principles TasWater applies that have the objective of ensuring customers are provided with the relevant assistance to help them meet their obligations. Mr Pauley enquired whether TasWater is able to offer all customers more frequent periodic payment arrangements, such as weekly payments. TasWater was also asked whether it pro-actively encourages customers to apply for a concession.

4. Water - Sewerage and commercial trade waste review

Ms Robyn Trigge from TasWater provided an update on TasWater's review of its current sewerage and commercial trade waste charging arrangements. The presentation particularly focused on charging methodologies and the consultation undertaken by TasWater to date.

Through consultation with both residential and business customers TasWater found that customers raised the following points/concerns:

- they seek transparency about how charges are calculated and how the revenue from the charges is spent, which is as important as the level or method of charging;
- more information in their bills – e.g. percentage spent in areas such as administration, breakages, upgrades;
- seeing the outcomes of the engagement and how customers' input has made a difference; and
- providing a link on bills to where people can find more information - in plain English, and the long term strategy and spending plan and how TasWater delivers value for money.

5. Electricity - Review of ESI Act

Ms Sue Morrison and Mr John Wimmer from State Growth gave an update on the Department of State Growth's review of the sections of the *Electricity Supply Industry Act 1995* (ESI Act) for which the Minister for energy is responsible.

Ms Morrison noted that the current Act was drafted prior to Tasmania's entry to the National Electricity Market and a full review is needed in light of the current regulatory framework, including matters such as the role of the Regulator in network services regulation and land access rights.

Ms Morrison also mentioned that the ESI Act has provisions that are administered by the Department of the Department of Treasury and Finance, where a separate review is being undertaken into wholesale pricing arrangements, and the Department of Justice, relating to safety matters.

The Department of State Growth has almost completed the first part of its public consultation process. The outcomes from Treasury's wholesale pricing review as part of the Government's policy of de-coupling from the NEM will also be relevant to the review of the ESI Act.

6. Electricity - 2018-19 Price Comparison Reports

Mr Glenn Bounds (Assistant Director) delivered a presentation on the price comparison reports released by the Regulator in August 2019 in relation to:

- a) regulated standing offer electricity prices and gas prices; and
- b) prepayment electricity products.

In relation to regulated standing offer electricity prices the presentation showed that, while Aurora Energy's prices have been capped by the Government, the downward pressure on prices due to the introduction of the Default Market Offers and the Victorian Default Offers in other jurisdictions has meant that estimated annual expenditure under Aurora Energy's prices by residential (non-concession) and business customers is not as low, relative to the outcome under prices offered by retailers in other jurisdictions, as it had been in past comparisons. Outcomes in relation to residential (concession) customers were largely unchanged from past comparison reports with the estimated annual expenditure for Tasmanian customers towards the bottom of the comparison.

Outcomes in relation to gas were largely unchanged from past comparison reports with the estimated annual expenditure for Tasmanian business customers and Tasmanian residential customers towards the top end of the comparison compared to the prices offered by retailers in other jurisdictions.

The prepayment price comparison report continues to show that customers on APAYG products are likely to spend more than would if they were on standing offer prices, although this outcome does not reflect any consumption adjustment to shift usage from peak to off-peak periods. Mr Bounds stated that the August 2019 prepayment price comparison report was likely the last to be prepared as Aurora Energy expects to have decommissioned its APAYG product by December 2019.

The reports rely on customer usage profiles and assumed levels of electricity usage for different categories of customers. Mr Bounds noted that OTTER is currently reviewing the customer usage profiles and intends liaising with stakeholders prior to finalising the new profiles. The profiles are also used to assess the impact of proposed price increases on customers during standing offer price investigations.

7. Tasmanian Ombudsman update

Mr Ray McKendrick, (Office of the Energy Ombudsman) outlined the number and nature of complaints regarding electricity entities for the quarter ended June 2019.

8. Projects on the go

The Committee noted the September 2019 edition of Projects on the Go.

9. Other Business

Ms Bernadette Jago from TasCOSS noted that the various councils of social services, including TasCOSS, were reviewing concessions in light of the ACCC's findings from its 2018 retail electricity pricing inquiry.

Ms Jago also referred to the Energy Charter and to the release of its first Accountability Report on 30 November 2019.

Next meeting

It was agreed that the next meeting will be scheduled for Thursday 5 December 2019 at 9.30am.

The meeting closed at 12:15 pm.