

Submission in response to:
Queensland Competition Authority
Review of Guaranteed Service Levels to apply in Queensland from 1 July 2025 – Consultation Paper
(March 2023)

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Introduction

Thank you for the opportunity to provide a submission in response to the Queensland Competition Authority's (QCA) Review of Guaranteed Service Levels to apply in Queensland from 1 July 2025 (**Consultation Paper**) dated March 2023. As stated in the Consultation Paper, the purpose of the review is "to determine whether the current GSL arrangements remain appropriate and whether any changes should apply from 1 July 2025". The QCA has provided four consultation questions and raised other matters for stakeholder feedback, including the application of GSLs in the context of stand-alone power systems (i.e., isolated networks).

We are an interdisciplinary research team from the Australian National University (ANU), whose research focuses on energy insecurity and related issues in energy transition. Our submission relates to codified disparities in how eligible card-operated meter customers access GSL payments and related issues.

GSL scheme disparities

In Queensland, derogations from the National Energy Retail Law (NERL) create a unique customer protection framework for card-operated meter customers. These customers prepay for electricity but are differentiated from 'prepayment meter customers' under the NERL provisions. Card-operated meters are only permitted in certain locations under the Queensland-specific framework; prepayment meter systems as defined in the national framework are prohibited. Currently, card-operated meters are only permitted in remote Aboriginal and Torres Strait Islander communities within Ergon Energy's service area.

Most, but not all, card-operated meter communities are located in non-interconnected parts of remote Queensland, where electricity is supplied via stand-alone power systems or ‘isolated feeders’ as they are described in the Electricity Distribution Network Code (**Code**). All card-operated meter customers, including those residing in interconnected communities, are subject to a distinct system of claiming GSL payments under the Code.

The Consultation Paper states in section 2.1 that “[c]ustomers receive GSL payments as a credit to their electricity account when they experience customer service or supply reliability which is inferior to the GSL standards. GSL payments acknowledge the inconvenience customers experience when they receive poor reliability or service from their DNSP” (p. 4). While GSL payments are generally paid automatically to eligible customers who *post pay* for their electricity, this is not the case for card-operated meter customers. Pursuant to clause 2.3.13 of the Code, card-operated meter customers are required to make a claim to the distribution entity (in this case, Ergon Energy) within 3 months of the relevant event. This difference in claim procedures creates an additional step that card-operated meter customers must fulfil to access their payment for poor reliability or service, making it less convenient and therefore less likely for these customers to make a claim from their DNSP.

This issue has been previously raised with QCA by consumer advocacy organisation QCOSS, but the matter remains unresolved. In 2018, QCOSS stated in its response to a previous review of the GSL scheme that: “We look forward to exploring ways to have automatic GSL payments applied to customers with card-operated meters, including applying a credit to the smartcard that is attached to the affected NMI.”¹ We understand that digital meters are currently operational in all card-operated meter communities,² and it should be technically possible for the distributor to make payments direct to the meter for card-operated meter customers. We encourage QCA to progress QCOSS’ 2018 recommendation to make GSL payment processes consistent for card-operated meter and post-paying customers.

We understand that approximately 4,250 households using card-operated meters in remote Aboriginal and Torres Strait Islander communities in Queensland are affected by the differential arrangements in access to the GSL scheme.³ However, the exact number of households is not known due to limited transparency concerning card-operated meter customers and their experiences. For example, there is no public reporting of customer numbers or other key performance metrics such as frequency and duration of so-called ‘self-disconnections’ for those communities where card-operated meters are in use. Noting the Queensland Government’s commitment to the National

¹ QCOSS, 2018, Response to draft decision on Guaranteed Service Levels, p. 4, available at: https://www.qca.org.au/wp-content/uploads/2019/05/34458_QCOSS-sub-on-draft-decision-1.pdf.

² QCOSS, 2020, QCOSS submission to the Australian Energy Regulator’s Draft Decisions and Queensland electricity distributors’ Revised Tariff Structure Statements 2020-2025, p. 3, available at: <https://www.aer.gov.au/system/files/QCOSS%20-%20Submission%20on%20Energen%27s%20draft%20decision%20and%20revised%20proposal%202020-25%20-%20January%202020.pdf>.

³ See National Energy Retail Law (Queensland) Bill 2014 Explanatory Notes, p. 34, available at: <https://www.legislation.qld.gov.au/view/pdf/bill.first.exp/bill-2014-1809>.

Agreement on Closing the Gap (National Agreement) Priority Reform 1 wherein Aboriginal and Torres Strait Islander people are empowered to share decision-making authority with governments to accelerate policy and place-based progress on Closing the Gap this absence is both anomalous and inexplicable. Public facing reporting from comparable jurisdictions where prepay is permitted include Western Australia's Economic Regulation Authority -Annual Data Energy Retailers Report⁴ and the Utilities Commission of the Northern Territory's Electricity Retail Review.⁵ The South Australian electricity regulator ESCOSA has also committed to public reporting for remote communities where prepay was introduced on a mandatory basis from 1 July 2022.⁶

Prior research demonstrates that households which prepay for electricity experience substantially higher risk of disconnection from electricity services; moreover, the risk of household de-energisation are amplified during temperature extremes. GSL access is a known disparity affecting remote card-operated meter households, but other vulnerabilities experienced by them are impossible to determine without public reporting equivalent to AER requirements. In 2014, QCOSS called for increased transparency for card-operated meter customers through the introduction of requirements for the state-owned utility Ergon Energy to publicly report on self-disconnections, average credit levels, numbers of customers accessing concessions and rebates, and the number and types of complaints.⁷ At the time QCOSS observed that meter functionality was a barrier to reporting of some metrics; with the implementation of digital meters, this issue presumably no longer applies. It is surprising that despite technological progress, there have been no improvements in transparency of reporting for card-operated meter customers over the past 9 years. QCA has regulatory functions in relation to card-operated meter provisions of the Queensland NERL. Given this role, we urge QCA to consider reporting requirements for licensed utilities operating in card-operated meter communities.

In support of our submission, we attach collateral materials from our published research as evidence of the disparities facing prepay customers at Appendix 1 & 2.

We appreciate the QCA's consideration in this matter and would be pleased to discuss any aspect of this submission.

⁴ Available at: <https://www.erawa.com.au/energyreports>.

⁵ Available at: https://utilicom.nt.gov.au/_data/assets/pdf_file/0008/1214738/2021-22-NT-Electricity-Retail-Review.pdf.

⁶ Available at: <https://www.escosa.sa.gov.au/ArticleDocuments/21889/20220620-Electricity-CowellElectricLicenceAmendment-PrepaymentDefault-FinalDecision.pdf>.

⁷ QCOSS, 2014, Empowering Remote Communities: Experiences of Aboriginal and Torres Strait Islander customers using electricity pre-payment meters in Queensland, p. 51, available at: https://qcross.org.au/wp-content/uploads/2017/11/20140819_QCOSS-Report-on-Remote-PPM-Customers-Final.pdf.

Appendix 1

Longden, T., Quilty, S., Riley, B. *et al.* (2021) Temperature extremes exacerbate energy insecurity for Indigenous communities in remote Australia. *Nat Energy* **7**, 11–12 (2022)

<https://doi.org/10.1038/s41560-021-00968-6>

Appendix 2.

Riley, B., White, L.V., Wilson, S. *et al.* (2023) Disconnected during disruption: Energy insecurity of Indigenous Australian prepay customers during the COVID-19 pandemic, *Energy Research & Social Science*, Volume 99, <https://doi.org/10.1016/j.erss.2023.103049>.