



RIS Ref: DNRME0213-0220

File Ref: DOC20/1855

31 July 2020

Ms Liz Riegler
Principal Policy Officer, Consumer Strategy and Innovation
Energy Division, Department of Natural Resources, Mines and Energy
1 William Street
Brisbane Qld 4000

Dear Ms Riegler,

Decision RIS— Dispute resolution for residential embedded network customers

Thank you for your enquiry of 21 May 2020 and further information through to 29 July 2020 regarding the *Dispute resolution for residential embedded network customers* Decision Regulatory Impact Statement (RIS).

Background

The Department of Natural Resources, Mines and Energy (the department) released a Consultation RIS on 25 October 2019, seeking stakeholder views on enabling embedded network customers in Queensland access to the Energy and Water Ombudsman Queensland's (the Ombudsman) dispute resolution services and options for fees—payable by exempt sellers—to recover the additional costs to the Ombudsman.

The Consultation RIS presented fee options including:

- Option 1—fees to achieve full cost recovery
- Option 2—maximum fee per complaint based on case type (less than 50 per cent cost recovery)
- Option 3—maximum fee per complaint based on the number of customers an exempt seller has (less than full cost recovery).

The Consultation RIS recommended option 3 as it was considered to best reflect exempt sellers' ability to pay while minimising the risk of increased costs being passed through to embedded network customers. Under option 3, the application of fees would be delayed for 12 months to provide time for exempt sellers to adapt and allow for data collection on complaint numbers and dispute types.

The Consultation RIS was open for comment until 31 January 2020. Submissions were received from 21 stakeholders including the Ombudsman, embedded network peak bodies, consumer groups and individuals.

Preparation of Decision RIS

The purpose of a Decision RIS is to reflect the outcomes of consultation on proposed regulatory amendments, including how stakeholder views were taken into consideration in developing a final recommendation.

The Decision RIS continues to recommend option 3. The application of fees will be delayed by 12 months after which time user-pay fees will apply upon receipt of a valid complaint by the Ombudsman. However in response to stakeholder feedback regarding potential cross-subsidisation impacts on existing scheme participants, it is recommended that exempt sellers with more than 2,000 residential customers will pay the cost-recovery annual



Queensland Productivity Commission

Lvl 27, 145 Ann Street, Brisbane Qld 4000
PO Box 12112, George Street Qld 4003

TEL 07 3015 5111
EMAIL enquiry@qpc.qld.gov.au
WEB qpc.qld.gov.au
ABN 18 872 336 955

membership and user-pays fees charged to existing scheme participants from commencement of the recommended option.

The department reports that there is currently no exempt seller in Queensland with more than 2,000 residential customers and estimates that the potential cross-subsidy under the preferred option to be in the range of 2–18 cents per customer per year, with a central estimate of 5–6 cents per customer per year. Exempt sellers with 2,000 or fewer residential customers will pay tiered user fees based on the number of customers they have, with fees deferred for at least the first year of access to the Ombudsman.

The department considers that the recommended option delivers the greatest net benefit to the community while meeting the policy objective to ensure residential customers of embedded network 'exempt sellers' have access to free and timely energy complaint and dispute resolution services. The recommended option minimises the level of cross-subsidisation by either the Energy Ombudsman or retailers, and there is no increase in regulatory burden expected for embedded network customers, 'exempt sellers', electricity retailers, the Energy Ombudsman or government.

The Queensland Productivity Commission (the Commission) considers the Decision RIS adequately presents the results of consultation, details of the department's response to stakeholder feedback and provides a discussion of the impacts. The Commission considers the Decision RIS is adequate to support the decision maker's consideration of the proposal.

Consistent with the guidelines, the Decision RIS and this letter of adequacy will be published on the Commission's website once the Decision RIS is approved for release.

Please contact Tim Elliott, Analyst on (07) 3015 5131 if you require any additional information or guidance in relation to the above comments or the guidelines in general.

Yours sincerely,



Christine Tozer
Team Leader