

Regulatory Impact Statement

**On-supply customer access to energy rebates and the Energy
and Water Ombudsman Queensland**

November 2015

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Executive summary

Background/overview

On-supply of energy refers to an arrangement where the owner, occupier or user of a premise (the 'on-supplier') supplies and sells energy (electricity or gas) to the occupants of the premise (the 'on-supply' or 'exempt' customer). Small on-supply customers include residential customers and small business customers consuming up to 100 megawatt hours (MWh) of electricity per year. On-suppliers are treated as 'exempt sellers' under the National Energy Retail Law (NERL), as they are exempted from the requirement to hold a retail licence.

Residential on-suppliers include owners of traditionally low-cost accommodations, including caravan parks, manufactured homes parks, boarding houses, and aged and supported care homes. Organisations like the Queensland Council of Social Service (QCOSS) have indicated that many of the individuals living in these accommodations are likely to be socio-economically disadvantaged and/or elderly.^{1 2} For this reason, many residential on-supply customers are likely to be vulnerable to financial hardship as a result of their energy and other household costs.

Some residential customers living in on-supply situations do not enjoy the same levels of protection against energy hardship as residential customers who are directly supplied their energy by a retailer. In particular, because there is no state-based mandatory obligation on on-suppliers to administer rebates on behalf of their eligible residential customers, some on-suppliers are choosing not to do so. This is inequitable and is undermining the policy intent of the government's energy rebates, which is to support pensioners and seniors card holders to pay their bills and reduce energy-related budget pressures. As the current electricity rebate (\$320.97 per year) is worth around 20 per cent of an average electricity bill, access to this rebate represents a significant saving for eligible customers.

At the same time, small on-supply customers (including business on-supply customers consuming up to 100 MWh per year) also do not have access to the dispute resolution services of the Energy and Water Ombudsman Queensland (EWOQ). This means that these customers are limited to dispute resolution services that are not energy specific, not time efficient, and in many cases, involve a cost to access.

This Consultation Regulatory Impact Statement (RIS) seeks to consider these issues through an analysis of the costs and benefits associated with:

- **PART A** – three options for improving the administration of energy rebates to eligible residential on-supply customers
- **PART B** – two options to improve small on-supply customer access to EWOQ.

This RIS considers these issues in parallel because of their interdependencies. It should be noted that if an option under Part A is implemented to ensure residential on-supply customers receive their rebate entitlements, this may reduce the number of complaints received by EWOQ if access to this organisation is extended to small on-supply customers (under option 1 of Part B).

Policy issues

Access to energy rebates for residential on-supply customers

As of 1 July 2015, on-suppliers of energy are covered by the Australian Energy Regulator's (AER's) Exempt Selling Guideline (the AER Guideline) as part of the National Energy Customer Framework (NECF). Condition 12(2) of the AER Guideline requires on-suppliers to use their 'best endeavours' to apply for government concessions on behalf of their eligible residents.

¹ https://www.dews.qld.gov.au/_data/assets/pdf_file/0017/83024/qcoss.pdf

² 2001 Australian Census data shows that most Australians living in caravan parks and manufactured homes estates are 65 years of age or older (ABS 2001).

The 'best endeavours' requirement in condition 12(2) is not a mandatory requirement to administer electricity rebates on behalf of eligible customers and it may not be strong enough to ensure that Queensland residential on-supply customers are able to access the energy rebates for which they are eligible. Indeed, the department has become aware of a number of on-suppliers supplying energy to residential on-supply customers who are failing to administer the energy rebates for which their customers are eligible. These on-suppliers have cited the cost and administrative burden of accessing and administering the rebates as the primary reason for this decision. Some of these on-suppliers have also expressed a view that it is the government's responsibility to provide rebates and concessions directly to eligible residential on-supply customers.

Under the NERL, the AER can make and amend the AER Guidelines in accordance with the retail consultation procedure. The AER has commenced a review of the AER Guideline, including condition 12(2), and is considering placing a mandatory obligation on exempt sellers to apply rebates to their eligible exempt customers.³ This approach will bring Queensland into line with other jurisdictions by ensuring eligible exempt customers can access government rebates.

However, if the AER's proposed amendment to condition 12(2) is not adopted, there is a risk that the AER may remove the current obligation on exempt sellers under the current condition 12(2) to use their 'best endeavours' to claim exempt customers' rebates or concessions.⁴ Queensland on-suppliers may then continue to choose not to apply for rebates on behalf of their eligible exempt customers. For this reason, the department considers it appropriate to proceed with this Regulatory Impact Statement (RIS) parallel to the AER's review so that options to improve access to rebates for eligible residential on-supply customers in Queensland can be progressed regardless of the outcomes of the AER review. The options outlined in this RIS for access to energy rebates take into account possible outcomes of the AER review.

On-supply customer access to EWOQ

Small on-supply customers also do not currently have access to the energy specific dispute resolution services of EWOQ. Although small on-supply customers can seek dispute resolution assistance from the Queensland Civil and Administrative Tribunal (QCAT), as well as a range of other dispute resolution mechanisms, a number of consumer groups have advocated for an extension to the EWOQ scheme to cover small on-supply customers.

Policy objectives

The policy issues raised in this RIS are closely related to the key government community objective of 'support for disadvantaged Queenslanders'⁵. The Queensland Government's energy rebates are intended as a support measure to assist pensioners and seniors card holders with the payment of their energy bills. This intention can only be achieved for eligible customers living in on-supply situations if on-suppliers administer these rebates on their customers' behalf, or if the rebates are delivered directly to these customers by the government (as for customers in direct supply situations).

It may also be argued that this community policy objective is advanced by providing residential on-supply customers with access to appropriate dispute resolution services in the form of EWOQ. Extending access to EWOQ to these customers (as well as small business on-supply customers) aligns with the Ombudsman's core function of facilitating dispute resolution for energy and water customers who require support. This would deliver an inherent consumer rights advantage to small on-supply energy customers by ensuring equitable access to the services of EWOQ for on-supply and directly supplied residential and small business energy customers alike.

³ AER, *Review of Exempt Selling Guideline 2015* (page 6). Retrieved from <http://www.aer.gov.au/retail-markets/retail-guidelines/review-of-retail-exempt-selling-guideline-2015>

⁴ AER, *Review of Exempt Selling Guideline 2015* (page 14). Retrieved from <http://www.aer.gov.au/retail-markets/retail-guidelines/review-of-retail-exempt-selling-guideline-2015>

⁵ Queensland Government *Objectives for the Community*. Retrieved from <http://www.premiers.qld.gov.au/publications/categories/plans/governments-objectives-for-the-community.aspx>

Options

This RIS considers two key proposals in tandem – how to ensure access to energy rebates by eligible residential on-supply customers, and extending access to EWOQ dispute resolution services to small on-supply customers:

Mechanism	Process	Rationale and suitability	Costs
PART A - Administration of energy rebates to eligible residential on-supply customers			
<i>Option 1 – Support for the AER’s creation of a mandatory obligation under condition 12(2) of the AER Guideline (Preferred Option)</i>			
<ul style="list-style-type: none"> If amended as proposed by the AER, condition 12 of the AER Guideline would place a mandatory obligation on Queensland on-suppliers to apply for and administer the Queensland Government energy rebates (electricity and gas) on behalf of their eligible residential on-supply customers. 	<p>On-suppliers would be mandated to follow the current process –</p> <ul style="list-style-type: none"> The on-supplier would apply to their retailer for rebates on behalf of their eligible on-supply customers. The retailer would assess the eligibility of the customer, and pay the rebate amounts to the on-supplier (as a lump sum amount). <p>The on-supplier would then pass these rebates onto their individual eligible customers.</p>	<ul style="list-style-type: none"> Creates a consistent and enforceable condition on on-suppliers to administer rebates as part of their retail exemption. Consistent with current processes for the delivery of energy rebates to eligible residential customers living both within and outside of on-supply situations (e.g. by retailers, who claim back rebates from Government through Smart Service Queensland (SSQ)). 	<p>Estimated costs range:</p> <ul style="list-style-type: none"> \$2.9M to \$4.8M for Government (access to rebates by an additional 8,943 to 14,905 on-supply residential account holders,⁶ plus \$1.88 (ex GST) paid to retailer per customer per year (as currently is the case).
<i>Option 2 – Mandatory, Queensland-based legislated obligation on on-suppliers (preferred if AER does not create a mandatory obligation on on-suppliers)</i>			
<ul style="list-style-type: none"> A mandatory obligation on Queensland on-suppliers via the <i>Electricity Act 1994</i> to apply for and administer the 	<p>On-suppliers would be mandated to follow the current process:</p> <ul style="list-style-type: none"> The on-supplier would apply to their 	<ul style="list-style-type: none"> Creates a specific, mandatory Queensland-based obligation on on-suppliers to administer rebates. 	<p>Estimated costs range:</p> <ul style="list-style-type: none"> \$2.9M to \$4.8M for government (access to

⁶ The department acknowledges that the rebate payments that make up part of these estimated costs reflect an amount Government would already be paying if these on-supply customers could access their existing rebate entitlements.

Mechanism	Process	Rationale and suitability	Costs
PART A - Administration of energy rebates to eligible residential on-supply customers			
<p>Queensland Government energy rebates (electricity and gas) on behalf of their eligible residential on-supply customers.</p> <ul style="list-style-type: none"> Pending the AER's decision, condition 12 of AER Guideline (requiring on-suppliers to use their 'best endeavours' to deliver rebates), would be dis-applied in Queensland in order to avoid on-supplier or customer confusion about which requirements apply. 	<p>retailer for rebates on behalf of their eligible on-supply customers.</p> <ul style="list-style-type: none"> The retailer would assess the eligibility of the customer and pay the rebate amounts to the on-supplier (as a lump sum amount). The on-supplier would then pass these rebates onto their individual eligible customers. 	<ul style="list-style-type: none"> Consistent with current processes for the delivery of energy rebates to eligible residential customers living both within and outside of on-supply situations (e.g. by retailers, who claim back rebates from government through Smart Service Queensland (SSQ)). 	<p>rebates by an additional 8,943 to 14,905 on-supply residential account holders,⁷ plus \$1.88 paid to retailer per customer per year (as currently is the case).</p> <ul style="list-style-type: none"> If an additional \$1.88 is also paid to on-suppliers (as well as retailers as is currently the case), this would have additional costs for government of around \$140,000. Enforcement costs.
<i>Option 3 – Direct administration of rebates by government</i>			
<ul style="list-style-type: none"> Government would administer the electricity and gas rebates directly to eligible residential on-supply customers. 	<p>Could follow the process currently used to deliver the Queensland Government's Medical Cooling and Heating Electricity Concession Scheme (MCHECS) and Electricity Life Support Concession Scheme (ELSCS) –</p> <ul style="list-style-type: none"> Administered directly by SSQ to eligible residential on-supply customers (e.g. eligible customers 	<p><i>Not recommended:</i></p> <ul style="list-style-type: none"> Does not align with current arrangements for the delivery of energy rebates to eligible residential customers living both within and outside of on-supply situations (e.g. delivery by retailers). Different to government's direct 	<p>Estimated costs range:</p> <p>(a) Cost of additional rebates:</p> <ul style="list-style-type: none"> As for option 1—ranging between \$2.9M to \$4.8M. <p><i>Plus</i></p> <p>(b) Additional costs of direct</p>

⁷ The department acknowledges that the rebate payments that make up part of these estimated costs reflect an amount government would already be paying if these on-supply customers could access their existing rebate entitlements. This cost to government is also offset by the benefit to the on-supply customers who receive the rebate.

Mechanism	Process	Rationale and suitability	Costs
PART A - Administration of energy rebates to eligible residential on-supply customers			
	<p>make applications directly to SSQ, and SSQ pays the concession directly into the applicant's bank account on a quarterly basis).</p>	<p>delivery of MCHecs and ELSCS to customers due to the complex eligibility requirements assessed for these essential medical and life support rebates (whereas energy rebate eligibility is easily established by cardholder status).</p>	<p>delivery for government:</p> <ul style="list-style-type: none"> • Estimated at around \$88 per on-supplied household for initial set-up, with ongoing costs of around \$40 per household per year customer (based on costs for direct delivery of MCHecs)—customers apply for rebates once but then need to reapply every time they change retailer. • Based on estimated 74,525 on-supply households eligible to receive energy rebates, this would cost around \$6.5M for initial set up and \$3M in annual on-going costs for delivery of the rebate alone. <p>Additional delivery difficulties are also likely:</p> <ul style="list-style-type: none"> • Verification of eligibility, managing frequent changes of address,

Mechanism	Process	Rationale and suitability	Costs
PART A - Administration of energy rebates to eligible residential on-supply customers			
			<p>EFT bounce backs due to incorrect and changing bank details.</p> <ul style="list-style-type: none"> • There is significant and arguably disproportionate additional cost burden for government under this option as it would be implemented for on-supply customers (including those who are currently receiving their rebates without difficulty).

PART B – Access to EWOQ by small on-supply customers

Option 1 – Extend access to EWOQ to residential on-supply customers

<ul style="list-style-type: none"> • Small on-supply customers would have access to the free, energy-specific dispute resolution services of EWOQ. 	<ul style="list-style-type: none"> • If current EWOQ funding arrangements are applied under this option, on-suppliers would be required to be scheme participants and pay annual participation as well as ‘user-pays’ fees. • Alternatively, the costs of extending access to EWOQ to small on-supply customers could be absorbed by existing scheme participants (e.g. retailers). 	<ul style="list-style-type: none"> • Under this option, small on-supply customers would have access to the free, energy dispute resolution services of EWOQ. 	<ul style="list-style-type: none"> • Additional complaints estimated at around 1,700—this would require four additional EWOQ staff (at around \$93,200 each), with these costs to be recovered from EWOQ scheme participants (retailers). Participants are likely to spread this additional cost across the Queensland customer base (approximately \$0.17 per customer per year).
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Option 2 – Status quo, continued access to QCAT and other dispute resolution mechanisms

<ul style="list-style-type: none"> • Small on-supply customers would not have access to EWOQ services, but would continue to have access to the services of QCAT and other existing dispute resolution mechanisms (outlined further below). 	<ul style="list-style-type: none"> • Small on-supply customers will retain access to existing dispute resolution services and will follow existing processes to access these services. • The department would monitor on-supplier compliance with NECF, including the AER Guideline, with a view to addressing any issues through the NECF review program to be completed by 1 Jan 2018. 	<ul style="list-style-type: none"> • Under this option, small on-supply customers retain access to existing dispute resolution services. The potential costs associated with Part B option 1 would be avoided under this option. 	<ul style="list-style-type: none"> • No direct costs. However, on-supply customers would continue to be subject to costs associated with existing dispute resolution mechanisms, e.g.: <ul style="list-style-type: none"> - Queensland Civil Administrative Tribunal - application fees of up to \$569.20; - Dispute Resolution Centres (Department of Justice and Attorney General) - intake and assessment of dispute costs \$124.20, two mediators costs \$222.50 per hour for up to four hours.
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Consultation

In January 2013 the department released a public discussion paper seeking stakeholder feedback on the major market and regulatory challenges associated with the on-supply of electricity in Queensland.⁸ Fourteen submissions were received from a range of stakeholders and assessed by external consultants. The consultant's report identified several issues to be addressed, including the need to provide small residential on-supply customers with the same level of protection as small customers directly connected to distribution networks (including access to rebates, hardship programs and access to the services of EWOQ for small on-supply customers).

The department also convened a reference group of industry and consumer advocates and consulted with this group on a range of on-supply issues in April 2015. Reference group members noted that current dispute resolution mechanisms are complicated and that access to EWOQ may be more beneficial for small on-supply customers in resolving issues (before they escalate).

While a number of consumer groups have advocated for an expansion of EWOQ access to small on-supply customers, more detailed consultation on this proposal with a broad range of stakeholders has not been undertaken to date.

Stakeholders are invited to make submissions in response to this consultation RIS. It is expected that EWOQ, EWOQ scheme participants (Queensland retailers), business and consumer groups and individual on-suppliers will have an interest in this proposal.

This consultation period will be open for a minimum of 28 days from the date of this document's release. During this period, this consultation RIS will be available on the department's website, the *Get Involved* website, as well as the Queensland Productivity Commission website.

Statement of conclusions

PART A – Administration of energy rebates to eligible residential on-supply customers

The government's energy rebates are intended as a support measure for pensioners and seniors card holders to assist with the payment of their energy bills. It is clear that this intention can only be achieved for eligible customers living in on-supply situations if on-suppliers are willing or required to administer these rebates on their customers' behalf, or if government administers the rebates directly to these customers.

For this reason, option 1 of Part A is preferred on the grounds that it provides a clear, mandatory obligation on on-suppliers in Queensland, as part of their national retail exemption conditions under NECF, to administer government energy rebates to eligible residential on-supply customers, many of whom are pensioners and seniors.

However, if the proposed amendment is not adopted by the AER, it is also possible that the AER may remove the current obligation on exempt sellers under condition 12(2) altogether. If this were to occur, there is a risk that Queensland on-suppliers would continue to choose not to apply for rebates on behalf of their eligible exempt customers. For this reason, it is important for the Queensland Government to identify another option to ensure eligible exempt customers receive their rebate.

If the AER decides not to amend condition 12(2) of the AER Guidelines to create a mandatory obligation on on-suppliers, option 2 would be preferred based on the same grounds as option 1. Both of these options are consistent with current processes for the delivery of energy rebates to eligible residential customers (e.g. retailer assessment of customer eligibility and provision of rebate amounts). In contrast, option 3 does not align with current arrangements for the delivery of energy

⁸ *Electricity On-Supply in Queensland Discussion Paper* (released January 2013)
https://www.dews.qld.gov.au/__data/assets/pdf_file/0018/42444/on-supply-electricity-discussion.pdf

rebates to eligible residential customers living both within and outside of on-supply situations (e.g. delivery by retailers).

Overall, option 1 (or option 2 if the AER elects not to create a mandatory obligation under condition 12(2)) is considered to deliver the greatest net benefit to the community, at a lower cost to government than option 3. It also avoids the potential implementation complexities of option 3 relating to double payments, verification of eligibility, managing frequent changes of address, EFT bounce backs due to incorrect and changing bank details.

PART B – Access to EWOQ by small on-supply customers

A preferred option has not been identified in relation to this proposal. The department will consider options under PART B further in the context of stakeholder submissions received in response to this Consultation RIS. As explained above, if an option under Part A is implemented to ensure on-supply customers receive their rebate entitlements, this may reduce the number of complaints received by EWOQ if access to this organisation is extended to small on-supply customers (under option 1 of Part B).

1. Issues statement

PART A – Administration of energy rebates to eligible residential on-supply customers

(i) Background

The on-supply of energy refers to where the owner, occupier or user of a premise supplies and sells energy to the occupants of the premise. Small on-supply customers include residential customers and small business customers 100MWh of electricity per year. On-suppliers are considered to be 'exempt sellers' under the NERL, because they are exempted from the requirement to hold a retail licence in order to supply energy.

Residential on-supply customers live in a range of different on-supply arrangements, including the following types:

Type	Example	Issues around access to rebates
Bodies corporate	Duplex, residential unit block or high-rise complex.	Body corporates generally engage other persons to administer utility services—in majority of cases, access to rebates is not thought to be a significant issue.
Residential Parks	Communities where the resident lives in a manufactured home or relocatable home and pays rent to the owner of the land or owner of the home. In the majority of cases the resident will own their home and pay a site fee for use of the site. They are also known by a variety of other names including: lifestyle villages; manufactured home estates; relocatable home parks; mobile home villages and caravan parks; or a mixture of these.	Anecdotally, it appears that the majority of complaints to the department from on-supply customers who are not receiving their energy rebate entitlements have come from customers living in this type of on-supply situation.
Retirement Village under a 'retirement village scheme' (Not all retirement villages have a body corporate in place, for example villages that are operated as not-for-profit or by religious and charitable organisations).	A retirement village is premises where older members of the community or retired persons reside, or are to reside, in independent living units or serviced units	Advice from DHPW suggests that the vast majority of Retirement Village residents have a direct connection to the distribution network and therefore are able to access a retailer of choice and can apply for the rebate themselves.

A range of rebates and concessions are provided by the Queensland Government to assist vulnerable customers with their energy bills. This reflects government's awareness of energy costs as a source

of pressure on the household budgets of many Queenslanders. Delivery of the government's electricity and gas rebates to residential customers occurs via energy retailers, who assess rebate applications and apply the rebates to eligible customers' accounts. In the case of customers that are on-supplied electricity, the on-supplier (such as the body corporate or park operator) is relied upon to assist eligible customers to access the rebate. Generally this involves the on-supplier making an application to their retailer on behalf of their eligible residential on-supply customers. The retailer in turn applies a lump sum credit (for all eligible residents living in the on-supply arrangement) to the on-supplier's main account, and it is the responsibility of the on-supplier to pass this credit onto their eligible customers (e.g. deduct the rebate amount from each eligible customer's bill). The retailer claims all rebate amounts and an administration amount from the Queensland Government, via Smart Service Queensland (SSQ). In jurisdictions like New South Wales (NSW) and Victoria, rebates are also provided to customers via retailers.

Delivery of the energy rebates to eligible residential on-supply customers is complicated by the fact that on-suppliers' core business generally includes a range of service provisions associated with onsite residential living (e.g. such maintenance and not only electricity but also water and other utilities). As outlined above, on-suppliers are not required to administer other energy-related rebates to their eligible residential on-supply customers (e.g. MCHecs and the ELSCS). For the Home Energy Emergency Assistance Scheme (HEEAS), a residential on-supply customer is required to obtain an application form from their on-supplier and then return it to SSQ for assessment. Once approved, HEEAS payments are then paid by SSQ to the on-supplier for processing as a credit direct to the residential on-supply customer's account.⁹

(ii) Policy issues

On-supply customers include those living in low-cost accommodations, including caravan parks, manufactured homes parks, boarding houses, and aged and supported care homes. Residential on-supply customers may be more vulnerable to financial hardship as a result of their energy bills if they are socio-economically disadvantaged and/or elderly.

The department provides online information to on-suppliers and the public on the main departmental website. This includes directing on-supply consumers to their on-supplier if they believe they are eligible for a concession or rebate.¹⁰ The department also maintains an online 'ready reckoner' tool to assist on-suppliers in their estimation of the energy charges that may be applied to domestic on-supply customers, and this tool can factor in energy rebates.¹¹

Despite this, the department has become aware of a number of on-suppliers supplying energy to residential on-supply customers who are not passing on the rebates for which their customers are eligible. These on-suppliers have cited the cost and administrative burden of accessing and administering the rebates as the primary reason for this decision. Some of these on-suppliers have also expressed a view that it is the government's responsibility to provide government rebates and concessions directly to eligible residential on-supply customers.

Although residential customers living in on-supply situations may meet the eligibility criteria for the Queensland Government's energy rebates, there is no specific mandated requirement for on-suppliers to administer rebates on behalf of their eligible residential customers, and some on-suppliers are choosing not to do so. This means that these customers may be missing out on savings of around 20 per cent of an average electricity bill (as the current rebate for electricity is \$320.97 per year).

The issue of on-supply customers not receiving their rebate entitlements existed prior to the commencement of NECF on 1 July 2015, because there is no Queensland mandated requirement on

⁹ Currently only one HEEAS application is received by SSQ per fortnight (compared to 700 – 800 from directly supplied customers). Only two on-suppliers are registered with SSQ in relation to the delivery of HEEAS.

¹⁰ <https://www.dews.qld.gov.au/energy-water-home/electricity/rebates>

¹¹ <https://www.dews.qld.gov.au/energy-water-home/electricity/choosing-changing-retailers/calculating-on-supply>

on-suppliers to administer rebates on behalf of their eligible residents. Now, as a result of the commencement of NECF in Queensland on 1 July 2015, energy on-suppliers operating without a retail authority are 'exempt sellers' and are subject to the AER Guidelines. However, while condition 12 of the AER Guideline requires on-suppliers to use their 'best endeavours' to apply for government concessions on behalf of eligible residents, this does not constitute a legislated, mandatory Queensland obligation on on-suppliers to administer rebates. It is considered likely that on-suppliers who decide not to administer energy rebates to their eligible customers may seek to argue that they have used their 'best endeavours' but are unable to administer the energy rebate due to the business (e.g. administrative) costs involved.

A breach of condition 12(2) of the AER Guideline may be enforced by the AER under Part 13 of the NERL, which includes the AER making an application to the Supreme Court of Queensland that the on-supplier pay a civil penalty (section 289 of the NERL) (which would be likely to take some time as well as be costly for on-suppliers seeking to defend themselves).. However, as mentioned above, the AER is currently reviewing the AER Guideline, which proposes to place a mandatory obligation on exempt sellers to apply rebates to their eligible exempt customers under condition 12(2). It is important to note that if the amendment is not adopted in the final AER Guideline, the AER has indicated that it may remove the 'best endeavours' obligation on exempt sellers under the current condition 12(2) altogether. In this case, the conditions would no longer include an obligation around exempt customer rebates or concessions. Rather, the AER would expect exempt sellers to assist their customers in claiming these rebates or concessions wherever possible, but would be unable to compel them to do so.

(iii) Affected groups

A range of stakeholders are affected by the Part A options outlined above. As outlined below in the impact assessment, the department has estimated that between 8,943 and 14,905 additional residential on-supply account holders may access the government's energy rebates if a mandatory obligation on on-suppliers to administer rebates on their residents' behalf is introduced in Queensland (e.g. under options 1 and 2).

Other parties who will potentially be affected include on-suppliers, energy retailers, the Queensland Government (including SSQ), and the AER.

Other interested stakeholders include consumer groups representing residential on-supply customers, such as the QOSS, National Seniors Australia and Council on The Aging. The majority of on-suppliers will be small businesses, many of whom will be represented by the Chamber of Commerce and Industry Queensland (CCIQ), Caravanning Queensland and Strata Communities Australia (SCA) (Queensland).

(iv) Impacts of not taking action

If the AER decides not to make the proposed changes to the AER Guidelines requiring on-suppliers to pass on rebates to eligible customers (or removes the requirement altogether), and no further action is taken to ensure that on-suppliers administer Queensland energy rebates to their eligible residential customers, it is likely that some on-suppliers will continue to choose not to administer the rebates on behalf of their eligible residents. This would have significant negative impacts on residential on-supply customers who are relying on the rebates to cover their energy costs, many of whom are likely to be pensioners already struggling to within limited financial means.

PART B – Access to EWOQ by small on-supply customers

(i) Background

Following the introduction of full retail contestability in the retail electricity market on 1 July 2007, the Energy Ombudsman was established under the *Energy and Water Ombudsman Act 2006* (the EWO Act) to assist residential and small business energy customers to resolve their

disputes with suppliers, and was expanded to cover water disputes on 1 January 2011. The EWO Act also provides for the establishment of an Advisory Council to provide independent advice to EWOQ on a range of matters.

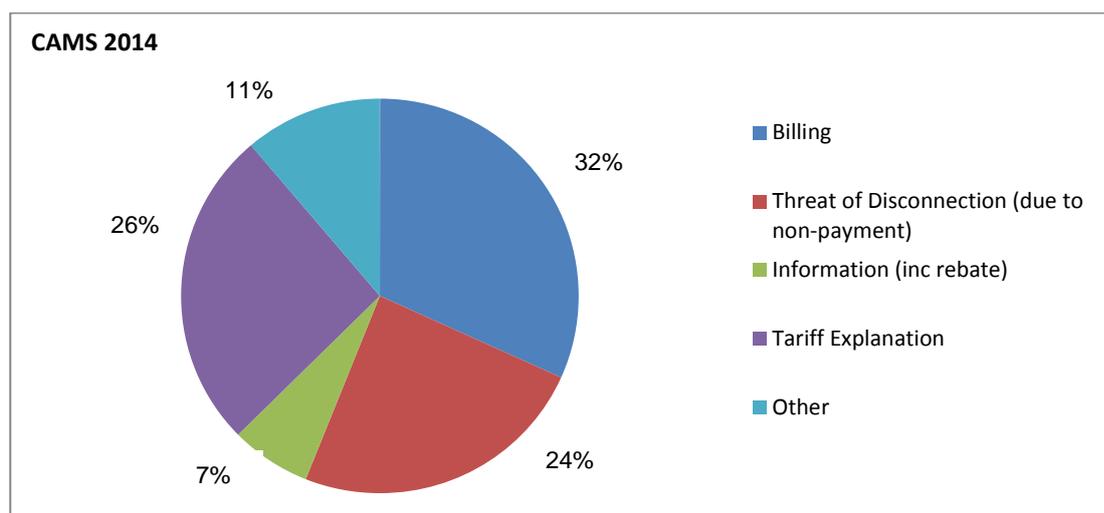
Once EWOQ's budget for each financial year is approved by the Minister for Energy and Water Supply, funds are collected from industry through participation and user-pays fees. Participants providing connection and/or retail services to small customers pay \$5000 each year for each service they provide. User-pays fees are collected from participants in advance of each quarter and vary depending on the level of investigation required to resolve a given dispute. User-pays fees are paid by scheme participants for each of their matters referred to EWOQ.

At present, small on-supply customers (residential and business on-supply customers consuming up to 100 MWh of electricity per year) do not have access to the free, energy-specific dispute resolution services of EWOQ, but can take disputes with their on-supplier to QCAT, as well seeking assistance through other existing dispute resolution mechanisms (outlined below).

(ii) Policy issues

In 2014, the department recorded a total of 149 complaints relating to on-supply, an increase of approximately 40 per cent from 2013. Overall, around 24 per cent of complaints were from on-supply customers. The following graph illustrates the nature of these complaints recorded through the department's complaints management system (CAMS):

Figure 1: Complaints Management System 2014 recorded reasons for complaints



The department's data shows that around half of all on-supply complaints (56 per cent) relate to billing and disconnections. A further 33 per cent of enquiries involve requests for information or clarification on tariff arrangements and access to rebates.

At present, there are a number of complaints and dispute resolution mechanisms available to different types of small on-supply customers, including the following:

Mechanism	Description	Jurisdiction	Applies to
Residential Tenancies Authority (Department of Housing and Public Works)	Free and impartial dispute resolution service to assist parties to exchange information and resolve tenancy disputes by voluntary agreement	Hears disputes and investigates alleged offences under the <i>Residential Rooming and Accommodation Act 2008</i>	General residential tenancies, including those who rent a Manufactured home or a caravan/caravan site

Mechanism	Description	Jurisdiction	Applies to
Body Corporate and Community Management Dispute Resolution Service (Department of Justice and Attorney General)	Fee for service If un-resolved, parties may apply for conciliation (cost \$71.40) and adjudication (interim and final order \$150, final order \$71.40)	Hears disputes (including agreed charges for the supply of services such as electricity) under the <i>Body Corporate and Community Management Regulation 2008</i> .	Body Corporate residents
Dispute Resolution Centre (Department of Justice and Attorney General)	Mediation service to help people settle a dispute without going to court. Generally free for residential disputes.	None - mediator does not investigate matters, provide advice or look at documentation such as contracts or bills.	All residential customers, including those located in Manufactured Homes Parks and Retirement Villages
Queensland Civil and Administrative Tribunal (QCAT)	Generally if disputes are un-resolved through other mechanisms, persons can apply to QCAT. QCAT is an independent tribunal which actively resolves minor civil disputes in a way that is fair, just, accessible, quick and inexpensive.	<i>QCAT Act 2009</i>	All of the above, plus civil disputes of up to \$25,000
Consumer Policy team – Department of Energy and Water Supply	Provides information and assistance to parties and attempts to resolve disputes by facilitating a discussion between on-supply customer and on-supplier. Can also refer potential breaches of on-supply legislation to the Energy Regulator for investigation.	Investigates alleged offences under the <i>Electricity Act 1994</i>	All on-supply customers, common area charges billing and pricing disputes where not covered by other legislation.

In addition to these mechanisms, the 1 July 2015 commencement of NECF in Queensland provides additional protections for on-supply customers that relate to dispute resolution. For example, condition 15 of the AER Guideline states that on-suppliers must make reasonable endeavours to resolve a dispute. On-suppliers must also advise their customers of the on-supplier's procedures for handling

disputes and complaints, in writing and at the start of their residency (or upon request), as well as inform them of any right that the customer has to access a relevant external dispute resolution body.

Anecdotal evidence provided by the Residential Tenancies Authority (RTA) and the Department of Justice and Attorney General's (DJAG) Dispute Resolution Centres (DRC) suggests that the facilitation of energy related disputes concerning on-suppliers are minimal, if any. While the Body Corporate and Community Management Dispute Resolution (BCCM) service has stated that energy related disputes are on the increase (accounting for a maximum of 5 per cent of 500 cases received in a week), it is unknown what proportion of these are related to on-supply. QCAT has only heard around 30 electricity-related matters in its minor civil disputes jurisdiction since its establishment in 2009 (mostly related to large customers).

In 2013, the department released a discussion paper on major market and regulatory challenges associated with on-supply in Queensland. Fourteen submissions were received from a range of stakeholders and assessed by external consultants. Key issues identified by the consultants as a result of this consultation included the need to improve protection mechanisms for small on-suppliers by providing the same level of protection as small customers directly connected to distribution networks, including access to rebates, hardship programs and the services of EWOQ. A 2013 Department of Public Works and Housing (DHPW) survey of residential on-supply customers in manufactured homes showed that while 88 per cent of respondents believed they had received their energy rebate entitlements, a series of energy related concerns still exist among these customers, with 66 per cent of respondents dissatisfied with at least some aspect of utility charging in the park.

Currently, small on-supply customers in most other jurisdictions generally do not have access to the services of an energy-specific ombudsman. However, in NSW any small customer who is supplied with electricity or gas by an entity (whether authorised as a retailer under the NECF framework or not) can take a complaint regarding their supply to the office of the Energy and Water Ombudsman NSW. Work is also underway in Victoria to review the existing retailer licencing and exemptions framework.

(iii) Affected groups

As for Part A, a range of stakeholders are affected by the options outlined above in PART B. Parties who will potentially be affected include on-suppliers, small on-supply customers, other energy customers, energy retailers, the Queensland Government (including SSQ), the AER and EWOQ.

Other interested stakeholders include consumer groups representing small on-supply customers, such as QCOSS, NSA and COTA. Many on-suppliers will be small businesses, represented by CCIQ, Caravanning Queensland and SCA.

(iv) Impacts of not taking action

If no action is taken to extend access to EWOQ's dispute resolution services to small on-supply customers, these customers will still have access to QCAT and the other dispute resolution mechanisms outlined above. However, small on-supply customers will not enjoy the same access to the free, energy-specific services of EWOQ.

2. Policy objectives

Government policy objectives and reasons

As outlined above, the policy issues raised in this RIS are closely related to the key government community objective of 'support for disadvantaged Queenslanders'. The proposal to extend access to EWOQ to small on-supply customers (including small businesses in on-supply situations) also aligns with the government's recognition of small business enterprises as a significant contributor to the State's economic and jobs growth, and as the backbone of regional economies.

Purpose of the proposed policy and expected outcomes

The proposals in this RIS have the purpose of (i) ensuring residential on-supply customers have access to the energy rebates they are eligible for, as is the case for residential customers living in direct supply situations; and (ii) ensuring small on-supply customers have access to timely, energy dispute resolution services. The expected outcome of these proposals is an increase in protections for residential and small business on-supply customers in Queensland. As outlined above, if an option under Part A is implemented to ensure on-supply customers receive their rebate entitlements, this may reduce the number of complaints received by EWOQ from residential on-supply customers if small on-supply customers are able to access the energy rebates.

3. Options and alternatives

PART A – Administration of energy rebates to eligible residential on-supply customers

As outlined above, three options to improve protections for Queensland residential on-supply customers have been developed concerning access to energy rebate entitlements:

Option 1 – Support for the AER’s creation of a mandatory obligation under condition 12(2) of the AER Guideline

Under this option the AER will impose a mandatory obligation on on-suppliers in NECF jurisdictions (including Queensland) to apply for and administer Queensland Government energy rebates on behalf of their eligible residential on-supply customers as part of their retail exemption conditions. As is currently the case, under this option on-suppliers would apply to their retailer for rebates on behalf of their eligible on-supply customers. The retailer would assess the eligibility of the customer, and pay the rebate amounts to the on-suppliers. The on-suppliers would then pass these rebates onto their individual eligible customers. This option avoids the potential creation of additional red tape for on-suppliers associated with delivery, as it aligns with the current arrangements for delivery of energy rebates to residential customers.

Option 2 – State-based mandatory obligation on-suppliers to administer energy rebates on behalf of their eligible residential on-supply customers

This option imposes a mandatory obligation on Queensland on-suppliers to apply for and administer Queensland Government energy rebates on behalf of their eligible residential on-supply customers. As with option 1, on-suppliers would apply to their retailer for rebates on behalf of their eligible on-supply customers. The retailer would assess the eligibility of the customer, and pay the rebate amounts to the on-suppliers. The on-suppliers would then pass these rebates onto their individual eligible customers. This option presents an alternative to option 1, if the AER elects not to place a mandatory obligation on on-suppliers to administer rebates on behalf of their eligible residential customers. Like option 1, it also avoids the creation of additional red tape, as it maintains the current delivery arrangements for energy rebates to residential customers (e.g. where retailers pay rebates to eligible customers and then claim back rebates amounts from government).

This option provides a clear, mandatory obligation on Queensland on-suppliers to administer government energy rebates to eligible residential on-supply customers, many of whom are pensioners and seniors. From an implementation perspective, it avoids duplication and confusion as it is consistent with current processes for the delivery of energy rebates to eligible residential customers (e.g. by retailers).

Option 3 – Direct administration of rebates by Government

Under this option, the Queensland Government would administer the electricity and gas rebates directly to eligible residential on-supply customers, as is the case in NSW. This could follow the process currently used to deliver the Queensland Government’s Medical Cooling and Heating

Electricity Concession Scheme (MCHECS) and the Electricity Life Support Concession Scheme (ELSCS). These schemes are administered directly by Smart Service Queensland (SSQ) to eligible residential on-supply customers (e.g. eligible customers make applications direct to SSQ, and SSQ pays the concession directly into the applicant's bank account on a quarterly basis).

From an implementation perspective, it should be noted that this option does not align with current arrangements for the delivery of energy rebates to eligible residential customers who are not in on-supply situations (e.g. delivery by retailers). Direct administration of the rebates by government under this option would apply to on-supply customers only (not directly supplied customers who are delivered their rebates by their retailers). Government directly delivers MCHECS and the ELSCS to customers (including on-supply customers), as these rebates require detailed assessment of eligibility (whereas eligibility for electricity and gas rebates can be easily ascertained by Pensioner, Queensland Seniors Card or Department of Veteran's Affairs card holder status)

PART B – Access to EWOQ by small on-supply customers

Two options have also been developed concerning small on-supply customer (residential and small business) access to the dispute resolution services of EWOQ:

Option 1 – Extend access to EWOQ to small on-supply customers

Under this option, small on-supply customers would have access to the free, energy-specific dispute resolution services of EWOQ. If current EWOQ scheme participation funding arrangements are applied under this option, on-suppliers would be required to be scheme participants and pay participation and user-pays fees. Alternatively, the costs of extending access to EWOQ to small on-supply customers could be absorbed by existing scheme participants (e.g. Queensland retailers who are EWOQ participants).

Option 2 – Status quo, continued access to QCAT and other dispute resolution mechanisms

Under this option, small on-supply customers would not have access to EWOQ services, but would continue to have access to the services of QCAT and other existing dispute resolution mechanisms (outlined above). Under this option, the department would monitor on-supplier compliance with NECF and the AER Guideline, with a view to addressing any issues through the NECF review program to be completed by 1 January 2018.

4. Impact assessment

PART A – Administration of energy rebates to eligible residential on-supply customers

The table below outlines the costs, risks and benefits associated with each option.

Options 1 and 2 are associated with a significant cost to government as a result of an increase in eligible customers accessing the energy rebates. The range of impacts identified is based on a number of assumptions:

- A total of 275,000 residential on-supply account holders in Queensland (households receiving their energy from an on-supplier), based on data obtained from SCA, DHPW and Caravanning Queensland.¹²
- Due to data limitations it is not possible to separately identify how many residential on-supply customers in Queensland currently receive energy rebates. However, it is estimated there are

¹² [http://www.aemc.gov.au/getattachment/36cbe1e6-d85c-4160-b752-3e1d4f3b7951/Strata-Community-Australia-\(Qld\).aspx](http://www.aemc.gov.au/getattachment/36cbe1e6-d85c-4160-b752-3e1d4f3b7951/Strata-Community-Australia-(Qld).aspx); departmental estimates based on known residential on-supply types – approximately 129,392 on-supplied residences (e.g. manufactured homes; caravans and retirement village villas) (data obtained from Department of Housing and Public Works and Caravanning Queensland), plus an additional 145,000 apartments in Queensland (data from SCA).

approximately 275,000 on-supply account holders in Queensland, and 27.1 per cent (or 74,525) are potentially eligible for the electricity rebate.¹³

- As outlined above, a 2013 DHPW survey of residential on-supply customers in manufactured homes showed that around 88 per cent of respondents believed they had received their energy rebate entitlements. It is expected that the majority of residential on-supplied customers having difficulty accessing their energy rebate entitlements live in manufactured homes, caravan parks and retirement villages. Other on-supplied residential arrangements (e.g. bodies corporate) tend to out-source administration of fees (including utility billing) to professional third party enterprises.

Based on these figures, a range of possible impacts has been identified:

- If 88 per cent of the 74,525 residential on-supply account holders in Queensland eligible for energy rebates already successfully access their rebate entitlements, mandating on-suppliers to administer energy rebates on behalf of the remaining 8,943 account holders (under option 1 or 2) would result in an additional cost to government of around \$2.9 million (cost of rebates plus \$1.88 administration fee paid by government to retailers as is currently the case).
- If 80 per cent of the 74,525 eligible residential on-supply account holders in Queensland are accessing their rebate entitlements, option 1 or 2 would result in an additional 14,905 customers having access to the rebates.¹⁴ This would result in an additional cost to government of around \$4.8 million (cost of rebates plus \$1.88 administration fee paid by government to retailers as is currently the case).
- The department acknowledges that the rebate payments that make up part of these estimated costs reflect an amount government would already be paying if these on-supply customers could access their existing rebate entitlements.

PART A – Access to rebate entitlements					
Costs and risks			Benefits		
<i>Option 1 (preferred) – Support for the AER’s creation of a mandatory obligation under condition 12(2) under the AER Guidelines</i>					
On-suppliers and retailers	Eligible on-supply customers	Government and other	On-suppliers and retailers	On-supply customers/other customers	Government and other
<ul style="list-style-type: none"> • Business costs of delivering rebates (for those not already passing on rebates). • No direct additional cost to retailers. 	<ul style="list-style-type: none"> • No costs identified. 	<ul style="list-style-type: none"> • Electricity rebate budget impacts – ranging from an additional \$2.9M (low range) through to \$4.8M per year (high range) – both figures account for expected additional 	<ul style="list-style-type: none"> • Business certainty (clarity for on-suppliers as to obligations regarding rebates administration – mandatory obligation as part of their retail exemption 	<ul style="list-style-type: none"> • Increased protections through a national-based mandated access to rebate entitlements (rebates currently worth \$320.97 per year for electricity and 	<ul style="list-style-type: none"> • More customers accessing rebate to support cost of living.

¹³ Note this percentage reflects claims for electricity rebates and concessions (not gas). Additional claims for the reticulated natural gas rebate from residential on-supply customers are expected to be limited due to the lower number of residential customers in Queensland receiving on-supplied reticulated gas).

¹⁴ An alternative figure of 80 per cent has been selected for the purposes of providing a range of possible impacts.

		rebate claims and \$1.88 government subsidy paid to retailers per customer per year.	<p>conditions.</p> <ul style="list-style-type: none"> Mitigate the financial risk to on-suppliers of their customers inability to pay energy costs 	<p>\$68.56 per year for reticulated natural gas).</p> <ul style="list-style-type: none"> May have swifter resolution of non-compliance as a nationally enforced condition. 	
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Option 2 – Mandatory, Queensland-based legislated obligation on on-suppliers (preferred if AER elects not to create a mandatory obligation on on-suppliers to administer energy rebates)

On-suppliers and retailers	Eligible on-supply customers	Government and other	On-suppliers and retailers	On-supply customers/other customers	Government and other
<ul style="list-style-type: none"> Same as option 1. 	<ul style="list-style-type: none"> On-suppliers may seek to deduct their rebate administration costs from eligible customers' bills or through other residential fees - this could be mitigated by provision of government support for on-suppliers under this option (e.g. \$1.88 per applicant per year, as provided to retailers). 	<ul style="list-style-type: none"> Same as option 1 plus if an additional \$1.88 is also paid to on-suppliers (as well as retailers as is currently the case), this would have additional costs for government of around \$140,107 	<ul style="list-style-type: none"> Business certainty (clarity for on-suppliers as to obligations regarding rebates administration – will not need to interpret 'best endeavours' requirement in condition 12). Mitigate the financial risk to on-suppliers of their customers inability to pay energy costs. 	<ul style="list-style-type: none"> Increased protections through a Queensland mandated access to rebate entitlements (rebates currently worth \$320.97 per year for electricity and \$68.56 per year for reticulated natural gas). 	<ul style="list-style-type: none"> Can take direct action to ensure eligible on-supply customers receive their rebate entitlements (will not have to defer to AER and its enforcement of condition 12).

Option 3 – Direct administration of rebates by Queensland Government

On-suppliers and retailers	On-supply customers/other customers	Government	On-suppliers and retailers	On-supply customers/other customers	Government and other
<ul style="list-style-type: none"> No negative impacts 	<ul style="list-style-type: none"> No negative impacts 	<ul style="list-style-type: none"> Electricity rebate budget 	<ul style="list-style-type: none"> Will not bear the business 	<ul style="list-style-type: none"> Ensures access to 	<ul style="list-style-type: none"> Can take direct action

<p>identified.</p>	<p>identified.</p>	<p>impacts – ranging from an additional \$2.88M (low range) through to \$4.77M per year (high range) – both figures account for expected additional rebate claims but not the \$1.88 government subsidy to retailers per customer as Government would deliver rebate instead.</p> <ul style="list-style-type: none"> • Also significant additional delivery/administration costs may be borne by government under this option – estimated at around \$88 per on-supplied household for initial set-up, with ongoing costs of around \$40 per household per year customer (based on costs for direct delivery of MCHES). Note: Customers apply for rebates once but then need to reapply every time they change retailer. • Based on 	<p>costs of administering rebates.</p>	<p>rebates for residential on-supply customers; no additional costs spread across broader customer base.</p> <ul style="list-style-type: none"> • Customers will not experience possible delays associated with on-supplier administration of rebates. 	<p>to ensure eligible on-supply customers receive their rebate entitlements (will not have to defer to AER and its enforcement of condition 12).</p> <ul style="list-style-type: none"> • Some cost savings may be achieved as \$1.88 subsidy to retailers would not need to be paid (estimated at between \$112,000 and 123,000) – however this would be offset by the additional administration costs to be borne by Government.
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		estimated 74,525 on-supply households eligible to receive energy rebates, this would cost around \$6.5M for initial set up and \$3M in annual on-going costs for delivery of the rebate alone.			
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Option 1 (preferred) – Support for the AER’s creation of a mandatory obligation under condition 12(2) of the AER Guideline

(a) Impacts on residential on-supply customers

Positive **financial impacts** are expected for residential on-supply customers as a result of option 1, as this option will ensure customers can access their energy rebate entitlements (currently worth \$320.97 per year for electricity and \$68.56 per year for reticulated natural gas). This is expected to help relieve household budget pressure for these customers.

In terms of **regulatory impacts**, option 1 is not associated with any increase in rebate application processes and regulatory requirements (e.g. red-tape/paperwork) for customers.

(b) Impacts on on-suppliers

Some on-suppliers have pointed to the **financial** and business costs of administering energy rebates. Other **financial** and **regulatory impacts** for on-suppliers may also exist depending on the **compliance** mechanism used by the AER to enforce the mandatory obligation on on-suppliers to administer the rebates (e.g. fines for non-compliance).

While there is a **regulatory** impact on on-suppliers associated with administration of energy rebates (e.g. paperwork and liaison with their retailer), this is not considered to be a true impact as it is no greater under option 1 than is currently the case if on-suppliers comply with the current version of condition 12 of the AER Guideline.

(c) Impacts on government (including SSQ)

Financial impacts associated with option 1 for government include the costs of providing the rebate to additional customers. As identified in the table above, possible financial impacts for government range from \$2.9 million (low range) through to \$4.8 million per year (high range), accounting for expected additional take up of the rebate by eligible applicants and the \$1.88 per applicant per year subsidy currently paid by government to retailers.

The department acknowledges that the rebate payments that make up part of these estimated costs reflect an amount government would already be paying if these on-supply customers could access their existing rebate entitlements. This cost to government is also offset by the benefit to the on-supply customers who receive the rebate.

(d) Impacts on retailers

Retailers are already required to pay rebate amounts to on-suppliers in response to applications made on behalf of their eligible residential on-supply customers, and retailers are already required to recover these amounts from government. **Financial** and **regulatory impacts** may also exist for retailers if they are required to respond to an increased number of rebate claims from on-suppliers, although this is not considered to be a significant proportion compared to the number of existing rebate recipients.

Restrictions on competition

No specific restrictions are identified for option 1.

Option 2 – State-based mandatory obligation on-suppliers to administer energy rebates on behalf of their eligible residential on-supply customers

(a) Impacts on residential on-supply customers

As for option 1, however this benefit is offset by the risk of on-suppliers seeking to recover the costs of administering the rebates from their residential on-supply customers (either through their energy bills or other residential fees).

In terms of **regulatory impacts**, option 1 is not associated with any increase in rebate application processes and regulatory requirements (e.g. red-tape/paperwork) for customers.

(b) Impacts on on-suppliers

Some on-suppliers have pointed to the **financial** and business costs of administering energy rebates to eligible residential customers as the primary reason for their refusal to administer these rebates. It is possible under option 2 to mitigate this impact by providing government support for on-suppliers' energy rebate administration costs, in much the same way as support is currently provided to retailers administering the energy rebates to eligible customers (e.g. at the same rate as currently provided to retailers – \$1.88 per applicant per year). However, this may not be considered necessary given that on-suppliers currently administering energy rebates to their eligible customers are doing so without any financial support from government.

Financial and **regulatory impacts** for on-suppliers may also exist depending on the **compliance** mechanism used by government to enforce the mandatory obligation on on-suppliers to administer the rebates (e.g. fines for non-compliance).

While there is a **regulatory** impact on on-suppliers associated with administration of energy rebates (e.g. paperwork and liaison with their retailer), this is not considered to be a true impact as it is no greater under option 2 than is the case if on-suppliers comply with the current condition 12(2) of the AER Guideline.

If government was to provide financial support to on-suppliers to mitigate the business costs of administering the rebates to eligible customers, this aspect of option 2 could be associated with an increased **regulatory impact** (e.g. if on-suppliers are required to complete additional forms for SSQ). However, it may be considered that this burden for on-suppliers would be outweighed by the benefits of government support to defray on-suppliers' rebate administration costs.

(c) Impacts on government (including SSQ)

As for option 1, plus if government was to provide financial support to on-suppliers to administer the rebate (e.g. at the \$1.88 rate currently paid to retailers), this would have additional costs for government in the range of around \$140,000¹⁵ per year, plus any costs associated with administering this support to on-suppliers (e.g. processing applications and depositing monies).

¹⁵ \$1.88 subsidy per customer per year across eligible on-supply customer estimate of 74,525

Financial and regulatory impacts for government may also exist depending on the **compliance** mechanism used by government to enforce the mandatory obligation on on-suppliers to administer the rebates (e.g. regulation and costs associated with recovery of fines from non-compliant on-suppliers, or resources needed to apply for potential recourse).

(d) Impacts on retailers

As for option 1

Restrictions on competition

No specific restrictions are identified for option 2.

Questions for stakeholder consideration

Should on-suppliers be subject to a mandatory obligation to administer energy rebates on behalf of their eligible residential on-supply customers?

If on-suppliers should be subject to such an obligation, should this requirement be state based or should it be part of the national framework (e.g. through an amendment to condition 12(2) of the AER Guidelines)?

What range of costs are on-suppliers bearing as a result of administering energy rebates on behalf of their customers (please provide evidence or cost break down where possible)?

Should government provide financial support to on-suppliers for administration of the government's energy rebates, given that the majority of Queensland on-suppliers are already administering the rebates without such financial support?

If so, what quantum would be considered adequate to cover administration costs for on-suppliers?

Option 3 – Direct administration of rebates by government

(a) Impacts on residential on-supply customers

As for option 1 and 2, positive **financial impacts** are expected for residential on-supply customers as a result of option 3. Option 3 will ensure that these customers can access their energy rebate entitlements (currently worth \$320.97 per year for electricity and \$68.56 per year for reticulated natural gas), which is expected to relieve household budget pressure for these customers.

As for option 1 and 2, it is considered that this option will address concerns around on-suppliers choosing not to administer rebates on behalf of their eligible residential customers. However, implementation of option 3 also includes the possibility of rebate amounts being paid directly by government (SSQ) into eligible residential on-supply customers' bank accounts (as is the case for MCHECS and the ELSCS). This may not have the same positive **financial** and **social impact** for customers as the direct reduction of the rebate from their electricity bills by on-suppliers, because the onus will be on these customers to help save this money to offset their bills as they arrive (in order to avoid 'bill shock' and resulting household budget pressure).

Additional **regulatory impacts** on residential on-supply customers are not expected as a result of option 3, as these customers are already required to fill in rebate applications (or provide the necessary information to their on-supplier).

(b) Impacts on on-suppliers

This option is expected to have a positive **financial impact** for on-suppliers, as they would not bear the business costs associated with administration of the energy rebates to their residential customers. This option would also decrease the **regulatory impact** on on-suppliers as they would not be involved in the rebate application or delivery process.

(c) Impacts on government (including SSQ)

Option 3 is expected to have the greatest **financial** and **regulatory impact** on government, as government would bear the full costs and regulatory burden of administering and delivering the energy rebates to eligible residential on-supply customers.

Possible financial impacts for government range from \$2.88 million (low range) through to \$4.77 million per year (high range), accounting for expected additional eligible on-supplied households (but removing the \$1.88 per applicant per year subsidy currently paid by government to retailers). Again, the department acknowledges that the rebate payments that make up part of these estimated costs reflect an amount government would already be paying if these on-supply customers could access their existing rebate entitlements. This cost to government is also offset by the benefit to the on-supply customers who receive the rebate.

While government could save between \$112,000 and \$123,000 under this option due to the removal of subsidies paid to retailers for the administration of rebates (e.g. \$1.88 per customer per year), this would be offset by the additional administration costs government would bear. Administration costs under this option are estimated at around \$88 per on-supplied household for initial set-up, with ongoing costs of around \$40 per household per year customer (based on costs for direct delivery of MCHECS) – customers apply for rebates once but then need to reapply every time they change retailer. Based on the estimated 74,525 on-supply households eligible to receive energy rebates, this would cost around \$6.5 million for initial set up and \$3 million in annual on-going costs for delivery of the rebate alone.

Ultimately, costs for government associated with this option will depend on the specific rebate delivery method chosen. This could be similar to the delivery of specialised concessions, e.g. MCHECS, or through an alternative provider if this proves to be more cost effective (e.g. similar to the way that the Brisbane City Council administers rebates). It is recognised that the increased costs to government under this option are offset by savings to on-supply customers accessing their rebate entitlements.

(d) Impacts on retailers

Depending on the specific implementation of this option, it may significantly reduce the **financial** and **regulatory impacts** on retailers if they are no longer required to administer rebate amounts to on-suppliers on behalf of their eligible residential on-supply customers.

(e) Restrictions on competition

No specific restrictions are identified for option 3.

Summary

All options are expected to have positive financial impacts on eligible residential on-supply customers, as access to the energy rebates will help reduce their household budget pressures. There are significant financial and regulatory impacts associated with all options for government.

Questions for stakeholder consideration

Is it preferable for eligible residential on-supply customers to receive their rebate entitlements as a discount off their energy bills, or as a direct payment to their bank accounts?

PART B – Access to EWOQ by residential on-supply customers

The table below outlines the costs, risks and benefits associated with each option under Part B.

Option 1 would extend access to EWOQ to small on-supply customers, and is associated with significant costs to EWOQ. Under the funding structure of EWOQ, these costs would be likely to be

recovered from relevant scheme participants (energy and water utilities (in SEQ)) via user-pays fees. The potential impact identified is based on a number of assumptions:

- There are around 2.1 million small (including residential and small business) customers in Queensland. In 2013-14, EWOQ received around 12,500 complaints (around 0.6 per cent). Of these, 96 per cent were from residential customers.
- There are an estimated total of 275,000 residential on-supply account holders in Queensland (households receiving their energy from an on-supplier) (based on departmental estimates using data from the SCA, DHPW and Caravanning Queensland).
- If EWOQ receives complaints from residential on-supply customers at a similar rate (e.g. 0.6 per cent), this will be around 1,650 extra complaints as a result of extending access to EWOQ to residential on-supply customers.
- The department has recorded an average of 20 complaints a year from large on-supply customers between 2011-12 and 2013-14, which represents almost 10 per cent of all on-supply complaints averaged over the same period (211 complaints). While it is not known what proportion of the remaining 191 complaints from on-supply customers are from 'small businesses', departmental complaints staff anecdotally advise that one third of all on-supply complaints are from small businesses. Therefore it is reasonable to assume that the department receives, on average, 63 complaints from small business on-supply customers per year. Combined with the estimated 1,650 residential on-supply customer complaints outlined above, this would result in a minimum of at least 1,700 new complaints to EWOQ.
- EWOQ have indicated that an additional complaints officer would be required for every additional 500 complaints (at a cost of around \$93,200 per officer), as well as additional costs relating to training and systems.

As Option 2 maintains the status quo, there are no additional costs to EWOQ. On-supply customers will still be subject to costs of existing dispute resolution mechanisms as detailed below.

PART B – Small on-supply customer access to EWOQ					
Costs and risks			Benefits		
<i>Option 1 – Extend access to EWOQ to small on-supply customers, with costs to be absorbed by existing EWOQ scheme participants</i>					
On-suppliers and retailers	On-supply customers/direct customers	Government and EWOQ	On-suppliers and retailers	On-supply customers/other customers	Government and EWOQ
Retailers: <ul style="list-style-type: none"> • Possible costs to manage additional complaints that are not directly related to retailers – see note (i) below. On-suppliers: <ul style="list-style-type: none"> • No direct cost, however as 	Direct customers: <ul style="list-style-type: none"> • Estimated \$93,200 x 4 per year for additional EWOQ staff, expected to be spread across the customer base – see note (i) below (approx \$0.17 per customer) 	<ul style="list-style-type: none"> • No direct cost to the Qld Government • Possible reduced workload for other dispute resolution mechanisms • No direct cost to EWOQ – these are passed 	<ul style="list-style-type: none"> • Possible reduced workload for on-suppliers in handling in-house complaints. • Also may mean on-suppliers avoid potential drawn out processes 	<ul style="list-style-type: none"> • At least 275,000 on-supplied residential households (plus small business on-supply customers) with access to the free, energy-specific dispute 	<ul style="list-style-type: none"> • Delivers access to EWOQ for small on-supply customers in a way that is compatible with government's commitment to supporting small

<p>on-suppliers are customers, costs spread across whole Queensland customer base are expected – see (i) below.</p>	<p>per year).</p> <ul style="list-style-type: none"> EWOQ implementation costs (if any) and retail implementation and ongoing complaint management costs also expected to be spread across the customer base. EWOQ lacks experience conciliating the on-supply of electricity customer issues and may be restricted in the outcomes it can conciliate for on-supply customers <p>On-supply customers:</p> <ul style="list-style-type: none"> Potential costs of managing EWOQ disputes. 	<p>through to scheme participants under current arrangements</p> <ul style="list-style-type: none"> Additional EWOQ training and resources required as a result of extending coverage to on-supply customers. 	<p>relating to other dispute resolution mechanisms available to on-supply customers (e.g. QCAT).</p>	<p>resolution services of EWOQ.</p>	<p>business.</p> <ul style="list-style-type: none"> No direct benefit for EWOQ identified.
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Costs and risks	Benefits
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Option 2 – Status quo, with continued access to QCAT and other dispute resolution mechanisms

On-suppliers and retailers	On-supply customers/direct customers	Government and EWOQ	On-suppliers and retailers	On-supply customers/other customers	Government and EWOQ
<p>On-suppliers</p> <ul style="list-style-type: none"> No new impacts identified. 	<ul style="list-style-type: none"> No access for small on-supply customers to free, energy-specific dispute resolution services of EWOQ (continued 	<ul style="list-style-type: none"> No new impacts identified. 	<ul style="list-style-type: none"> No new benefits identified. Avoids potential additional costs of dealing with EWOQ (although 	<ul style="list-style-type: none"> No new benefits identified. However, status quo avoids potential additional costs to be spread across 	<ul style="list-style-type: none"> No new benefits identified.

	<p>inequity). Access to existing mechanisms not energy-specific and may not be timely.</p> <ul style="list-style-type: none"> On-supply customers will still be subject to costs of existing dispute resolution mechanisms, e.g. Queensland Civil Administrative Tribunal - application fees of up to \$569.20; Dispute Resolution Centres (Department of Justice and Attorney General) - intake and assessment of dispute costs \$124.20, two mediators costs \$222.50 per hour for up to four hours. 		<p>existing costs associated with other dispute resolution mechanisms will continue to be incurred)</p>	<p>customers by retailers (as EWOQ scheme participants).</p>	
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Table notes:

- i. The expected increase in complaints as a result of expanding EWOQ access to small on-supply customers is expected to require the EWOQ to employ (a maximum of) four additional investigation officer at a cost of approximately \$372,800 per year. This cost would be likely to be recovered from scheme participants via user-pays fees.

Option 1 – Extend access to EWOQ to small on-supply customers

(a) Impacts on small on-supply customers and other customers

Some positive impacts are expected for small on-supply customers as a result of this option, as it will allow these customers access to the dispute resolution services of EWOQ. This may have positive **financial impacts** for small on-supply customers if it assists them in resolving disputes over electricity

bills or rebate delivery with their on-suppliers. Under this option, these customers will have free access to energy-specific EWOQ services.

While there would be **regulatory impacts** for small on-supply customers seeking to bring disputes before EWOQ, these are not considered to exceed the existing regulatory burden that exists for on-supply customers bringing a dispute before QCAT or other existing dispute resolution mechanisms.

However, it should be noted that if this option results in an increase in scheme participant fees to be paid by retailers under the current EWOQ structure, retailers may seek to spread this increase across the electricity bills of all Queensland customers. This would have a negative **financial impact** on Queensland customers more broadly (and not just small on-supply customers).

There are possible impacts associated with this option for the broader Queensland customer base, as a result of a likely increase in the number of complaints to EWOQ (estimated at least 1,700 additional complaints per year). As EWOQ has advised that additional complaints officers are required for every additional 500 complaints received, under this option EWOQ may require an additional four officers. This is estimated to cost around \$93,200 per officer, at a total cost of \$372,800 (to be paid by retailers as EWOQ scheme participants). Under current scheme arrangements for EWOQ, this additional cost would be paid by scheme participants (retailers), who would be likely to spread this across their customer base (around 0.17 cents per customer).

Alternatively, if this option is implemented in such a way as to require on-suppliers themselves to become EWOQ scheme participants, they may also seek to recover these additional costs from their small on-supply customers (e.g. through site or other fees that are not energy-specific).

It should be noted here that the number of complaints to EWOQ may be reduced if an option under Part A is implemented to ensure eligible residential on-supply customers are able to access their energy rebate entitlements (as there will be less cause for residential on-supply customers to lodge complaints relating to access to rebates). In addition to this, a proposed change to the National Energy Rules currently under consideration by the Australian Energy Market Commission to allow on-supply customers access to their retailer of choice could result in these customers having automatic eligibility for access to EWOQ in the future (as they would be deemed direct customers of a retailer, and therefore would be covered by EWOQ). However, this would not happen until at least the second half of 2017.

(b) Impacts on on-suppliers

There are potential **regulatory** and **financial impacts** (business costs) for on-suppliers associated with this option, as it may result in on-suppliers needing to respond to EWOQ investigations, including requests for records and other documentary evidence. Depending on implementation, there could also be significant **financial impacts** for on-suppliers if they are required to be full fee paying participants in the EWOQ scheme and pay annual participation fees based on the current fee structure of \$5,000 per year, and could be subject to a range of user pay fees starting from \$300 for a refer back to provider case and \$4,000 for a final order. On-suppliers may then seek to pass these fees onto their small on-supply customers via their energy bills or other fees.

A positive impact for on-suppliers may exist under this option. EWOQ consideration of disputes may be more time and cost efficient than the potentially drawn out processes under other dispute resolution mechanisms available to on-supply customers (e.g. QCAT).

(c) Impacts on EWOQ

Based on the estimates outlined above, around 275,000 small residential customers in Queensland would have access to the services of EWOQ, as well as small business customers (currently those consuming up to 100 MWh). This would be expected to result in a significant additional burden on EWOQ in terms of workload (e.g. a possible increase of at least 1,700 complaints per year as estimated above). EWOQ has indicated that an additional complaints officer would be required for every additional 500 complaints (at a cost of around \$93,200 per officer), as well as additional costs

relating to training and systems. EWOQ would then be required to recover these costs from retailers as EWOQ scheme participants (see (e) below).

(d) Impacts on government

No direct impacts on government have been identified for this option. However, the department would be likely to receive fewer complaints from small on-supply customers, as these customers would have access to EWOQ.

(e) Impacts on retailers

Significant **financial impacts** for retailers may be associated with this option. Retailers are required to participate in the EWOQ scheme and pay annual participation and user pays fees. Participation fees (currently \$5,000 per year, per service provided) would increase significantly if this option results in EWOQ requiring additional resources to respond to disputes brought to EWOQ by small on-supply customers. As explained above, retailers may seek to pass these fees onto customers via electricity bills under the current EWOQ scheme participant arrangements.

Again, it should be noted that the number of complaints to EWOQ may reduce if an option under Part A is implemented to ensure small residential on-supply customers are able to access their energy rebate entitlements (because there would be less cause for these customers to lodge complaints to EWOQ about access to the rebates).

(f) Restrictions on competition

No specific restrictions are identified for this option.

Summary

While small on-supply customers would benefit from access to energy-specific EWOQ dispute resolution services under this option, this would be likely to have increased costs and regulatory burden for on-suppliers, as well as retailers as EWOQ scheme participants. There is a high risk that on-suppliers and retailers would pass any additional EWOQ-related costs onto small on-supply customers and/or other Queensland customers (e.g. additional costs to retailers spread across energy bills).

Questions for stakeholder consideration

If access to energy rebates is ensured for residential on-supply customers (e.g. through implementation of an options 1 or 2 under Part A of this RIS), would access to EWOQ for these customers still be considered necessary?

What are the potential benefits to small on-supply customers associated with access to EWOQ?

Are there other specific issues encountered by small on-supply customers, in addition to access to the Queensland energy rebates, which are more appropriate for EWOQ to assist with (as an energy specific dispute resolution agency) than the current dispute resolution alternatives available to small on-supply customers?

Please indicate the quantum of likely business costs on-suppliers would incur as a result of responding to EWOQ investigations.

Option 2 – Status quo, continued access to QCAT and other dispute resolution mechanisms

(a) Impacts on residential on-supply customers and other customers

Unlike option 1, under this option small on-supply customers would not have the positive **financial impact** of free access to energy-specific EWOQ dispute resolution services. These customers would instead rely on existing dispute resolution mechanisms and protections under the NECF (e.g. condition 15 of the AER Guideline requiring on-suppliers to make reasonable endeavours to resolve a dispute). This means on-supply customers will still be exposed to the costs associated with these

mechanisms (e.g. QCAT application fees of up to \$569.20; DJAG DRC intake and assessment costs of \$124.20 with two mediators costing \$222.50 per hour for up to four hours).

This option also does not address the inequity that exists as a result of direct residential and small business customers having access to EWOQ, unlike their on-supplied counterparts.

(b) Impacts on on-suppliers

Unlike option 1, there are no direct impacts on on-suppliers under this option.

(c) Impacts on EWOQ

No direct impacts on EWOQ have been identified for this option.

(d) Impacts on government

No direct impacts on government have been identified for this option.

(e) Impacts on retailers

Unlike option 1, there are no identified impacts on retailers under this option.

(f) Restrictions on competition

No specific restrictions are identified for this option.

Summary

Under this option, small on-supply customers would continue to have access to the dispute resolution services of QCAT and other existing dispute resolution mechanisms, and on-suppliers or retailers would not incur any additional costs (that may be passed on to customers).

5. Consultation

In January 2013 the department released a discussion paper seeking stakeholder feedback on major market and regulatory challenges associated with the on-supply of electricity in Queensland. Fourteen submissions were received from a range of stakeholders and assessed by external consultants. The consultant's report identified several issues to be addressed, including the need to provide small residential on-supply customers with the same level of protection as small customers directly connected to distribution networks (including access to rebates, hardship programs and the services of EWOQ for small on-supply customers).

While consumer groups have all advocated for an expansion of EWOQ access to small on-supply customers, more detailed consultation on this proposal with a broad range of stakeholders has not been undertaken to date.

Stakeholders are invited to make submissions in response to this Consultation RIS. It is expected that business and consumer groups and individual on-suppliers, as well as EWOQ and EWOQ scheme participants (Queensland retailers), will have an interest in this proposal.

In addressing the questions raised throughout this document, the department encourages stakeholder feedback on all issues relevant to the identified sets of options (including costs and benefits both quantitative and qualitative in nature).

Interested parties can access and respond to this Consultation RIS via the department's website at www.dews.qld.gov.au, the *Get Involved* website, and the Queensland Productivity Commission website. Submissions close on **Xpm, DATE MONTH 2015**.

This is a public consultation process, and the Queensland Government is committed to openness in its considerations of public policy. For this reason, written comments and submission may be published on the department's website. Please mark clearly any comments or information you wish to be kept confidential.

6. Preferred option

PART A – Administration of energy rebates to eligible residential on-supply customers

Option 1 for Part A is preferred in the event that the AER elects to place a mandatory obligation on on-suppliers to administer energy rebates on behalf of their eligible residential customers. If the AER chooses not to create such a mandatory obligation, or decides to remove the ‘best endeavours’ requirement altogether, option 2 is preferred. Both options 1 and 2 involve the implementation of a mandatory obligation on Queensland on-suppliers to apply for and administer Queensland Government energy rebates on behalf of their eligible residential on-supply customers and is consistent with the approach taken by other jurisdictions in ensuring eligible exempt customers can access government rebates.

These options are preferred as they are considered to be an effective means of ensuring eligible on-supply customers can access the Queensland Government energy rebate (currently worth \$320.97 per year for electricity and \$68.56 per year for reticulated natural gas), without imposing a disproportionately high additional cost on government (unlike option 3). As outlined above, this is expected to help relieve household budget pressure for these customers.

Unlike option 3, options 1 and 2 are not associated with any increase in rebate application processes and regulatory requirements (e.g. paperwork) for customers. While some on-suppliers have pointed to the costs of administering energy rebates to eligible residential customers under current conditions as a reason for not administering rebates, many on-suppliers are already administering rebates to their eligible residential on-supply customers without any additional financial support. Under options 1 and 2, applying for and administering rebate applications will become a mandatory condition.

While economic impacts may exist for government under options 1 and 2, and both economic and regulatory impacts (depending on implementation) under option 2, this is considered to be outweighed by the benefits of ensuring that eligible residential on-supply customers can access their energy rebate entitlements. The cost to the community as a whole under options 1 and 2 relate to the costs of government administering additional rebates to residential on-supply customers who may otherwise not have been able to access the rebates.

Options 1 and 2 have also been considered against identified government policy objectives. The Queensland Government energy rebates are intended to provide support for pensioners and Queensland seniors card holders to assist with payment of their energy bills. This intention can only be achieved for eligible residential on-supply customers (many of whom are retired pensioners and/or seniors) if they enjoy the same access to government energy rebates as those eligible Queenslanders living in direct supply situations. Imposing a mandatory obligation on Queensland on-suppliers under options 1 or 2 would achieve this, without the additional administration costs to government associated with option 3.

How proposed option is consistent with authorising law

It is considered possible to implement preferred option 1 under Part A in a way that is consistent with existing national legislation. Similarly option 2 is also possible to implement in a way that is consistent with existing legislation. For example, if a legislated mandatory obligation on on-suppliers is imposed under this option, this would be consistent with the *Electricity Act 1994* (Qld), which includes a power to regulate matters set out in Schedule 2 (including conditions of supply). Similarly, there is scope within the *Gas Supply Act* to make amendments to create such a mandatory obligation on on-suppliers for the delivery of the gas rebate to their eligible on-supply customers.

PART B – Access to EWOQ by small on-supply customers

A preferred option has not been identified in relation to PART B. The department will consider this set of options further in the context of stakeholder submissions received in response to this Consultation RIS.

Although a preferred option has not been identified, the options for Part B have been assessed against identified government policy objectives. Option 1 under Part B would provide additional support for disadvantaged Queenslanders living in on-supply situations, by enabling these customers to access the free, energy-specific dispute resolution services of EWOQ. It would also provide additional support to small businesses in on-supply situations by allowing these customers access to EWOQ as well. While option 2 does not support this policy objective, small on-supply business customers and disadvantaged Queenslanders living in on-supply situations would continue to have access to the range of existing dispute resolution services that are already available (including QCAT).

How proposed option is consistent with authorising law

The proposal under option 1 Part B to extend access to EWOQ services to small on-supply customers is consistent with the main purpose of the EWO Act as outlined in section 3, which includes giving small customers (energy) a timely, effective, independent and just way of referring disputes about particular matters involving energy providers, and having these disputes investigated and resolved.

7. Consistency with other policies and regulation

The Queensland Government energy rebates are designed to be accessible by all eligible customers, including those living in residential on-supply situations. Likewise, EWOQ services were always intended to be available to those customers that need the most support, and especially for residential customers. The overarching proposals in this Consultation RIS are consistent with government's policy commitments to supporting disadvantaged Queenslanders and small business enterprises.

The legislative amendments necessary to implement possible options associated with the proposals in this RIS are not considered to breach any fundamental legislative principles. The proposals are not expected to restrict competition.

8. Implementation, evaluation, compliance support strategy

PART A – Administration of energy rebates to eligible residential on-supply customers

The implementation of the preferred option 1 under Part A (where the AER amends the AER Guidelines to place a mandatory obligation on on-suppliers to pass on energy rebates) would occur under the NERL. This is because the NERL allows the AER to make and amend the AER Guidelines in accordance with the retail consultation procedure. To ensure the validity of their retail exemption from the AER, on-suppliers are required to be compliant with all applicable conditions. This would form the basis of the compliance mechanism for this option.

The following would apply if the RIS process results in a recommendation for option 2 under Part A to ensure access to energy rebates by eligible residential on-supply customers in Queensland (e.g. a state-based mandatory obligation). Option 2 is preferred in the event that option 1 cannot apply because the AER elects not to create a mandatory obligation on on-suppliers under condition 12(2):.

- Implementation would occur through legislative amendments to Queensland energy legislation to impose the mandatory obligation on on-suppliers. Condition 12(2) of the AER Guideline would also be dis-applied in Queensland. Depending on the specifics around

implementation (e.g. legislation amendments), the department will initiate communications with on-suppliers to advise them of the new mandatory obligation.

- Evaluation would be ongoing and based on monitoring of key indicators, such as the number of on-suppliers who fail to comply with the requirement to administer energy rebates on behalf of their eligible residential customers (due to existing limitations in data collection this would largely depend on complaints made to the department, or to EWOQ if an option is implemented under Part B below to allow small on-supply customers access to EWOQ). Likewise, complaint numbers would be the main means of identifying any situation where an on-supplier receives rebate payments on behalf of an eligible customer, but fails to pass this on.
- Compliance mechanisms would have their basis in energy legislation and may take the form of a fine or penalty.

PART B – Access to EWOQ by small on-supply customers

While a preferred option has not been identified in relation to this proposal, if access to EWOQ was extended to include small on-supply customers under option 1 Part B, the following would be likely to apply:

- Implementation would occur through amendments to the EWOQ legislation to allow access by small on-supply customers. EWOQ staff would be likely to require specific training to address energy issues relating to these customers.
- Evaluation would be ongoing, based on monitoring of indicators such as the number of small on-supply customers accessing EWOQ dispute resolution services, costs to on-suppliers and/or retailers (depending on implementation) and dispute outcomes.

9. Have your say

The department values the input of stakeholders in developing this proposal. This Consultation RIS will be available for a minimum period of 28 days from the date of its release. During this period, the RIS will be available on the department's website, as well as the *Get Involved* website and the website of the Queensland Productivity Commission.