

What do Queensland consumers and advocates think about Full Retail Competition ?

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Individual interviews conducted with

- **29 consumer advocates**
- Financial counsellors (10)
- Regional Electricity Councils (5)
- Community/welfare organisations (7)
- Representative organisations of small business (6)
- **Locations:** Brisbane, Ipswich, Toowoomba, Roma, Bowen, Bundaberg, Townsville, Cairns, Burketown

Focus groups conducted with

- **Four focus groups - 30 residential consumers overall**
 - Brisbane (low income)
 - Brisbane (middle income)
 - Toowoomba (rural and regional)
 - Cairns (retired – 55 and over)

Key research challenges

- **How to talk about electricity in a way that connects people!**
- It's an essential service that's to some extent taken for granted
- There is a lack of knowledge among residential consumers about electricity in general with the exception of the quarterly bill
- FRC has not yet been introduced— so it is difficult to talk about something that has not yet happened.

Examples

- I know it's generated somewhere and then it's piped through the wires and ends up at my house, that's all I know.
- I think electricity is taken for granted. It's there; it's like water. It's more reliable than water and it's got a better quality than water. It's just it's there and people expect it to be there when it's not there. That's when you get the problems.

Key FRC questions that were asked

- 1) Current electricity issues
- 2) What factors/protections if any need to be in place with an FRC regime?
- 3) Whether clients would consider changing contracts under the new system
- 4) How do consumers/consumer advocates participate in the above debates and what would facilitate their participation?

Current issues for noting 1

- Confusion among residential users between supply and retailer functions
- Supply focus in responses: connections, disconnections, quality and reliability of supply issues
- Environmental considerations

Examples Quotes

- Price is important but I'd rather pay that little bit extra to ensure that I have the electricity on all the time – just that it's reliable.
- There's the issue of power outages and blackouts which happen as you say, in some areas.
- I put the environment as the major concern, because even though it's not an immediate concern, it's more a longer term one ...

Current issues for noting 2

- Negotiation asymmetry between advocates and between residential users and their retailer/supplier
- The Telco analogy – marketing issues
- The flip side of FRC for consumers

Example quotes

- So it's like people aren't heard or believed until a third party or a professional becomes involved
- We go direct on behalf of our members, we go direct to the supplier. So we go direct to [retailer] in the main, and we deal with them. So we've got a working relationship with them, I try to keep that at a high level.
- I mean this is an age-old complaint – is that the industry is very well resourced with their lawyers and the people in those areas ...can get on top of the issues

Example quotes

- You'll probably have a lot of bit players start up and then there'll be the quickies, make their money and go out of business. And a bit like One.Tel they'll have a lot of people that have signed contracts or whatever, and still be charged after the company's gone into bankruptcy because you've signed a contract to pay X amount of dollars.

Example quotes

- But the positive side of it for the consumer is maybe then that the electricity supplier may be more willing to negotiate with our clients ... – there's no competition at the moment..., it's very hard to stop people's electricity from getting disconnected at the moment. We only have the one supplier. It's just sorry, you know, but they have children, we don't care, that's their problem. So maybe it might stop that kind of attitude if there is another supplier in the area.

1) Current electricity issues

- **Consumer advocates**

Issues: Price and connections

Need for: community awareness about saving energy and ability to negotiate with retailer. Also requests for more tariff disclosure.

- **Focus groups**

Issues: Price, quality and reliability of supply

Need for: Certainty, complaints handling authority, environmental options,

2) What factors/protections if any need to be in place with an FRC regime?

- **Consumer advocates**

- Improved hardship schemes with retailers

- Comparison information

- No loss of price cap for rural and regional consumers

- **Focus groups**

- Independent complaints authority

- Price caps

- Environmental choices in power usage

Example quotes

- I would expect some kind of responsibility from them to make sure things are working reliably and that people aren't getting ripped off by the companies
- ...it is terribly important that people are well informed about what's involved if they go into a contract
- Definitely people need to be guaranteed that they're no worse off and they need to have access to appeals and complaints mechanisms

3) Changing retailers and/or contracts

Consumer advocates

Most said many people would change.

Focus groups

Wait and see approach for most with the exception of some low income people who would not change

Example quotes

- The factors will be there's got to be a price difference ...
- If they are paying \$20 a week for electricity now and they believe they can get it for \$15, I think they will say let's go the \$15, without perhaps considering there may be other aspects or ramifications which may link in with it.
- I'd be waiting until the dust settled from the whole business...I don't think there's going to be that much saving...
- Well, I like the idea of competition definitely because it keeps people honest.

4) Participation in the above debates and what would facilitate consumer participation?

Poor capacity for residential users to participate in the debate

Variety of reasons for this

Resources, knowledge and capacity

Key request

Independent complaints authority

Example quotes

- So until it affects us we don't do anything...
- Personally I would like to leave it to the experts...I want to put my trust in someone who knows what they're doing
- Maybe tapping in through a consultative committee or council or a focus group...[to ensure] that what's out there is meeting our needs as a community.
- We should be debating around a government table with policy makers
- I'd just like to see a bit more communication

Conclusion

- Lack of knowledge across the spectrum about the impending changes
- Most were cautious about the changes
- Marketing issues and disconnections issues highlighted
- However some positive outcomes with choice including more retailer accountability with hardship processes
 - **It's also complicated!**