



Retail Electricity Pricing Inquiry public forum – Townsville

This document is not a verbatim record of the forum but a summary of the issues raised by forum attendees.
The views and opinions expressed are those of the attendees and do not reflect the ACCC's views or position on the issues summarised here.

Monday 7 August 2017, 5:00pm – 7:00pm
Rydges
23 Palmer St, South Townsville, QLD

Attendees

Australian Competition and Consumer Commission

Rod Sims, Chairman

ACCC staff: Rebecca Holland, Michael Dowers

Interested parties

Approximately 52 including individuals, businesses and representative groups

Introduction

Chairman Rod Sims welcomed attendees and outlined the purpose of the forum. Attendees were informed that the matters discussed at the forum would be recorded and a summary placed on the ACCC's website, but that this summary would not identify or attribute comments to individuals.

Rebecca Holland, Director, Retail Electricity Pricing Inquiry, gave an update on the Inquiry and an overview of submissions received in response to the ACCC's Issues Paper. A summary of submissions is available on the [ACCC website](#).

Michael Kopittke, Townsville Chamber of Commerce, gave an overview of issues facing members of the Chamber of Commerce. Mr Kopittke gave a number of examples of Townsville businesses facing significant price increases and businesses being forced to close. Mr Kopittke also outlined that businesses in North Queensland are required to agree to conditions and make upfront payments that businesses that those in Brisbane do not, before retailers will agree to supply them. Mr Kopittke stated that the Chamber of Commerce hopes that the ACCC's inquiry will provide answers for why businesses in regional Queensland are subject to different conditions and that it will lead to reduced energy prices.

A number of written submissions were given to the ACCC on the day. These are available on the [ACCC website](#).

Chairman Rod Sims invited the attendees to contribute comments in response to the topics of interest to the Inquiry.

Summary of issues

Attendees discussed the following issues at the forum.

Increasing electricity prices

- Each component of a retail electricity bill is increasing, particularly service charges. Significant concerns were raised about increases to service fees in north Queensland. Service charges have increased by over 300% in the last five years and for solar customers, the service charge now outweighs any usage charges.
- Increasing prices and upfront costs are impacting significantly on people looking to start businesses in north Queensland and on existing businesses. Large entities, such as Glencore, have flagged that they may look to close if electricity prices do not decrease. This will have a significant impact on employment in the Townsville and Mount Isa areas. There will also be a flow on impact on other businesses.
- Increasing electricity prices are significantly impacting on the manufacturing industry and they must pass on these charges. This will significantly impact on farmers and their ability to grow premium produce.
- Demand tariffs, combined with service charges, have led to significant increases in electricity bills for large users. From July 2020, users will have no choice but to stay on demand tariffs.
- Concerns were also raised in relation to meter reading charges, as there is limited transparency over these. Such charges are much lower in south east Queensland.
- Retailers are not adding value to the electricity supply chain. The structure of retail electricity prices should move towards the structure of retail telecommunications services, where customers pay a larger fixed charge for a set amount of usage.

Competition in the retail electricity market

- There is limited, if any competition in north Queensland and given the high prices that customers pay for electricity, it is unclear why other retailers have not entered.
- Prices in south east Queensland are significantly lower than in Townsville and while the distribution and transmission costs would be higher than in Brisbane, there is still a significant gap between prices in Brisbane and prices in Townsville.
- A number of concerns were raised with the introduction of competition to parts of the electricity supply chain around Australia. When electricity companies were government owned, the cost of electricity was based on the cost of supply and there were very small increases each year.

Environmental policy

- It is unclear why governments continue to fund environmental policies, when Australia's contribution to global warming is so low.

- Putting larger solar systems on sheds in north Queensland could take pressure off generators, however government feed-in tariff schemes do not extend to large solar systems.

Wholesale energy market

- Significant concerns were raised about the lack of baseload generation in north Queensland, and the fact that peaking generators are only used for industrial users. North Queensland residents should have access to generation that is closer to them.
- Particular concerns were raised around the high price of wholesale energy and the role that the Queensland government has played in these prices.
- The difference between the minimum and maximum wholesale price is much too great, and the cap should be significantly reduced. There also appears to be collusion between generators.

Chairman Sims closed the forum by inviting attendees to make a written submission or to contact the ACCC separately if they had further comments to contribute. He invited attendees to remain for discussions with ACCC staff.