# ICRC Consumer Consultative Committee

# Meeting 2/2019

# Monday 4 November 2019

**Work-in Progress**

# Consumer Protection Code Review

In August 2019 the Commission released its draft report and draft Consumer Protection Code for public consultation. Submissions closed on 25 October 2019. The draft decisions reflect feedback received in submissions to our Issues paper, as well as targeted meetings with stakeholders.

The Code provides for basic consumer rights when accessing utility services. It includes guaranteed service levels which entitle customers to a rebate payment when the levels are not met.

The key changes proposed in draft decision include:

1. The automatic payment of rebates to customers when a guaranteed service level is not met.
2. Introduction of new guaranteed service levels for wrongful disconnection and reliability (interruptions)
3. Clarification and enhancement of how the code applies to energy retailers – including the requirement for retailers to report against compliance
4. New requirements for water retailers to have a hardship policy; and
5. Enhanced protections for customers on life support.

The Commission is expecting to release its final report by the end of 2019 with the new Code to come into effect from 1 July 2020. For information on this project, please visit: <https://www.icrc.act.gov.au/projects/current-projects/consumer-protection-code-review>.

# Utility Licence monitoring

Each year, licensed utilities are required to submit a Utility Licence Annual Report (ULAR) to the Commission. The ULAR covers questions relating to licence conditions and compliance against industry Codes.

In October, the Commission received the 2018-19 ULARs from all licensed utilities in the ACT and is currently analysing the data received. We expect to release our monitoring report in mid-2020. Our preliminary analysis shows mostly positive outcomes for utilities and consumers, with complaint and service interruption figures down in most categories.

# Electricity price investigation

On 28 May 2019 the Commission received terms of reference to determine prices for the supply of electricity to customers on regulated retail tariffs for the four-year period commencing 1 July 2020. The terms of reference also require the Commission to investigate whether changes are needed in the ACT to improve the transparency and comparability of electricity offers. This has come in the context of the AER implementing a Default Market Offer in jurisdictions where retail electricity prices are not regulated, and the Victorian Government implementing a Victorian Default Offer. The ACT is not subject to the AER’s Default Market Offer prices because standing offer prices are already regulated. In September, the Commission released an issues paper and held a workshop on comparability and transparency. A draft report is planned for early 2020 and a final report is due by June 2020.

# Water and sewerage services pricing methodology reviews

Before the water and sewerage services price investigation for the regulatory period from 1 July 2023, the Commission will review aspects of its pricing methodology to ensure it remains current and appropriate and provides incentives for Icon Water to operate efficiently. The three areas of focus are: incentive mechanisms, demand forecasting and the rate of return. The Commission plans to complete the review of incentive mechanisms in 2020.

# Annual Utility Licence Fees and the Energy Industry Levy

**Licence fees**

Licensed utilities (Icon Water, TransGrid and EAPL) pay an annual utility licence fee to recover the cost of regulating the licensed utilities by the ACAT, Technical Regulator and the Commission. Licence fees for 2019-20 were determined by the Commission on 25 September 2019.

The annual fees vary each year according to the expected workload involved in regulating the utility for the year. There is an over- or under-recovery adjustment (‘true-up’) in the fee for the difference between the previous year’s forecast and actual costs.

Annual licence fees for 2019-20 compared to 2018-19 are:

* Icon Water’s utility licence fee has increased from **$930,156** for 2018-19 to **$1,037,051** for 2019–20. The increase is due mainly to higher expected costs for the Commission’s water and sewerage services work (reset principles reviews) in 2019–20.
* EAPL’s utility licence fee has increased from **$4,322** for 2018-19 to **$16,315** for 2019–20. The increase primarily relates to the Technical Regulator’s planned increase in technical audits of EAPL for 2019–20. EAPL’s licence fee in 2018-19 was low due to a $4,000 adjustment for over-recovery for 2017-18.
* TransGrid’s utility licence fee has increased from **$42,377** for 2018-19 to **$80,198** for 2019‑20. The 2018-19 fee was low due to a $50,791 over-recovery from 2017-18 being factored into the 2018-19 fee.

**Energy industry levy**

The levy is paid annually by all energy retailers and distributors (gas and electricity) To recover the costs of regulating the energy retailers and distributors for the ACAT, Technical Regulator and the Commission. Comparing 2018-19 to 2019-20:

* National costs have increased from **$593,090** (actual) in 2018-19 to **$628,323** (estimated) for 2019-20. National regulatory costs comprise annual costs to the Territory of meeting its national regulatory obligations. The costs relate to the regulatory work of the AEMC and the COAG EC.
* Local costs have fallen from **$3,217,448** (actual) in 2018-19 to **$2,778,568** (estimated) for 2019-20. The lower estimated costs for 2019-20 reflect the completion of electricity regulatory work undertaken during 2018-19 by the Commission (reviewing the model and methodology in advance of the current retail electricity price investigation).

As of 30 June 2019, there were 17 electricity retailers, four gas retailers, one electricity distributor and one gas distributor operating in the ACT. This was an increase of one electricity retailer and one gas retailer in 2018-19 compared to the previous year.