

Ms Meredith Mayes
Director
Australian Energy Market Commission



Lodged online

20 October 2015

Dear Ms Mayes,

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SACOSS thanks the Commission for the opportunity to comment on the Draft Determination on the Embedded Networks Rule Change Proposal.

SACOSS supports the Commission's Draft Determination. SACOSS believes the key features – creation of a new accredited provider role, clarity about network exemptions, provision of customer rights in exercising their rights to a retail market offer and an implementation framework for AEMO, DNSPs and retailers – support the goal of assisting embedded network customers to access retail offers. SACOSS believes this is an important goal as it addresses the imbalance between customers in embedded networks and customers of authorised retailers, in terms of access to consumer protections. The fact that embedded network customers will now have a choice about accessing additional protections is an important step towards harmonising customer protections across the NEM customer base.

As the Commission has noted, SACOSS also agrees that providing embedded network customers with access to authorised retailers is likely to have positive price outcomes. There are a range of competitive market offers which the embedded network customers may be able to take advantage of. SACOSS also notes the incentive provided to embedded network operators to provide competitive retail terms and conditions.

Whilst SACOSS acknowledges the likely positive price outcomes for embedded network consumers as suggested above, the impact of upgrading existing infrastructure may present a significant cost barrier for a significant proportion of consumers. SACOSS notes, for example, some residential and caravan parks currently operate hub meters (a configuration where four dwellings with separate meters are connected to a central point, the hub, which is connected to the parent meter). SACOSS is concerned the cost of upgrading metering arrangements may prevent these customers from accessing the benefits of competitive market offers and the associated consumer protections.

Through our research, SACOSS has identified that a significant proportion of customers in embedded networks will be unable to access an authorised retailer due to cost barriers. SACOSS wishes to draw the Commission's attention to this group and recommends that the Commission further explore the detrimental outcomes for these consumers in terms of billing, tariff and supply charges, transparency and communication, reliability and quality of supply and dispute resolution processes. SACOSS is willing to provide the Commission with further information about these issues and the classes of vulnerable consumers who are facing these detrimental outcomes.

NERR Issues for Embedded Networks

SACOSS believes that the NERR issues identified by the AEMC related to standing retail contracts and market retail contracts do require further investigation. SACOSS understands that the Commission will be exploring these issues in detail with retailers and that further reference to these issues may be made in the Final Determination. SACOSS understands that careful attention needs to be placed

on balancing consumer protections with principles of proportionality and sustainability. In this respect, SACOSS notes that consumer perspectives on these issues informed by adequate information about costs and benefits is vital to ensuring that this balance is appropriately reached. SACOSS recommends that the Commission further explore the costs and benefits of the potential options and make further information available about these.

Further to the above comments, SACOSS notes the NERR issues related to:

- De-energisation and re-energisation
- Life support equipment
- Retailer of last resort

In all of the above cases, SACOSS believes there is a gap in existing arrangements as identified by the AEMC in the Draft Decision and that further attention is warranted.

We thank you in advance for your consideration of our comments. If you have any questions relating to the above, please contact SACOSS Senior Policy Officer, Jo De Silva on 8305 4211 or via jo@sacoss.org.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ross Womersley', with a large, stylized flourish at the end.

Ross Womersley
Executive Director