

**Essential Services Commission
Level 37
2 Lonsdale St
Melbourne 3000**

1 February 2013

By email: energy.submissions@esc.vic.gov.au



Harmonisation of Energy Retail Codes and Guidelines with the National Energy Customer Framework, December 2012

AGL welcomes this opportunity to comment on the Essential Services Commission's (ESC) consultation paper, *Harmonisation of Energy Retail Codes and Guidelines with the National Energy Customer Framework* as released in December 2012 (Consultation Paper).

AGL understands that the ESC has released this Consultation Paper based on the following principles:

- that the Victorian Government is working towards introducing the National Energy Customer Framework (NECF) from 1 Jan 2014;
- that the NECF will be based on the National Energy Retail Rules (NERR) and appropriate Victorian derogations; and
- the proposed harmonised Energy Retail Code (ERC) is a transition to NECF in line with this policy.

AGL also accepts the approach taken by the ESC in constructing the proposed Energy Retail Code based on the NERR and just incorporating the residual elements of the current ERC into this is sensible given the planned introduction of NECF.

However, AGL has concerns with the ESC trying to introduce a new ERC by July 2013 as:

- there will be limited changes to the regulatory framework as a result of its introduction;
- NECF is planned for 1 January 2014; and
- the Government has stated that introduction of flexible pricing from 1 July 2013 remains the priority.

Consequently, given that little immediate benefit is being derived from this process, AGL suggests that consideration is given to delaying the release of the new ERC until 2014 so that this further legislative change would only be necessary if NECF was postponed.

If the ESC was to continue with this process for 1 July 2013, AGL would ask that the ESC address its specific concerns on the ERC that are attached to this letter.

If you have any further questions, please don't hesitate to contact me.

Yours sincerely,

A handwritten signature in blue ink that reads 'N Wallis'.

Nicole Wallis
Manager Retail Markets Regulation

Specific Comments

Aggregation of Business Customer Site Consumption

- AGL notes that the rules relating to 'Business premises – aggregated application of upper consumption by agreement' have been removed from the drafting.
- While we note that re-wording would be required to enable these rules to be effective in the context of the proposed amendments, it is our strong view that the ability for a customer to agree to having their sites consumption aggregated in order to be treated as a large customer should be implemented as part of the harmonisation.
- **AGL submits that rule 5 should be re-worded rather than excluded completely.**

Greenhouse Gas Disclosure

- The Guideline on Greenhouse Gas Disclosure has been incorporated into clause 25A of the ERC.
- The current obligation is that a retailer must either provide Greenhouse Gas graphs on bills or Bill Benchmarking information to the customer.
- AGL is concerned that in embedding the requirement for greenhouse gas disclosure in the ERC may result in the unintended consequence that Greenhouse Gas graphs become mandatory. This would be untenable.
- **AGL seeks clarification on this change and that the obligation will continue unchanged.**

Extreme Weather Events

- Reference to Extreme Weather Events has been included in the ESC however a local instrument is required to declare the applicability of Extreme Weather Events in Victoria.
- **AGL submits that if no such instrument is declared then the obligations surrounding Extreme Weather Events will not be effective. AGL would like this situation clarified in the ESC's Final Decision.**

Hardship Policies

- The current minimum requirements for hardship policies in the *Electricity Industry Act 2000*, including the approval by the ESC have been included in the draft ERC.
- AGL has a national hardship policy in place that has been approved by the Australian Energy Regulator (AER) and would be concerned if this national policy would require re-approval under the proposed ERC. Such a process directly opposes the intent of introducing a NECF.
- The ESC has indicated that some Victorian specific obligations may not have been assessed by the AER and although this is true, these legislative obligations remain in place irrespective of whether the ESC conducts an approval process or not.
- **As such, AGL submits that the ERC is altered to take into account that many retailers have national hardship schemes (that have already been approved by the AER) and that these do not require additional ESC approval.**

Model Terms

- Schedule 1 of the ERC contains the model terms and conditions for standard retail contracts. AGL note the ESC has adapted the model terms from the NERR for the Victorian jurisdiction.

- Unfortunately, AGL has already introduced the national version of the model terms for its standard retail contracts across all jurisdictions. This is a major efficiency of the NECF.
- The minor changes made by the ESC in the draft ERC do not create any conflict with the NERR model terms however it would appear that retailers that use the NERR model terms would need to seek ESC approval before they can be used.
- **AGL submits that a retailer that already has adopted the model terms in the NERR (without the ESC amendments) can continue to use these terms.**

