

29 May 2018

Mr Russell Pendlebury
Australian Energy Market Commission
By email: submissions@aemc.gov.au

Dear Mr. Pendlebury,

Submission to Advance Notice Price Change – Rule Change Proposal – REF RRC0015

Aurora Energy welcomes the opportunity to provide comment on Advance Notice Price Change – Rule Change Proposal issued by the Australian Energy Market Commission (AEMC). As a stand-alone retailer for 279,636 Tasmanian residential and business customers, Aurora Energy's core focus is to generate value for its customers and the broader Tasmanian community. Aurora Energy places a high priority on the provision of timely, relevant and understandable information to its customers, to enable them to best manage their electricity needs.

Aurora Energy acknowledges the purpose of the rule change proposed by the Australian and New South Wales Governments is that consumers should be informed of any changes to their energy prices before those changes occur. The intent of the proposed rule change is for consumers to be given the opportunity to review alternative electricity offers prior to price changes. Aurora Energy notes that this assumes a competitive retail market.

The majority of Tasmanian electricity customers do not have a choice of retailer. While full retail contestability has been possible under the Tasmanian legislative framework since July 2014, Aurora Energy continues to be the sole retailer for all residential customers and for the vast majority of small business customers in Tasmania. Retail prices for these customers are regulated by the Tasmanian Economic Regulator, with supporting regulations for how Aurora Energy is to provide customers notice of regulated price changes. In addition to price regulation, the Tasmanian Government has a policy to cap price increases for regulated customers at the rate of inflation until mid-2021. This is enabled by amendments to the Tasmanian legislative framework.

With the absence of active competition and the continuing protection of regulated standing offer retail prices, the proposed rule change for advanced notice of price changes will incur costs and negatively impact Tasmanian customers for no commensurate benefit. Specifically:

- The communication will cause confusion amongst Tasmanian residential customers, who have no option to change retailer; and
- Aurora Energy estimates that if all of its approx. 250,000 standing offer customers were to receive a notification letter when price changes occur, this would equate to a cost of approximately \$300,000.

Therefore, it is Aurora Energy's strong view that retailers operating under jurisdictional retail price regulation are exempt from the requirements of the proposed rule change.

Aurora Energy also notes that the approach to exempt regulated standing offer customers is consistent with the regulatory arrangements in Queensland, on which this rule change proposal is based. Aurora Energy observes that there are a number of jurisdictional areas in similar circumstances. As part of the progression towards a national harmonised regulatory framework, Aurora Energy notes a preference for including exemptions in the National Electricity Retail Rules for price regulated jurisdictions, which will reduce the need for those jurisdictions to seek derogation from the rule should it proceed.

Aurora Energy agrees with the AEMC observation that this rule change proposal should not be expedited given its potential significant impact on retailer operations and costs.

If you have any questions regarding this submission please contact Hayden Moore at hayden.moore@auroraenergy.com.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kane Ingham', written in a cursive style.

Kane Ingham
General Manager Commercial Services