



Aligning network and retail tariff structures for small customers

Stakeholder submissions invited on new rule change request

The AEMC has commenced consultation on a rule change request that relates to the alignment of network and retail electricity tariff structures for small customers with interval meters.

The rule change request

In 2013, amendments were made to the National Energy Retail Law to enable a state or territory government to require electricity retailers in its jurisdiction to offer a standing offer with a particular tariff structure to small customers with an interval meter. This provision applies in states and territories that have applied the National Energy Customer Framework.

The COAG Energy Council's rule change request proposes that, where a state or territory government enacts such a requirement, then:

- the distribution network businesses must offer a network tariff with a structure that matches that of the standing offer;
- where a small customer chooses the standing offer, a distribution network business must allow a retailer to assign that customer to this network tariff; and
- the Australian Energy Regulator must only approve annual network tariffs if the distribution network business meets the above obligations.

The COAG Energy Council considers that its rule change request would facilitate the transition to cost reflective pricing in a way that maintains consumer choice and keeps electricity charges as low as possible.

Issues for consultation

A consultation paper was released today to facilitate stakeholder comment on the issues raised by the rule change request. These issues include:

- the interaction between the rule change request and the Distribution Network Pricing Arrangements rule change, which was made by the AEMC on 27 November 2014;
- the appropriate allocation of risk with respect to network and retail pricing;
- the degree to which the rule change request would contribute to efficient network prices;
- whether the rule change request would lead to relatively simple, transparent and predictable outcomes for distribution network businesses, retailers and consumers; and
- the potential administrative and compliance costs of the rule change request.

Consultation process

The consultation paper and the COAG Energy Council's rule change request are both available on the AEMC website. Stakeholders are invited to make written submissions in response to issues raised in the consultation paper and the rule change request by no later than **7 May 2015**.

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