

2 July 2015

Mr John Pierce
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Lodged electronically: www.aemc.gov.au

Dear Mr Pierce,

RE: Consultation Paper National Electricity Amendment (Embedded Networks) Rule 2015 (ERC0179)

The Energy Retailers Association of Australia (ERAA) welcomes the opportunity to provide comments in response to the Australian Energy Market Commission's (AEMC) Consultation Paper on the National Electricity Amendment (Embedded Networks) Rule 2015 (**the Consultation Paper**).

The ERAA represents the organisations providing electricity and gas to over 10 million Australian households and businesses. Our member organisations are mostly privately owned, vary in size and operate in all areas within the National Electricity Market (NEM) and are the first point of contact for end use customers of both electricity and gas.

The ERAA supports the rule change as outlined in the Consultation Paper it will enhance competition by enabling embedded network customers access to the competitive retail market. Additionally, the ERAA believes the rule change is consistent with the findings of the Power of Choice review, and gives more opportunities to electricity consumers irrespective of whether they are on-market customers or off-market customers to understand and take control their electricity use and costs.

The creation of a new market role of Embedded Network Manager (ENM) that will offer embedded network customers a competitive service, which will facilitate consumer choice and enhance the customer protections those customer receive. The ERAA supports the rule change to facilitate market embedded network consumers receiving one invoice from the ENM. The ERAA agrees with the proposed accreditation and governance requirements and believes the Australian Energy Regulator (AER) is most appropriately placed to determine the required ring fencing arrangements.

An additional benefit flowing from the introduction of the proposed rule change is that the new ENM role will be captured under the National Energy Retail Law (NERL). Capturing this function under the NERL will provide the AER with greater enforcement powers and thereby provides the AER with the ability to impose civil penalty provisions for breaches of this role.

The ERAA believes that it is important that the separate rule change regarding expansion of competition in metering and related services is finalised before the draft determination is issued for the embedded networks rule change, to ensure alignment of the new rules. This should ensure no undue additional costs arise for retailers from the new systems and



processes introduced. As outlined in the Consultation Paper, the AEMC will need to have regard to the jurisdictional differences and variations that apply to embedded networks.

The ERAA notes that if the rule change is progressed the AER network guidelines and exempt seller guidelines will need to be reviewed, to improve clarity of the obligations that apply to Embedded Network Operators. The ERAA also encourages the AEMC to consider whether any changes to the NEERL and National Energy Retail Rules should be considered to meet the objective of the rule change proposal.

Should you wish to discuss the details of this submission, please contact me on (02) 8241 1800 and I will be happy to facilitate such discussions with my member companies.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Alex Fraser', with a horizontal line underneath.

Alex Fraser
Interim CEO
Energy Retailers Association of Australia