



Multiple Trading Relationships

Publication of draft rule determination

The AEMC has decided not to make a draft rule in relation to the Multiple Trading Relationships rule change request.

Draft rule determination

The Commission has decided not to make a draft rule because:

- Implementing the rule change request is unlikely to deliver material benefits for most customers but is likely to impose significant costs on retailers and distributors, which may result in increased electricity retail prices for all customers.
- Other Power of Choice reforms have been progressed that reduce the need for this rule change.

The Commission received this rule change request from the Australian Energy Market Operator (AEMO). It proposed a new framework designed to make it easier for customers to enter into multiple trading relationships (MTR) with more than one retailer at a premises.

This followed a request from the COAG Energy Council for AEMO to develop a framework to better enable customers to engage with multiple retailers and to submit this to the AEMC as a rule change request.

The Power of Choice reforms reduce the need for this rule change

MTR refers to any arrangement where a customer engages with more than one retailer at a premises. This could include having different retailers to supply electricity to separate parts of a premises, or different retailers to supply electricity to specific appliances, such as a pool pump or electric vehicle.

The rule change request follows earlier work by the AEMC to develop a new framework to better enable customers to set up MTR arrangements, as part of the Power of Choice review. However, since the AEMC's initial work was completed, other Power of Choice reforms have been progressed that reduce the need for this new framework.

In particular, the Power of Choice reforms relating to distribution network pricing and competition in metering are expected to:

- reduce the cost for a customer to engage with multiple retailers under the current rules by establishing a second connection point; and
- facilitate alternative services that deliver similar value to customers without the need to engage with multiple retailers, for example through new tariff structures.

The rule change is likely to impose costs on consumers

Under the current National Electricity Rules (NER), a customer who wishes to engage with multiple retailers can do so by establishing a second connection point. The rule change request was intended to make it easier for customers to engage with multiple retailers, by implementing a new framework that removed the need for a second connection point.

The Commission has determined that the proposed framework is unlikely to reduce the cost incurred by most consumers that wish to engage with multiple retailers. While a small number of customers may benefit, other customers that do not wish to enter into MTR arrangements are likely to face increased electricity retail prices due to the high costs of implementing the proposed framework.

The rule change request follows earlier work by the AEMC to develop a new framework to better enable customers to set up MTR arrangements, as part of the Power of Choice review.

However, since the AEMC's initial work was completed, other Power of Choice reforms have been progressed that reduce the need for this new framework.

The rule change request could also increase the complexity faced by customers in electricity retail markets. This could make it harder for customers to engage effectively in the electricity market. It could also create new risks for vulnerable customers. Significant new customer protection measures would be needed to address these risks.

An alternative model

The Alternative Technology Association (ATA) and the Consumer Utilities Advocacy Centre (CUAC) proposed a specific model that was designed to enable a customer to sell energy produced by embedded generation to a party other than its retailer. This model was identified as an alternative to the framework proposed in the rule change request.

This model could benefit some customers. However, there are also likely to be a number of issues associated with its implementation. The Commission has provided a high level overview of some these benefits and implementation issues to assist any stakeholders that consider that this model should be investigated further.

Submissions

The Commission welcome submissions from interested stakeholders on the draft rule determination. An extended consultation period has been allowed for the Christmas and New Year period. Submissions must be received by **14 January 2016**.

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