ATTACHMENT 1

stakeholder feedback template

The template below has been developed to enable stakeholders to provide their feedback on the questions posed in this paper and any other issues that they would like to provide feedback on. The AEMC encourages stakeholders to use this template to assist it to consider the views expressed by stakeholders on each issue. Stakeholders should not feel obliged to answer each question, but rather address those issues of particular interest or concern. Further context for the questions can be found in the consultation paper. Stakeholders are also encouraged to provide evidence to support claims where possible.

SUBMITTER DETAILS

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| **ORGANISATION:** |  |
| **CONTACT NAME:** |  |
| **EMAIL:** |  |
| **PHONE:** |  |

**CHAPTER 4** – sECTION 4.1 – The problem - impact of COVID-19 on the retail electricity market

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| **Question 1 – Impact of COVID-19 on retailers** | |
| 1. What is the expected impact of COVID-19 on retailers' cash flows? How material is this impact? How long are these cash flow impacts expected to last? |  |
| 1. In the absence of the proposed rule change, what options are available to retailers to manage the cash flow impacts of COVID-19? Are existing support schemes that have been announced, including the Network Relief Package, sufficient to assist retailers to manage these impacts? If not, what are the areas where further assistance is needed? |  |
| 1. What are the expected impacts of the proposed rule change on any cash flow issues currently being experienced by retailers as a result of COVID-19? |  |

**CHAPTER 4** – sECTION 4.2.1 – ELIGIBILITY TO DEFER PAYMENT OF NETWORK CHARGES

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| **Question 2 – Retailer eligibility** | |
| 1. Is it appropriate and/or necessary to expressly exclude certain classes of retailer from deferring the payment of network charges under the proposed rule change? If so, please provide reasoning to support your position. |  |
| 1. If the onus is placed on retailers to show they have a legitimate financial need to access the proposed deferral mechanism, what eligibility criteria should apply? |  |
| 1. What would be an appropriate and efficient process for the verification of information provided by retailers under the approach described in (b) above? |  |
| 1. Do stakeholders have views on how the deferral mechanism could be designed to incentivise only those retailers that legitimately require immediate financial support due to COVID-19 to access this mechanism (including allowing DNSPs to charge interest on deferred payments)? |  |
| 1. Do stakeholders have views on whether any of the approaches outlined above (or a combination of each) would be preferable? |  |

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| **Question 3 – Customer eligibility** | |
| 1. Do stakeholders have views on the types of customers that should be captured by the proposed deferral mechanism and how these customers can be clearly defined in the NER? Is it appropriate and/or necessary for this mechanism to include large commercial and industrial customers? |  |

**CHAPTER 4** – sECTION 4.2.2 – DEFERRAL TIMEFRAME AND TERMS

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| **Question 4 – Length of deferral period** | |
| 1. Is a six-month deferral of the payment of network charges an appropriate timeframe, having regard to the potential cash flow impacts of COVID-19 on the retail electricity market in the second half of 2020? Alternatively, would a shorter deferral timeframe be sufficient to allow retailers to overcome the financial pressures posed by the current environment? |  |
| 1. What are the implications (if any) of a six-month deferral period for NSPs, compared to a shorter or longer deferral period? |  |

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| **Question 5 – Extension of deferral period** | |
| 1. Is it appropriate and/or necessary for the AER to have the ability to extend the deferral period if this is considered necessary? If so, what conditions, considerations and/or consultation requirements should reasonably apply to the exercise of this power? |  |

**CHAPTER 4** – sECTION 4.2.3 – deferral of payments between dnsps and tnsps

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| **Question 6 – Deferral of payment of transmission network charges** | |
| 1. Is it necessary and/or appropriate for DNSPs to be able to defer the payment of transmission charges to TNSPs under the proposed deferral mechanism? To what extent would this change the overall impact of the proposal on DNSPs? What would the impact of this approach be on TNSPs? |  |
| 1. Do stakeholders have views on how the deferral of payments from DNSPs to TNSPs would be implemented in practice? What issues would need to be addressed in the regulatory framework to facilitate this? |  |

**CHAPTER 4** – sECTION 4.3 – practical implementation of payment deferrals

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| **Question 7 – Process for deferring payment of network charges** | |
| 1. Do stakeholders have views on appropriate processes which could be adopted to facilitate the proposed payment deferrals in an expedient manner? |  |
| 1. Could the processes agreed between retailers and NSPs for implementing the Network Relief Package also be used to implement the AER's proposal? |  |
| 1. If the details of this process are not prescribed in the NER, what alternative approaches would ensure that the payment deferrals could be administered in a transparent, consistent and efficient manner? Is it feasible for the details of this process to be directly agreed between NSPs and retailers? |  |

**CHAPTER 4** – sECTION 4.4 – impact on nsps

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| **Question 8 – Impact of proposed deferral mechanism on NSPs** | |
| 1. Would a six-month deferral of the payment of network charges present a material financial risk to NSPs? If so, are there ways of addressing or reducing these risks through the design of the deferral mechanism? |  |
| 1. Do NSPs have views on whether, in practice, the annual pricing proposal process would allow NSPs to recover any deferred revenue in the following regulatory year as described above? Are there any issues that may arise in seeking to utilise this process for this purpose? |  |
| 1. Do stakeholders have views on whether NSPs should be reimbursed for direct costs incurred as a result of the deferred payments and, if so, what would be the best mechanism for achieving this? |  |
| 1. If NSPs were to be reimbursed for their efficient costs (as well as recovering their total regulated revenue), do NSPs consider there would be any residual risk to their business arising from the deferral of network charges? |  |