



17/02/2019

Mr John Pierce  
Chairman  
Australian Energy Market Commission (AEMC)  
PO Box A2449  
Sydney South NSW 1235

Via electronic lodgement

To John,

### **Consumer Protections in an Evolving Market: New Energy Products and Services - 2020 Retail Energy Competition Review**

Thank you for this opportunity to provide feedback on the consumer protection framework for new energy products and services. Mondo provides a variety of contracted transmission and distribution services, including grid connections for new generators, battery energy storage systems and aggregation of distributed energy resources.

The aggregation of Distributed Energy Resources (DER) to provide services is rapidly developing and holds great promise for energy markets, networks and ultimately consumers. However, the supporting technologies and business models require more time, investment and innovation before those benefits can be realised. We encourage the Commission to consider ways in which a consumer protection regime can support this innovation, while also protecting consumers.

### **Electricity as an Essential Service**

The National Energy Consumer Framework (NECF) which treats the supply of energy as an essential service is sound. However, as new products and services emerge, the characteristics embedded within an 'energy supply' are becoming increasingly unbundled and it is therefore appropriate to consider which characteristics should be considered an 'essential service' and afforded stronger protections.

**Bright future.**

In considering whether any particular service is an essential service the key elements identified by the AER in their consideration of Retail exemptions are particularly helpful. Those being:

- If the service is optional or discretionary,
- If the service is the primary source of energy to the premise.

This simple test seems appropriate for considering which emerging energy services should be considered an essential service. Some consideration should also be given to how an energy service practically impacts essential domestic activities. For instance, access to electricity is a requirement for many essential domestic activities, however an uninterrupted supply is merely a convenience in many homes.

Within this framework, a supplementary energy supply from a behind-the-meter generator, perhaps supplied through a Power Purchase Agreement (PPA), should not be considered essential unless it is the primary electricity supply. However, a Stand-Alone Power System (SAPS) would legitimately be considered to provide an essential service.

### **The Nature of New Energy Services and Regulatory Implications**

With a few notable exceptions (such as SAPS), new energy services do not seek to replace traditional energy models. Rather, these new services are often focused on reducing the overall cost of consumers' existing primary electricity supply. These services may operate through the installation of a secondary, behind-the-meter energy supply, or the curtailment of load. However, in both cases, the common objective is cost saving. Mondo believes that consumer protections related to these new cost saving energy services are better addressed through the Australian Consumer Law (ACL) rather than the NECF.

We also note that, in some cases end-consumers will be both consuming and supplying a service, sourced from their DER. In these situations, end-consumers may still require some basic protections (as suppliers), and some thought should be given to the applicability of the ACL in these circumstances.

### **Supporting New Energy Products and Services with Consumer-Empowering Protections**

Energy products and services, even normal retail energy supply arrangements, are often confusing to customers. This inherent consumer vulnerability creates a strong case for some level of protection, and this extends to emerging products and services.

The risk of consumer detriment, when purchasing new energy services, is relatively high. Particular risks occur in the sale of energy cost saving services where the financial effectiveness of the service is difficult gauge before or even after purchase. Particularly acute risks exist for investments in behind-the-meter assets or long-term service arrangements, such as PPAs. In these situations, consumers are often not able to calculate the savings themselves, understand the structure of tariffs and how this interacts with their primary electricity supply, or understand the long-term risks of changes in NUOS charges. Finally, consumers are also often unable to compare different offers because they are structured differently. Other emerging services, including the aggregation and sale of services sourced from DER will pose similar consumer issues.

To address these issues, Mondo supports the development of consumer protections that empower consumers through the provision of information. Consumer empowerment may also be enhanced through the development of more product specific protections that focus on the provision of standardised information. This would allow consumers to make more informed choices.

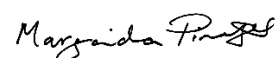
## **Integrating Energy Related Consumer Protections**

While a combination of Aggregation and Energy Retail services may ultimately be the market structure which is best for consumers, this is still to be demonstrated. Given this we support a framework that is able to establish appropriate consumer protections in reaction to emerging products and services, rather than pre-emptively defining them.

The alternative approach is to assume Energy Retail and new energy services will be supplied by the same parties, and so provide an integrated set of energy consumer protections. While this approach may be simpler, it would tend to benefit large established Retailers, with existing consumer protection compliance capabilities. This in turn could result in less competition and innovation.

Please feel free to contact Daniel Brass ([daniel.brass@mondo.com.au](mailto:daniel.brass@mondo.com.au) or 0488 135 557) if you have any questions in relation to this submission.

Yours sincerely,



Margarida Pimentel

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