

7 August 2023

Gavin Fox
General Manager, Market Performance Branch
Australian Energy Regulator
GPO Box 3121
Canberra ACT 2601

By email: marketperformance@aer.gov.au

Dear Gavin,

Retail Guidelines review - issues paper submission - Pacific Blue Retail submission

Pacific Blue Retail (Pacific Blue) thanks the Australian Energy Regulator (AER) for the opportunity to comment on the issues paper relating to a review of the AER's performance reporting procedures and guidelines.

Pacific Blue Retail is the wholly owned subsidiary retail arm of Pacific Blue Australia (PBA). PBA was founded in 1992, and is a leading owner, operator, and developer of renewable energy assets. It operates a high quality, diversified portfolio of wind, hydro and solar assets with an installed capacity of 665 MW; it also has a development pipeline of substantial projects totalling over 1100 MW of potential capacity, as well as over 300 MW of energy storage solutions.

We are a relatively new and growing retailer with approximately 190,000 small and large customers as of August 2023. While our customer base is predominantly in Victoria, Pacific Blue Retail, as its other retail entity in Tango Energy, also recently started selling to small customers in New South Wales, Queensland, and South Australia and expects to grow our presence in those jurisdictions.

Question two: What is your view on the indicators we have identified to potentially add to our suite of indicators? Are there any additional benefits or potentially unforeseen costs of adding these indicators and are there other indicators we should consider adding?

We do not agree with the AER's proposal to introduce reporting indicators relating to information around vulnerable customers, including those on life support and being affected by family violence.

Retailers do not currently report on this data, as well as collect it for the purposes of reporting requirements, in any jurisdiction, and it is likely the cost required to develop the reporting systems will outweigh the benefit of providing this data to the AER. With required development costs increasing for new regulatory changes, such as the implementation of the Better Bills Guideline and the Consumer Data Right, we do not see the need for retailers to be strapped with another cost burden where the outcome has no proven benefit to either themselves or the regulators.

Further to this information about the number of family violence and life support customers will have no effect on customers perception of an energy retailer, and we do not see a way that the AER may be able to use this information as a means of assessing a retailer's performance overall.

We also do not agree with the AER's position that this proposal will assist the regulator to "better monitor compliance with the NERR". Providing this data to the AER, such as the number of registered and deregistered life support customers during a reporting period, should not be considered a method of measuring a retailer's compliance with the relevant regulations. The AER would be best placed to consult with energy retailers and have open discussions as to whether the regulations enhance, or provide a barrier, to their ability to aid customers either affected by family violence or on life support, rather than determining whether regulations are effective through customer metrics.

Question three: What are your views on the proposed changes to current indicators?

We have concerns with the proposed changes outlined in Section 3 of the issues paper.

These proposals would put a significant cost on retailers to develop systems required to generate this data and it is unlikely any perceived benefit will outweigh this cost. The AER has put forward that this information gives them a further understanding as to customer trends, however considering the development retailers will be required to undertake to implement these changes it is unlikely that this perceived benefit will be worth the work required.

We also have concerns with introducing data validation requiring retailers to provide totals of customer numbers that are comparable where relevant. Certain circumstances will require data to be dissimilar, and this must be accounted for to allow retailers the ability to submit reports which accurately reflect customer numbers. For instance, indicators S4.4.a.i to S4.4.a.v require information about customers who have entered hardship based on debt levels, and indicators S4.10.a.i to S4.10.a.iii require information on the method that a customer has entered hardship. Given that there are scenarios where hardship customers may not be accounted for in S4.4.a.i to S4.4.a.v, such as where a customer has entered hardship with no arrears, or in S4.10.a.i to S4.10.a.iii, such as where a customer enters hardship in a method not accounted for in these indicators, data validation would not be appropriate given that these numbers may differentiate from each other.

Question five: What are your views on providing more frequent data for selected indicators?

We understand the AER is seeking to have its performance reports provide monthly data on a quarterly basis given that this is how the reporting is currently set out in Victoria through the Essential Service Commission's own reporting guidelines, however we would question the efficacy of this for NECF states given that many customers will be on quarterly billing cycles. This may provide the AER with inconsistent data, which will result in further time required by the AER to interpret the reporting submissions as well as provide retailers with questions as to data trends. If the AER does intend to make the adjustment from a quarterly to monthly breakdown, it will need to engage with retailers further to determine whether this will provide an accurate representation of the reporting indicators.

Question six: What are your views on providing more granular data for selected indicators?

We do not agree with the proposal to include more granular data for some indicators. The AER has provided that the reporting of this data will allow them to identify areas where retail competition can be targeted to make improvements, however it is not clear why this may be a benefit for the regulators given that their responsibility is to regulate the market and not to influence or incentivize retailers to compete. Furthermore, the proposal does not provide sufficient detail as to how this data will be required to be collected, such as whether it is needed at a postcode or metropolitan/regional level. Retailers do not currently collect data for performing reporting indicators at either of these levels, and the AER must take this into consideration given that the implementation of this will only increase costs further.



Question seven: What is your view on the indicators proposed to be consolidated or removed in the revised Guideline? Are there any additional indicators that could fall under this category?

We would recommend, if any consolidation or removal of indicators is to be conducted, that this be done to ensure that the indicators are aligned with those currently in the ESC performance reporting guideline. By either removing indicators or including certain indicators which are currently required by the ESC, this will reduce potential costs and development time for retailers given the reporting framework will be in place.

We would also recommend that any consolidation of indicators be consulted with retailers in a timely manner before any final decision is made. This will allow retailers the opportunity to identify indicators that may not be able to sufficiently be reported for the NECF states compared to how it is in Victoria and ensure that any reporting changes are able to be met effectively.

If you would like to discuss this submission in detail, please contact me on mfrost@pacificblue.com.au or on 03 8621 6470.

Kind regards

Matthew Frost
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Pacific Blue Retail Pty Ltd

