

Brookfield Energy Australia Pty Ltd
(ABN 37 147 370 527)

10 October 2016

Mr Chris Pattas
General Manager, Networks
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

RE: Issues Paper - Draft Amendments to the Electricity NSP Registration Exemption Guideline

Brookfield Energy Australia Pty Ltd (**BEA**) is please to provide its written submission to the Australian Energy Regulator (**AER**) in response to the issues paper on Draft Amendments to the Electricity NSP Registration Exemption Guideline.

BEA has a keen interest in this area as it operates projects that involve the ownership of large embedded electricity networks, and is working on a number of future projects.

In summary of its submission, BEA generally concurs with the approach outlined by the AER to the proposed changes to the Network Guideline in response to the AEMC's determinations to reduce the barriers that customers in embedded networks face in accessing retail competition.

Although it is outside the scope of the AER, BEA sees one area that stills needs further detail to be outlined. This is to see how AEMO develops the procedures around meter data information transfer to enable embedded network owners to accurately determine shadow network pricing when an embedded customer has selected a retailer of choice.

In its submission, BEA addresses each of the Consultation Questions raised in the AER's issues paper in the sections that follow bellow.

BEA welcomes further discussion with the AER on this matter and looks forward to being part of the effort in developing a prosperous and competitive energy market that serves the long term interest of customers.

Yours sincerely,



Richie Sheather
Chief Executive Officer
Brookfield Energy Australia

Q.1 - Have we done enough? What more should be done? Who should bear responsibility for billing errors when network charges are duplicated?

BEA believes billing customers in embedded networks often necessitates the use of a two bill approach, particularly if an embedded customer has selected a retailer of choice.

In BEA's view it is significantly simpler for the embedded network owner to bill embedded customers for their "network charge" rather than to bill an embedded customer's retailer. BEA's experience has been that a second private electricity meter needs to be in place simultaneously with the retailers NMI meter so that the embedded network owner can accurately calculate the "shadow network" charges.

BEA is keen to see how AEMO will set up the procedures to make the transfer of meter data from a retailers electricity meter to an embedded network owner for the purpose of construction of accurate "shadow network" pricing by the embedded network owner.

BEA concurs with the AER's approach that the retailer should be responsible to rectify billing errors on new sites, and the embedded owner for converted sites.

Q.2 - Should a meter reading charge should be allowed at all, or should it be capped as we propose or by an alternative mechanism.

Q.3 - Are customers, experiencing unfair, unreasonable or excessive fees?

Q.4 - If so, what form do these charges take?

Q.5 - Why do you think they are unfair, unreasonable or excessive?

Q.6 - What additional restrictions should the AER place on the levying of these charges?

BEA is satisfied with the concept that all charges from an embedded network owner should mimic what the embedded customer would have received if it had been directly connected to a DNSP. As such BEA considers 'shadow network' pricing as adequate and it does not believe other meter charges are necessary.

It is considered an important aspect to the value proposition for an embedded customer to be certain it is not charged any more than if it had been connected to a DNSP.

Q.7 - Do stakeholders consider these metering arrangements are sufficient to facilitate access to retail competition?

Q.8 - What other conditions are necessary or desirable to support competitive offers?

Q.9 - Are the requirements for maintenance of the embedded network metering installation appropriate? Should any other exceptions apply? If so, why?

BEA is satisfied with the suggested approach to metering arrangements.

Q.10 - Do stakeholders agree these are the only relevant activity classes?

Q.11 - Do stakeholders agree these are the only appropriate activity classes required to appoint an ENM?

Q.12 - Should any other activity classes be added or removed? If so, which activity classes and why?

Q.13 - Is the threshold of 30 customers appropriate?

BEA does not see any significant issues with approach proposed by the AER on the appointment of an ENM, particularly for the market segment that BEA is expected to focus on.

Q.14 - How much will ENM services cost?

Q.15 - What is a reasonable range for estimating the costs of ENM services?

Q.16 - At what level do the additional costs of an ENM threaten the viability of an embedded network?

Q.17 - Are customers happy with current approaches as a model for recovery of the ENM costs?

Q.18 - Is there a need for specific measures or an AER condition to ensure that cost recovery occurs on an equitable basis for all network customers?

Q.19 - If so, what form should this take?

BEA understands and appreciates that meeting the obligations of an embedded network owner will have a cost regardless of whether those are provided for 'in-house' or via an ENM.

One should expect that market competition between AEMO accredited ENM's should keep their price competitive and hopefully close to the cost of performing the duties 'in-house'. So the theory should say that use of an ENM should not materially increase the cost to an embedded network owner.

In that context BEA is satisfied that embedded network owners bear the cost of the ENM, and in BEA's market segment it does not believe the AER need to develop other methodologies to apportion ENM costs to customers of a 'user pays' principle.

Q.20 - Do stakeholders support these requirements? If so, why? Or, if not, why not?

Q.21 - Is the time to appoint an ENM reasonable?

Q.22 - Are the protections sufficient? Why not?

Q.23 - What further protections are required and why?

BEA does not expect to be involved in the 'eligible communities' market, however as a general observation BEA does not see any material issues with the AER suggested approach.

<p>Q.24 - Do stakeholders support these requirements? If so, why? Or, if not, why not?</p> <p>Q.25 - Are the protections sufficient? Why not?</p> <p>Q.26 - What further protections are required and why?</p>	
<p>BEA accepts the required appointment date of an ENM being 01 Dec 2017 for existing embedded networks and immediately for new embedded networks.</p> <p>BEA sees no material issues regarding 'eligible communities' being able to delay appointment of an ENM until a customer triggers the requirement.</p>	
<p>Q.27 - Do stakeholders have any feedback about Ombudsman dispute resolution services becoming accessible to small customers in embedded networks for matters relating to exempt embedded network service providers?</p>	
<p>BEA in its current approach already adopts an ombudsman scheme and hence supports AER's intention to add a requirement that exempt embedded networks service providers must apply to join an Ombudsman scheme where it is available in a jurisdiction.</p>	
<p>Q.28 - Do stakeholders agree with these amendments? If so, why? If not, why not? If relevant, what further changes do you consider necessary or desirable?</p>	
<p>BEA does not see any issues with the AER proposed amendments regarding changes in tariff and late payment fees to better align with the retail selling guidelines.</p>	
<p>Q.29 - Do stakeholders agree with these amendments? If so, why? If not, why not? If relevant, what further changes do you consider necessary or desirable?</p>	
<p>BEA does not see any issues with AER's proposed redraft of clause 4.1.12 on access to retail competition.</p>	
<p>Q.30 - Do stakeholders agree with these amendments? If so, why? If not, why not? If relevant, what further changes do you consider necessary or desirable?</p>	
<p>Although BEA hasn't traditionally been involved in network conversions, it supports the AER's proposed approach to ensure smaller customers are not prevented from accessing retail competition.</p>	