



Our reference: CTS23818/16

Department of  
Energy and Water Supply

Mr Chris Pattas  
General Manager – Networks  
Australian Energy Regulator  
GPO Box 520  
MELBOURNE VIC 3001

Dear Mr Pattas

**Re: Issues Paper - draft amendments to the Electricity Network Service Provider Registration Exemption Guideline**

The Department of Energy and Water Supply welcomes the opportunity to provide comment on the Australian Energy Regulator's (AER) Issues Paper.

The department notes that the AER proposes to amend the Electricity Network Service Provider Registration Exemption Guideline to incorporate the Embedded Network rule change which will reduce the barriers to embedded network customers accessing offers from electricity retailers.

While Queensland policy currently restricts competition in embedded networks, the recent rule change provides an opportunity to consider this policy in light of the customer benefits and administrative arrangements that the rule change will facilitate. The department is investigating options which may lead to the removal of the current legislative barriers that prevent embedded network customers accessing retail market offers, subject to appropriate Government consideration.

Of particular immediate interest to Queensland is Question 13 of the Issues Paper where it is proposed that an exempt embedded network with 30 or more customers operating in a relevant activity class and not subject to a non-appointment or reversion entitlement under condition 4.7.2, must appoint an Embedded Network Manager (ENM) by 1 December 2017.

Mineral House  
41 George Street Brisbane  
PO Box 15456 City East  
Queensland 4002 Australia  
Telephone +61 7 3137 4296  
Website [www.dews.qld.gov.au](http://www.dews.qld.gov.au)  
ABN 91 416 908 913

The department is of the view that this condition places an unnecessary obligation upon those exempt embedded networks in some parts of regional Queensland where customers are not able to access a retail market contract. The department requests the AER to consider creating an exemption to this condition for those exempt networks, with 30 or more customers, where retail competition is not yet established, to be exempt from the requirement to appoint an ENM by 1 December 2017.

Of further interest to the department is Question 27, which seeks feedback from stakeholders in relation to allowing Ombudsman dispute resolution services becoming available to small customers in embedded networks. The department recently consulted on this particular issue, and notes a number of issues were raised during consultation. One of the limiting factors is EWOQ's 'user-pays' structure which works well for large electricity retailers but could be difficult to administer for multiple smaller embedded network owners. Furthermore, while EWOQ is considered user friendly, there are existing dispute resolution mechanisms currently available to embedded network customers which are considered adequate. A preferred position in relation to this issue is yet to be finalised.

Once again, thank you for the opportunity to comment on the Issues Paper. If you require further information please contact Ms Ty Taylor, Director, Consumer Policy of the department on (07) 3199 4978.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Paul Simshauser', with a large, sweeping loop at the end.

**Paul Simshauser**  
**Director-General**  
**Department of Energy and Water Supply**