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Wednesday, 8 April 2020

Sarah Proudfoot  
General Manager, Consumers and Markets Branch  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

Dear Ms Proudfoot

## **RE: Retailer Reliability Obligation draft opt-in guidelines**

ERM Power Retail Pty Ltd (ERM Power) welcomes the opportunity to respond to the Australian Energy Regulator's (AER) draft opt-in guidelines for the Retailer Reliability Obligation (RRO).

### **About ERM Power**

ERM Power (ERM) is a subsidiary of Shell Energy Australia Pty Ltd (Shell Energy). ERM is one of Australia's leading commercial and industrial electricity retailers, providing large businesses with end to end energy management, from electricity retailing to integrated solutions that improve energy productivity. Market-leading customer satisfaction has fuelled ERM Power's growth, and today the Company is the second largest electricity provider to commercial businesses and industrials in Australia by load<sup>1</sup>. ERM also operates 662 megawatts of low emission, gas-fired peaking power stations in Western Australia and Queensland, supporting the industry's transition to renewables.

<http://www.ermpower.com.au>

<https://www.shell.com.au/business-customers/shell-energy-australia.html>

### **General comments**

ERM Power provided feedback to the AER on the opt-in guideline issues paper in October 2019. We are pleased that the draft guideline has addressed some of the key concerns that we raised at the time. Chiefly, we support the provisions included to ensure that an opt-in customer must opt-in for all connection points at a site. We have consistently argued that this is a crucial safeguard to minimise the risk of large customers switching loads from one connection point to another to minimise their RRO liability while not reducing demand.

The second key point we made was that a fixed percentage for prescribed opt-in customers was the only reasonable way to allow for such customers to split their liability in a way that did not create distortions. We are pleased to see that the AER has retained this design feature as was proposed in the issues paper.

We also highlighted that the shift to five-minute settlement in July 2021 could lead to challenges in determining a customer's maximum coincident demand across different sites with different meter types and recording intervals (15 minutes or 5 minutes). ERM Power is glad that the AER has acknowledged this upcoming challenge and will seek to use flexible approaches to deal with customers who may have multiple meter types at a site that do not record usage over the same time intervals.

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<sup>1</sup> Based on ERM Power analysis of latest published information.



Finally, the COAG Energy Council has recently released information about changes to the timing of the RRO; T-1 instruments will no longer require a T-3 trigger. ERM Power considers that the AER will need to adjust the timeframes in this guideline to ensure that there is sufficient time for customers to opt-in and retailers to manage their contract positions accordingly.

Please contact me if you would like to discuss this submission further.

Yours sincerely,

[signed]

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