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8 March 2022

Mr Warwick Anderson
General Manager, Network Pricing
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

By email: tariffguideline@aer.gov.au

Dear Mr Anderson,

Draft Export Tariff Guidelines

Thank you for the opportunity to comment on the Australian Energy Regulator's (AER's) Draft Export Tariff Guideline (the Guidelines).

Background to EWOQ

The Energy and Water Ombudsman Queensland (EWOQ) provides a free, fair and independent dispute resolution service for small electricity and gas customers across Queensland and water customers in South East Queensland who are unable to resolve a dispute with their supplier.

The comments set out in this letter reflect the views of EWOQ.

We support the objective of the Guidelines, however this is a significant and controversial change for customers, and we welcome the considered approach being taken. We acknowledge the important responsibility of the AER to approve any export tariffs as meeting the requirements of the National Electricity Rules and this Guideline.

We support the customer protections outlined under section 1.2, and we welcome the requirement that distributors must submit an export tariff transition strategy. This will provide transparency about their long-term intentions to introduce or not introduce export tariffs, and critically to assist customers understand these changes.

Our principal concerns to share are:

1. communicating tariff changes from retailers to customers, and
2. achieving simplicity in tariff structures.

1. Communicating tariff changes from retailers to customers

It is fundamental and critical that customers are informed of any tariff changes. From our systemic issues investigations, we know first-hand that informing and engaging with customers on tariff changes is critical, however we are aware of situations where this is not occurring in practice.

The National Energy Retail Rules (NERR) relates to the supply and sale of electricity. Section 46 of the NERR stipulates the notice period that is required prior to any changes being implemented to the energy charges payable by customers. When there is a variation to energy charge payable, which benefit a retailer, the retailer under the NERR must give customers 5 days notice of the variation.

However, changes to a solar feed in tariff (FiT), are a change to the amount payable by retailers to a customer. This is referred to in the NERR as an energy payment, meaning it is not a charge payable by the customer. The NERR does not require retailers to notify solar customers about any changes to their FiT rates (referred to in the guideline as the negative charging component), instead a retailer's market contract terms apply.

This can be a source of customer complaints and should be addressed in conjunction with these reforms.

Some retailers already acknowledge that while they do not have an obligation to provide prior notice of changes to its FiT, they recognise the importance of providing adequate notice.

Scheme Participant response December 2021:

The Scheme Participant advises there is no time period by which they were legally required to notify customers of upcoming changes to the Solar Feed in Tariff (FiT). The retail energy rules stipulate the notice period that is required prior to any changes being implemented to the energy charges payable by customers. The notice received by the customers cited refers to changes to solar FiT. This is a change to the amount payable by a Scheme Participant to a customer – it is not a charge payable by the customer.

The Scheme Participant acknowledge that while they do not have an obligation to provide prior notice of changes its FiT, they recognise the importance of providing adequate notice, and where this has not occurred, they do apologise.

2. Achieving simplicity in tariff structures

It is important to ensure future pricing reforms are mindful of customers impacts, the objectives of the Better Bills reforms and the objectives of simplicity as part of broader energy made easy reforms. Simplicity in tariff structures is critical so that customers can engage with their energy provider, easily compare tariff offerings, and determine the most suitable tariff arrangements for their needs.

Behavioural research conducted by Energy Consumers Australia in October 2021, highlights the issue of tariff complexity and lack of customer understanding¹ In response to a question regarding consumers electricity tariff structure, 35% of consumers were unsure or did not know the tariff structure of their energy plan.

We would also like to reference a case study from the Energy and Water Ombudsman New South Wales (EWON) supplied as part of a joint submission on the AEMC's consultation - Billing contents and billing requirements² This case study highlights potential consequences for customers confused by their retail energy bills.

Case study (EWON):

Residential customer billed on a business tariff for many years

A customer had been recently advised by her retailer that she had been charged business electricity rates for her residential property since June 2015. Prior to this, she had no indication that her bills were billed on a business tariff, as her electricity contract was not clear, and her bills did not indicate a business tariff. The retailer

¹ Energy Consumers Australia: Behaviour Survey October 2021
<https://ecss.energyconsumersaustralia.com.au/behaviour-survey-oct-2021/how-people-use-energy/>

² Joint Policy Submission: EWON, EWOQ, EWOSA, EWOV, October 2020
[rule change submission - rrrc036 - ewon ewosa ewoq and ewov - 20201023.pdf](https://www.aemc.gov.au/rule-change-submission-rrrc036-ewon-ewosa-ewoq-and-ewov-20201023.pdf)
([aemc.gov.au](https://www.aemc.gov.au))

advised it would take approximately 20 business days to change the tariff and the account would not be rebilled retrospectively.

An EWON investigation established that the customer's property had been classified as business prior to the retailer obtaining the billing rights in November 2016. It was not clear if this was discussed with the customer when her account was established in November 2016, or when a new plan was put in place October 2017. EWON also noted that the electricity contracts and bills did not provide clear information to indicate that she was on a business tariff. The retailer amended her tariff to a residential rate and provided a customer service gesture.

We reserve comment on customer impacts until such time distributors have had the opportunity to trial various network tariffs (two-way pricing or a new tariff for the export of energy) on different customer segments and conduct detailed customer impact analysis.

If you require any further information regarding our submission, please contact Mr Jeremy Inglis, Principal Policy Officer (EWOQ) [REDACTED]

[REDACTED]