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

Dear Mr Pattas

**Submission on Draft Amendments to the Electricity Network Service Provider Registration Exemption Guideline**

I refer to the AER's draft amendments to the Electricity Network Service Provider Registration Exemption Guideline (**Guideline**), August 2016.

Jemena Limited (**Jemena**) welcomes this opportunity to make a submission in response to the draft amendments to the Guideline. We are also grateful for the opportunity provided to engage with the AER in relation to aspects of the draft amendments at the AER stakeholder forum held on Monday 26 September.

**Our submission**

Our submission focuses on a number of improvements we believe will enhance the Guideline and make it more workable. They relate to:

- a) Inconsistency in the registrable classes of exemption NRO4 and NR5; and
- b) Mandatory requirement to undertake a marketing requirement for a minimum period of at least three months before an application is made to the AER for a brownfield conversion.

Our detailed response is set out in **Attachment 1**.

If you have questions in relation to the submission, please contact me on (03) 9173 8774 or at [siva.moorthy@jemena.com.au](mailto:siva.moorthy@jemena.com.au).

Yours sincerely



Siva Moorthy  
**Manager Network Regulation**

## Attachment 1

### Registrable classes of exemption – other situations

Table 4 sets out the registrable classes of exemption for other situations. It describes the activity class NRO4 as:

*“Industrial, commercial and ‘mixed–use’ facilities but not including residential or energy generation activity and any activity listed in table 3. Includes the unmetered supply of energy under an agreed commercial scheme between large customers.”*  
**[Emphasis added]**

We understand the activity is “on-going supply” to industrial, commercial and ‘mixed–use’ facilities. We suggest this be made clear in the description of the activity class NRO4.

More importantly, we understand that this activity class is designed to cover activities involving direct commercial negotiations involving large customers. We say this because table 7 clearly excludes application of conditions from 1 to 12, except for condition 3 and 9. Additionally, the condition 4.4.2 ENM appointment trigger conditions (section 4.4.2) do not apply to activity class NRO4.

The AER notes the in the Issues Paper, *“We [AER] also omit references to generation, industrial and commercial situations described in tables 2, 4 and 5 on the basis that these situations are likely to involve a direct arrangement with a market retailer with the necessary accreditation to correctly manage the metering installation. In these circumstances, the costs of appointing an ENM are likely to outweigh the benefit of an early appointment”*.

The purpose behind having an activity class NRO4 is welcomed. However by virtue of not including any activity listed in table 3 (table 3 includes activity NR5, which refers to supplying energy to *large customers*) activity class NRO4 is rendered unworkable. We cannot think of an activity fitting into this class.

To make activity class NRO4 workable, Jemena suggests the words “and any activity listed in table 3” be deleted from the description.

### Approval by the AER (section 4.9.7)

Condition 4.9.7 requires the applicant must conduct a marketing campaign for at least three months. There may be circumstances where a substantial majority of tenants and residents agree to the conversion in a shorter marketing campaign period.

Recognising the likelihood that different application circumstances warrant different measures, Jemena considers the guideline should be flexible to accommodate a shorter marketing campaign period. We propose the mandatory consultation period be deleted from condition 4.9.7:

*“The applicant must conduct a marketing campaign ~~for at least three months~~ based wholly on this condition 4.9. If the applicant can demonstrate at the conclusion of that period a substantial majority of tenants and residents have agreed to conversion to an embedded network, the applicant may apply to the AER to convert the network.”*

## Table headings

Below are some table headings from the draft Guideline.

Table 1 – Deemed classes of exemption – energy selling or supply

Table 6 – Deemed classes of exemption – energy selling and supply at no cost

Table 3 – Registrable classes of exemption – energy selling or supply

Table 8 – Registrable classes of exemption – energy selling

For example:

- table 1 states “or” whilst table 1 states “and”;
- the words “at no cost” appears misplaced; and
- table 8 does not include the words “or supply”.

Jemena suggests the title heading of the tables should be aligned and made clear.

## Glossary

The Guideline refers to “registered distributor” in a number of areas. In one area it refers to “NEM registered distributor”. We understand a *licensed distributor* under state or territory legislation is also a *registered market participant* in the NEM. JEN suggests that the AER defines “registered distributor” to also mean licensed distributor in the Glossary.