



21 April 2020

Consumers and Markets Branch
Australian Energy Regulator
Melbourne Vic 3001

Sent by email: RRO@aer.gov.au

Retailer Reliability Obligation (RRO) Opt-in Guideline Draft Decision

Major Energy Users Inc (MEU) is pleased for the opportunity to provide its views on the draft decision relating to the Retailer Reliability Obligation (RRO) opt-in guideline prepared by the Australian Energy Regulator (AER), and appreciates the additional time permitted to make this submission.

The MEU was established by very large energy using firms to represent their interests in the energy markets. As most of the members are located regionally and are the largest employers in these regions, the MEU is required by its members to ensure that its views also accommodate the needs of their suppliers and employees in those regional areas. It is on this basis the MEU and its regional affiliates have been advocating in the interests of energy consumer for over 20 years and it has a high recognition as providing informed comment on energy issues from a consumer viewpoint with various regulators (ACCC, AEMO, AEMC, AER and regional regulators) and with governments.

The MEU stresses that the views expressed by the MEU in this response are based on looking at the issues from the perspective of consumers of electricity but it has not attempted to provide significant analysis on how the proposed changes might impact generators, network service providers, retailers and other stakeholders.

As a general observation, the MEU considers that the opt-in guideline is an important element of the RRO mechanism as it provides essential flexibility to end users to help manage their exposure to the electricity market. While the MEU considers that the opt-in provision will need to be used wisely, to opt-in will impose some significant costs and internal compliance issues on the end user.

The MEU considers that the draft decision generally meets the requirements that the MEU considers necessary for a large end user to either decide not to opt-in to the RRO (and so require its retailer to provide the RRO service) or to opt-in and assume the liability for a single reliability gap period. The MEU appreciates that an end user will only be able to opt-in for a specific forecast reliability gap period as this allows

2-3 Parkhaven Court, Healesville, Victoria, 3777

ABN 71 278 859 567

the end user the flexibility to not be liable for subsequent or other forecast reliability gap periods.

The MEU notes that the AER will make public a “less detailed public record of opt-in customers for a given reliability gap period”. The MEU does not support even this limited public exposure approach as the information about an end user and its decision to opt-in must be kept confidential, even to the extent that the particular end user has even become liable. The MEU points out that the release of this information can be detrimental to the end user and fails to see where even the limited release of data adds any value to the public good. While the MEU considers that it is important that the end user’s retailer does need to know that it is no longer has a RRO liability for that end user so that the retailer can manage its exposure.

To achieve this, the MEU considers that in the application for obtaining opt-in status for a specific forecast reliability gap period, an end user should be required to advise the AER who its retailer is and the AER should advise that retailer of its decision whether the opt-in has been allowed and any other necessary details about the end user. The MEU considers that no one else (including other retailers) needs to be made aware of this decision, as such information does not provide any benefit to the public at large but does protect the end user.

The MEU points out that end users regularly review their retailer’s offerings and may institute changes in their retailers for commercial reasons. One of the reasons for changing its retailer might be because of the cost its existing retailer imposes on the end user to manage the RRO for that end user with such a decision by a retailer triggering an end user to seek registration for opting-in. In the event that an end user does change its retailer, this might also change the end user’s decision to opt-in. With this in mind, the MEU does not agree with the AER regarding the request by an end user to seek de-registration of its request to opt-in.

While the MEU agrees with the AER that the Rules prevent the AER from imposing on a retailer a requirement to re-accept the obligation, the MEU considers that if an end user applies for de-registration together with written advice from a retailer that it will accept the obligation, then the AER should allow the de-registration to proceed, and that this deregistration should be allowed **at any time prior to the liability being incurred**.

The MEU is happy to discuss the issues further with you if needed or if you feel that any expansion on the above comments is necessary. If so, please contact the undersigned at davidheadberry@bigpond.com or (03) 5962 3225

Yours faithfully



David Headberry
Public Officer