



# **Notice of instrument: Amendments to Retailer of Last Resort plan**

July 2015

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## Table of Contents

Shortened forms.....	2
Nature and authority .....	3
Amendments to the RoLR plan .....	4
General amendments.....	4
RoLR contacts .....	4
Changes to obligations on RoLR participants .....	4
Queensland specific obligations.....	6
RoLR exercises.....	6

## Shortened forms

Shortened form	Long form
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
Retail Law	National Energy Retail Law
Retail Rules	National Energy Retail Rules
RoLR	Retailer of Last Resort

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# Nature and authority

## Introduction

This Notice accompanies version 4 of the Australian Energy Regulator's Retailer of Last Resort plan (RoLR plan). Version 4 of the RoLR plan will take effect from publication.

The AER consulted in June/July 2015 on a range of amendments to simplify and improve the RoLR plan. The AER received one submission, which supported the proposed amendments.

## Authority

The National Energy Retail Law (Retail Law) allows us to make and amend the RoLR plan.

## Role and purpose of the RoLR plan

Electricity and gas retailers operate in competitive markets. In this environment, it is possible that some gas and electricity retailers will fail. The AER works with other participants to ensure customers of a failed retailer are protected.

Under the Retail Law, the RoLR scheme establishes arrangements to transfer the customers of a failed retailer to another retailer, so that continuity of supply is maintained. The AER is responsible for administering several aspects of the national RoLR scheme, including developing, making and maintaining RoLR plans.

The RoLR plan sets out the procedures to be followed by market participants in a RoLR event, including communication with the customers of the failed retailer. The plan also establishes the scope and frequency of RoLR scheme test exercises. These exercises are designed to test the systems and processes of RoLR plan participants for managing a RoLR event.

## Definitions and interpretation

In this Notice, key words and phrases have the meaning given to them in:

- the shortened forms or
- if not defined in the shortened forms, the Retail Law and National Energy Retail Rules (Retail Rules).

## Version history and effective date

The superseded version of the RoLR plan is version 3 (August 2012).

The current version of the RoLR plan is version 4 (July 2015).

## Amendments to the RoLR plan

Our amendments to the RoLR plan are summarised below. The revised RoLR plan is also available on our website at [www.aer.gov.au](http://www.aer.gov.au).

### General amendments

The revised RoLR plan includes changes that:

- improve the plan based on a review of outcomes from RoLR exercises, and subsequent discussions with industry participants
- account for Queensland specific requirements in its adoption legislation for the National Energy Customer Framework, which commenced on 1 July 2015
- clarify the obligations on RoLR participants and simplify the structure of the plan.

The text throughout the RoLR plan has been amended to clarify the obligations on RoLR plan participants. Changes have also been made to simplify the structure of the document, remove unnecessary content (including all templates) and update content to reflect current market arrangements.

The RoLR plan is required, under s. 162(3) of the Retail Law, to be consistent with AEMO's RoLR procedures on the operation or implementation of the RoLR scheme. A new provision has been included in the RoLR plan to clarify that where there is an inconsistency between these documents, the RoLR procedures take precedence.

### RoLR contacts

The requirement for RoLR contact information to be provided to the AER has been expanded to all RoLR participants. A RoLR event may impact, and impose obligations on, all retailers (for example, the requirement to provide information to customers affected by a cancelled transfer). Contact information for all retailers will allow for timely notification of a RoLR event so that the businesses can prepare to meet these obligations.

The RoLR plan has also been amended so that retailers and distributors must maintain up to date RoLR contact details on AEMO's *Retail operations contact list*, in addition to the contact details provided to the AER. Participants may nominate different RoLR contacts for AEMO and the AER.

The obligation on the AER to publish a public version of the RoLR contacts list, and to regularly circulate the list to RoLR participants, has been removed from the RoLR plan. However, the RoLR plan provides that the AER may disseminate retailers' and distributors' RoLR contact information to relevant market participants before or during a RoLR event if considered necessary.

## Changes to obligations on RoLR participants

### Australian Energy Regulator

The requirements for appointment of an additional RoLR have been amended to allow the AER more time to notify AEMO in some circumstances. Specifically, where a RoLR event

will be triggered by AEMO suspending the retailer from a wholesale market or revoking its registration, notification of an additional RoLR appointment can occur at any time prior to the suspension or revocation taking effect.

The list of recipients of the RoLR notice issued by the AER has been extended to include 'any service provider for a gas transmission pipeline, gas producer or other person subject to directions for gas under s. 137 of the Retail Law'. As these businesses may be obligated to act during a RoLR event, prompt provision of the RoLR notice will allow for faster resolution of any gas supply and capacity issues affecting the designated RoLR(s).

A requirement for the AER to send supporting text messages in a RoLR event has been removed from the plan. With email available on mobile devices, the text message is largely redundant for ensuring timely notification of the RoLR event.

The requirement for the AER to publish the RoLR notice on its website 'within 24 hours of the RoLR event' has been amended to 'within 24 hours of the AER becoming aware of the RoLR event'. This change will allow the AER sufficient time to prepare and publish the RoLR notice in all circumstances.

The list of parties who will receive email notification within 24 hours of the AER becoming aware of a RoLR event has been amended so that specific types of consumer intermediaries are not listed. In practice, the AER will likely look to contact those intermediaries that it has readily available contact details for, including members of the AER's various consumer panels and groups.

The requirement on the AER to provide the RoLR event report to the Ministerial Council on Energy (now the Council of Australian Governments Energy Council) 'within 80 days of the RoLR event' has been amended to 'within 80 days of the transfer date for customers of the failed retailer'. This change brings the requirement in line with the Retail Law.

A new requirement has been added that the AER publish a report on any RoLR exercise on its website, within 30 business days of the exercise date. The AER is required under the Retail Law to publish reports on RoLR exercises. The timing has been changed from 20 business days proposed in the consultation draft to allow the AER sufficient time to consider all participant feedback following a RoLR exercise.

Statements in the consultation draft about the manner in which the AER will contact participants, stating that phone, email or other communication methods may be used, have been removed as they are unnecessary.

## **Australian Energy Market Operator**

The RoLR plan gives AEMO more discretion on when it should provide the AER with reports on connection numbers and load for a retailer. These reports are not required until a retailer fails to meet a call notice or margin call, but AEMO has discretion to provide these reports earlier if it or the AER forms a belief that there is a risk of a RoLR event.

## **Designated retailers**

The RoLR plan now contains a timing requirement for a designated RoLR to notify the AER when it has received details of the failed retailer's customers, within one business day of receipt.

Designated RoLRs for a gas RoLR event are now required to notify the AER as soon as they become aware that the gas supply or capacity available to them may be insufficient to service the customers of the failed retailer.

### **Failed retailer (or an insolvency official of the failed retailer)**

The failed retailer (or an insolvency official of the failed retailer) is now required to notify the AER as soon as practicable following a RoLR event. The failed retailer must also notify the AER when it has met its obligations to provide information to designated RoLRs and its former customers.

### **Distributors**

Electricity distributors must provide details of the failed retailer's customers to the designated RoLR(s). The RoLR plan now includes a timing requirement for this obligation, with the notification to be provided by within one business day of the details being provided to the designated RoLR(s).

### **Queensland specific obligations**

Some customers connected to Queensland's Ergon Energy distribution network have card-operated meters installed. The RoLR plan now addresses the specific requirements in the National Energy Retail Law (Queensland) in relation to these meters in a RoLR event, including that:

- the failed retailer is to provide information to customers with card-operated meters on how credits on cards used with the meters will be refunded
- the designated RoLR is to send written information to customers of the failed retailer with card-operated meters on implications for credits on cards used with the meters.

### **RoLR exercises**

The RoLR plan clarifies the likely frequency of RoLR exercises. It provides that the AER will aim to conduct a RoLR exercise every 12–18 months, subject to the occurrence of any RoLR events.