



27 May 2022

Mr Mark Feather
General Manager, Strategic Energy Policy and Energy Systems Innovation
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Email: AERpolicy@aer.gov.au

Dear Mr. Feather,

RE: Retailer authorisation and exemption review issues paper

Origin Energy appreciates the opportunity to provide a submission in response to the Australian Energy Regulator's *Retailer authorisation and exemption review* issues paper.

We believe the key challenge for the AER in revising its authorisation framework will be striking the right balance between providing adequate customer protections, not dis-incentivising the entry of new innovative services, and ensuring competitive neutrality between existing participants and new entrants that do not fit the typical business model requiring authorisation.

We support the use of the Energy Security Board's consumer risk assessment tool. However, the tool appears largely qualitative which means the AER will need to apply its judgement.

While the AER has indicated that it will consider a range of options to address potential harms and risks, it is not clear how the outcomes of the risk assessment tool will be used to form a decision. For example, how will the AER's qualitative based assessment decide if one service warrants greater regulatory oversight than another. Also, if the AER determines greater oversight is required, how will it determine which level of oversight is appropriate e.g. whether it should be the application of a retail authorisation or the application of an industry code. We believe the framework ought to be as objective as practicable when applying such decisions.

Also, it is not clear how each risk for each customer archetype will be collectively assessed. For example, a risk may be prevalent for one archetype and not the other. In these instances, how will the AER balance these differences in making an overall decision? Furthermore, we consider the AER should consider the inclusion of a retired couple and a working couple with no children as two more potential archetypes.

While the AER has provided a preliminary identification of the risks consumers may encounter in response to its proposed business models, it has not assessed what actions would be required to mitigate these risks. We believe this is a vital step that requires transparency and objectivity. We also believe it requires engagement with industry to understand what mitigants industry would be willing to put in place as part of the AER's assessment. By way of example, Origin has provided preliminary responses to the AER's indicative assessment. This is provided at Attachment A.

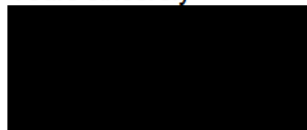
We understand that the AER must decide on the form of authorisation at a point in time. However, in an evolving market this may no longer be appropriate. The AER will need to consider how and when an authorisation ought to be reviewed (to make the oversight stronger or weaker). In doing so it will need to balance the need for a change in oversight with the risk of eroding investment certainty.

In terms of embedded networks, we recognise that the AER has recently reviewed its retail exempt selling guideline and its network exemptions guideline. However, in the context of this current review, we consider that the AER should coordinate any further assessment of embedded networks with the outcomes of the AEMC's embedded network review i.e. such as any subsequent rule change proposals.

Similarly, consideration of consumer risks for vulnerable customers and especially how equity ought to be factored into an assessment framework needs to be made in concert with the AER's ongoing work on customer vulnerability.

If you have any questions regarding this submission, please contact Courtney Markham in the first instance on [REDACTED] and or [REDACTED].

Yours sincerely

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Sean Greenup
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Service	AER Risk Assessment	Response
EV Charging	<ul style="list-style-type: none"> • Once EVs become the main type of vehicle used by customers an EV charger may become an essential service in the same way as the supply of energy is. • The ability to switch EV charging providers could be inhibited by an EV charging arrangement that could be bundled with the purchase of an EV. Access to other providers could also be restricted (such as being locked in through smart software or a hardware limitation unless there is interoperability between devices). • Consumers may not be given enough information to understand their EV charging arrangement and make informed decisions. • What dispute resolution mechanisms will be in place, such as whether there will be access to an ombudsman service if the EV charging stops working. • Some consumers may not be able to access these services due to social and financial circumstances. 	<p>Origin considers these risks could be addressed by requiring provider to adopt hardware and software that complies with an open-source communication standard like Open Charge Point Protocol to ensure interoperability, which would allow customers to 'port' their service to a different provider.</p> <p>The AER could prescribe minimum information requirements on in-house EV charging providers.</p> <p>Providers could be required to ensure customers can access charging infrastructure by providing roaming access to public charging points and working with ARENA to subsidise EV chargers to allow them to be more affordable.</p> <p>We have identified an additional risk, which stems from a lack of open standards among networks. There is no visibility as to how networks plan to treat EV tariffs and the charge/ discharge regimes these will have. If these are not consistent across network areas, then it is likely to impede consistent approaches to both pricing and customer experience across regions and jurisdictions. For example, the costs for public EV charging may be vastly different than those you would receive at home, dependant on where you happen to be.</p>
Aggregation Services	<ul style="list-style-type: none"> • Consumers that have access to aggregation services or energy management services are likely to have access to a primary energy connection and these services will likely be secondary connections or add-on services. These products and services are likely to not be an essential service. • There may be interdependencies or linkages between essential energy supply and an aggregation service e.g. essential service may be impacted if a customer signs up to a service that allows an aggregator or retailer to manage their smart appliances. It is possible this could result in the aggregator/retailer increasing the customer's smart air conditioning thermostat on a high temperature day so that the aggregator/retailer is able to sell higher levels of electricity into the wholesale market at high prices. • If a customer defaults on payments for DER appliances (e.g. an EV) or aggregation service payments could this result in the customer's access to energy being placed at risk. 	<p>Origin supports the use of separate agreements with customers for their 'essential supply' and the aggregation services we provide. We aim to ensure customers essential supply is manage appropriately to not inconvenience or detriment a customer whilst managing their overall services competitively.</p> <p>Providers should ensure their hardware or software does not intentionally exclude portability to other service providers.</p> <p>We support subsidies and discounts when purchasing DER appliances in return for the ability for the appliance to be enrolled in the aggregation service. This will allow a service provider/retailer to provide agreed benefits to the customer. Repayment of these</p>

	<ul style="list-style-type: none"> • Consumers may have invested in a bundle of DER, including appliances and home management plan that could lock them in to a certain arrangement. If there is no interoperability between technologies and/or appliances with the relevant service provider, consumers may not be able to easily switch providers. • If the provider of the aggregation service is an authorised retailer and fails, the retailer of last resort provisions will apply to the sale of energy. If the provider is not, then the ROLR will not apply. • DER telemetry and portability may not be available. This means that devices may need a specific service provider to function in the way consumers would like them to. • Consumers are likely to be subject to remote management of their services and devices. This may mean that a smart device turns off something at home that the consumer considers necessary, but the aggregator or energy manager does not. • Aggregation and energy management devices are likely to be complex and potentially expensive. Some consumers may not understand what they are signing up to. Consumers may invest in DER to manage bill shock and may be reliant on the use of exports to repay the bills or appliances loan. • Aggregation and energy management services and products may intersect with other sectors (such as financial services where consumers need to access credit when purchasing a DER asset). This means it could be unclear to a consumer who is responsible for resolving a dispute when something goes wrong. • Potential issues could arise if a consumer is locked into a contract to pay off a device or assets. Managing the process of when a consumer leaves a premises and is unable to take a device or asset with them but has outstanding debt to repay on those assets, needs to be considered 	<p>subsidies may be required if the customer chooses to exit the contract, however these are considered separate to the customers contract for the supply of energy.</p> <p>There may be a place for external (e.g., Government) schemes or programs to assist customers who lack the financial capacity or personal circumstances (e.g., those who live in leased homes) to purchase a DER device, similarly to schemes which were introduced to increase the proliferation of household solar panels.</p> <p>Origin has introduced mechanisms which allow customers to augment their current aggregation service operation to better suit their energy use behaviours and goals.</p>
Multiple Service Providers	<ul style="list-style-type: none"> • Coordination may be required between providers to ensure the essential supply of energy is not interrupted • The ability to switch providers may be inhibited if consumers are locked into a service. They may have purchased a device such as a battery and need to pay it off with a third party. There is a risk future property owners may be bound by multiple provider arrangements entered into by a previous owner. • Energy services and products may be marketed and sold in ways that take advantage of the complexity and potentially mislead consumers. • Having multiple energy services may also result in a financial mismatch between arrangements. For example, a customer that enters into a 'spot price' deal with one service provider and a 'fixed price' deal with another service provider – depending on the 	<p>While these risks may arise in the future-state, Origin would caution against trying to introduce protections or limitations while the operating environment for multiple service providers is not finalised. It may be useful to consider various future-state scenarios to guard against unnecessary consumer risk, for instance, considering whether there would be more than one connection point to allow for multiple providers. However, what the eventual outcome of other regulatory processes will be should not be presumed.</p> <p>Origin notes that existing requirements of the Australian Consumer Law, and specifically</p>

	<p>consumption and generation patterns, and the market outcomes – could find themselves out of pocket.</p> <ul style="list-style-type: none"> • Vulnerable users may find they are sold complex products and services that have not been properly explained. This could result in these customers experiencing payment difficulties due being sold a product not suited to their circumstances. Vulnerable consumers may also not be able to access hardship arrangements for any secondary connections. 	<p>aspects regarding unconscionable or misleading and deceptive conduct, still apply to these situations.</p>
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