

Friday, 11 January 2013

Ms Sarah Proudfoot
General Manager, Retail Markets Branch
Australian Energy Regulator
GPO Box 520
Melbourne, VIC 3001

By email: AERInquiry@aer.gov.au

Re: Revised Exempt Selling Guideline Review

Dear Ms Proudfoot,

Energy Action Pty Ltd is one of the leading energy management companies in Australia. We provide client solutions across the broad spectrum of energy management services including energy procurement, business case development for energy investments, project design for on-site generation, energy efficiency and emissions auditing and assistance with grant funding. With offices in Sydney, Melbourne, Perth, Brisbane and Newcastle we employ over eighty people and have a history of ten years experience in working with clients to service their needs within the evolving Australian energy market. We have followed the development of regulation for both reseller and network exemptions with interest and welcome this opportunity to comment on the revised exempt selling guidelines.

Energy Action firmly believes that energy customers' interests are best served through customer choice exercised in a market place where individuals' rights are recognised and upheld by relevant legislation and regulation. This is the view enshrined in the National Electricity Retail Law which requires the AER when considering retail exemptions to recognise the principles of no unnecessary divergence from authorised retailer requirements, general retention of the right of retailer choice and the maintenance of customer protection.

Against the background of these requirements the energy market environment in Australia is currently experiencing significant change. The combined forces of rising network costs, evolution of the gas market, maintained pressure to reduce environmental impacts and the social impacts of increasing electricity prices are placing the traditional model of large scale electricity generation and distribution under pressure. The concurrent rise in interest in embedded networks is therefore understandable and we expect this will lead to new and more innovative business models that may challenge the existing incumbent utilities.

Returning to the exempt selling guidelines review, the basis upon which the existing guidelines have been developed has been thoroughly debated and the revised guidelines represent a clarification and modest refinement of these. The issue here lies not in the detail of the

guidelines but rather with their interpretation and application by the AER. This will become much more relevant with closing of many of the registrable classes in January 2015. Energy Action notes that section 9.4 of the revised guidelines explicitly addresses new business models in the form of decentralised generation. Put broadly this states that due to the diversity of potential distributed generation projects the AER believes that these are best dealt with through Individual exemptions the conditions attached to which would be reflective of the specific circumstances. Energy Action supports this approach for the time being. In the longer term we would wish the guidelines to provide more certainty for new business models such as decentralised generation. In the mean time experience gained by the AER in granting Individual exemptions will be beneficial in formulating any such guidelines.

I hope that this submission is of assistance to the AER in its considerations and should you require any further information please contact Edward Hanna on telephone 02 9633 6406.

Kind Regards

A handwritten signature in cursive script that reads "Valerie Duncan".

Valerie Duncan
Managing Director
Energy Action Pty Ltd