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Australian Energy Regulator- Markets Branch  
GPO Box 520  
Melbourne VIC 3001

Dear Sir/Madam

**RE: Australian Energy Regulator's (AER) Approach to Retail Exemptions Issues Paper**

TRUenergy welcomes the opportunity to provide the following comments in relation to the Australian Energy Regulator's (AER) Approach to Retail Exemptions Issues Paper (the Paper).

TRUenergy supports the establishments of a national approach to the provision of energy to customers in embedded networks under the National Energy Customer Framework (NECF). In establishing such an approach, TRUenergy believes the AER must recognise both the existing regimes currently in place for embedded networks, and the benefits which come from customers being able to choose their retailer. Ultimately, TRUenergy is of the view that arrangements which prevent customers from having the ability to choose their retailers undermine the reforms undertaken by the Council of Australian Governments to bring about greater competition in the provision of energy and should therefore be prohibited.

TRUenergy is aware of the growing number of new developments which are being established as embedded networks specifically for the purpose of onselling energy to tenants at a profit. TRUenergy is concerned by this trend, not simply because such networks do not always allow for retailer choice, but more as a consequence of the problems they create for both customers and retailers more generally. Specifically TRUenergy is of the view that greater consideration should be given to the arrangements for contestable customers in embedded networks including how such customers are billed for network services, how these customers do not lose supply if the embedded network is legitimately disconnected, how customers in embedded networks on life support equipment are look after and what happens when the exempt seller fails.

TRUenergy acknowledges that there are circumstances where embedded networks facilitate the provision of energy to some customers, especially in the case of caravan parks, off grid areas and the supply of gas to some customer specifically for cooking purposes. In such situations where the exempt seller is not intending to generate a profit from the energy supplied TRUenergy does not believe the consumer protection measures should not be overly onerous. Conversely, where companies are supplying energy to small customers in embedded networks at a profit TRUenergy agrees that that these customers should be no worse off in terms of consumer protection than any small customer of a retailer. TRUenergy is concerned that the current regimes for these exempt sellers do not offer their customers the necessary protections in relation to billing, disconnections, price changes, dispute resolution and hardship.

In order to obtain an authorisation to sell energy, retailers are required to demonstrate that they have both the necessary financial and legal skills, and the relevant experience in the energy markets to hold such a licence. TRUenergy considers such a process is necessary given the essential nature of

energy and the significant impact that retailer failure can have on energy customers and market participants. TRUenergy is concerned that the current authorisation regimes for exempt sellers could be seen as an 'easier' way of attaining entry into a market to sell energy. As such, TRUenergy is of the view that the authorisation process for those business seeking to make a profit should not be any less onerous than it is for retailers, and if anything, it should be made harder, given that some exempt sellers provide energy to customers who do not have the ability to change retailer.

Equally, TRUenergy believes that exempt sellers providing energy to individual large customers should not be subjected to any additional regulation than that which applies to retailers. TRUenergy maintains the view that large customers in embedded networks are capable of determining the arrangements which best suit their needs in terms of price and service, and therefore should not have to comply with the same consumer protection measures as they would if they supplied energy to small consumers.

Given the difficulties that can arise for customers in embedded networks in relation to disconnections, pricing, billing and metering, TRUenergy supports the AER establishing a public register which incorporates the information proposed in the Issues Paper. TRUenergy views this as a necessary step to provide the AER with greater visibility of the onselling of energy to customer in embedded networks.

Like with retailer failure, TRUenergy sees the importance of having arrangements to protect customer in the event of exempt seller failure. In this regard, TRUenergy does not support the sharing of disconnection notices with the AER is likely to be effective given that by the time the seller is receiving a disconnection warning it is very probable the onseller is close to insolvency and as such it is unlikely the AER would be in a position to do anything. To reduce the impact of onseller failure, TRUenergy would support exempt sellers having to post a guarantee with the AER equivalent to three months of sales, much like the prudentials retailers have to lodge with the Australian Energy Market Operator.

Finally, TRUenergy was disappointed that the AER decided to schedule the public forum in relation to this Issues Paper after the lodgement of submissions. Having not heard the views of the other stakeholders, TRUenergy has been somewhat constrained in providing responding to the issues raised in the Paper.

Should you have any questions in relation to this submission please feel free to give me a call on (03) 8628 1185.

Yours sincerely

Alastair Phillips  
Regulatory Manager  
TRUenergy