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Dear Ms Jorgensen

Thank you for the opportunity to comment on the draft *Exempt Selling Guideline* and the *Electricity Network Service Provider Registration Exemption Guideline* (*Network Exemption Guideline*).

The Australian Energy Regulator (AER), in the *Notice of draft instrument – exempt selling guideline*, states that customers of exempt sellers should not be denied customer protections afforded to customers of authorised retailers, in so far as possible. Energy Division agrees with this approach and as such supports the AER's approach to exempt selling. This submission highlights further areas where customers of exempt sellers may be protected and also seeks to clarify certain conditions on exemptions contained in the guideline.

Both the draft *Network Exemption Guideline* and the draft *Exempt Selling Guideline* define small and large customers with regard to a 100MWh pa threshold for electricity. This threshold is referred to throughout both documents. It should be noted that South Australia intends to maintain its current threshold of 160MWh pa after NECF commencement. Other jurisdictions may also modify the definition of small and large customers contained in the NECF. Therefore, it may be prudent to amend the guidelines to recognise this.

Under rules 116(1) and 120(1) of the National Energy Retail Rules (NERR), distributors and retailers are not permitted to arrange de-energisation during an extreme weather event if the customer has not paid a bill. South Australia will be adopting the Essential Services Commission of South Australia definition of an extreme weather event at NECF start which will ensure South Australian energy consumers are protected by the NERR provision. It is considered that this protection should be extended to South Australian exempt customers under the AER's guidelines. It is therefore suggested that any conditions dealing with disconnection be amended to include the extreme weather event prohibition in those jurisdictions that define extreme weather event for the purposes of the provisions in the NERR.

The draft *Exempt Selling Guideline* refers to 'sites' on several occasions, however, does not provide a definition of the term. It is understood that during discussions with Energy Division staff, it was mentioned that the AER would take a pragmatic approach to its consideration of a 'site', whether it be defined by geographic boundaries or connection to the main grid. In order to avoid confusion, it may be prudent for the AER to provide further clarification on the matter while preserving the flexible approach. This may be achieved by way of providing examples on the different definitions of 'site'.

It has been noted that the *Network Exemption Guideline* requires all customers to be individually metered except where the AER has determined an unmetered supply is permitted. A comparable requirement does not currently exist in South Australia. Accordingly, a large number of inset network operators may not be able to meet the requirement from the commencement date. South Australia therefore suggests that the AER will need to take a practical approach when considering existing inset networks and their transition to NECF and consequently to the AER's guidelines.

On page 41 of the *Exempt Selling Guideline*, it is stated that '...it is the exempt seller's responsibility to inform the AER of any changes that may affect compliance with the applicable conditions.' Energy Division would like to express concern on placing the compliance monitoring onus on the registered exempt sellers. Energy Division would also like to understand whether the AER intends to monitor compliance in any other manner.

Energy Division notes that many energy onsellors may not be aware of the upcoming changes to the regulation of onselling. The AER will need to consider how the communication of this information is made available to affected parties. I anticipate that the AER will endeavour to ensure that as many onsellors as possible are made aware of the relevant guidelines prior to commencement of the NECF.

Thank you again for the opportunity to comment on the guidelines.

Yours sincerely



Vince Duffy
Executive Director, Energy Division
Department for Transport, Energy and Infrastructure

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