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Interval Meter Reassignment Requirements – Draft Decision

Thank you for the opportunity to comment upon the *Interval Meter Reassignment Requirements - Draft Decision*.

TRUenergy does not support the proposed amendment to the Energy Retail Code requiring retailers to notify customers of a network tariff reassignment within 10 business days of receiving a notice to that effect from the distributor.

Mass market customers are billed by retailers on a bundled tariff rate. Therefore any changes to network tariffs are irrelevant to the customer, unless the retailer chooses to make an adjustment to the customer's bundled tariff, in accordance with the relevant terms and conditions which apply to the customer's sale agreement. This does not appear to have been considered by the Essential Services Commission, in either the Distribution Price Review final decision or the subsequent consideration of the network tariff reassignment issue, or by the Australian Energy Regulator (AER) in this draft decision.

Network tariff reassignments are currently permitted under prescribed circumstances, but there are no requirements under existing regulatory arrangements requiring retailers to notify the customer of any such change. Clause 4.3 of the Retail Code merely states, "*On request, a retailer must provide a customer with reasonable information on network charges, retail charges and any other charges relating to the sale or supply of energy comprised in the amount payable under the customer's bill.*" No case has been made as to why current arrangements are inadequate simply because of the mandated interval meter roll-out.

The proposed requirement would place significant costs on retailers, which will ultimately be borne by consumers. Of relevance in this consideration are COAG's Principles of Best Practice Regulation, the first three of which are listed below:

1. establishing a case for action before addressing a problem;

2. a range of feasible policy options must be considered, including self-regulatory, co-regulatory and non-regulatory approaches, and their benefits and costs assessed;
3. adopting the option that generates the greatest net benefit for the community;

The first principle would require the AER to consider whether existing arrangements are adequate, particularly given the bundled billing arrangements of mass market customers. The second and third principles would require the AER to consider the costs and benefits of current arrangements against those of the proposal, in particular considering the significant system, mail, and customer call-handling costs imposed upon retailers by the proposal. Until such an analysis has been completed, and demonstrates a net community benefit, no obligation on retailers to advise customers of a change of network tariffs should apply.

To the extent that any obligation does apply, it is unclear why retailers should be obliged to advise customers within 10 business days of receiving the notification. The time period appears arbitrary, and is not justified in the draft decision. Given the volume of such notifications, and the potential variability with which they may be provided by the five distribution businesses, the logistical demands upon retailers, and system changes required to support them, will be significant. Further the to points raised above, there has been no consideration as to the relative costs and benefits of advising customers within 10 business days, against a more lenient time frame.

To the extent that a precedent exists within the Retail Code, we note that under clause 26.4(b) retailers are not obliged to inform customers of a retail tariff change until the customer's next bill after the tariff change. In the absence of any justification to the contrary, involving demonstration of a net benefit, if an obligation to advise the customer is imposed, it should be based on the existing retail code obligation of no later than the customer's next bill after the change.

In summary, and consistent with existing regulatory arrangements, there should be no obligation on the retailer to advise the customer of a change of network tariffs, and any change in retail tariffs should be advised no later than the customer's next bill.

Please contact me on (03) 8628 1122 if you require additional information.

Yours sincerely,

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