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30 April 2010

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

Dear Sir/Madam

I am writing to you in relation to the Australian Energy Regulator's (AER) Retailer Authorisation Guideline Issues Paper.

With the introduction of the National Energy Customer Framework TRUenergy supports a national approach to the authorisation, transfer, surrender and revocations of retailer authorisations. To this end, TRUenergy approves of the broad direction of the authorisation guideline. However, TRUenergy believes the number of retailers presently in the different markets also demonstrates that the current authorisation processes do not act as a barrier to the entry of new retailers and if anything, the recent events show that the existing processes may not be stringent enough.

Given the impact that retailer failure can have on both retailers and customers in the market, TRUenergy strongly supports an authorisation process which ensures any retailer which enters the market has a comprehensive compliance plan and compliant systems.

TRUenergy believes that any retailer operating in the market must demonstrate both a financial and technical capacity to be able to retail energy effectively. In order to assess the financial viability of the new retailer it is important that the AER works with the Australian Energy Market Operator. In assessing the financial viability of the new entrant, TRUenergy believes it is important that the retailer has the sufficient financial capital and a prudent business model to service the needs of its customers. As well as this TRUenergy sees it as important that as part of granting a new authorisation, the AER must also determine the technical capacity of the new entrant retailer to both operate and manage the servicing of its customer with energy and can comply with the relevant regulatory obligations.

In assessing any new market entrant TRUenergy believes that it is also appropriate for the AER to investigate any compliance breaches involving the officers and associates of the retailer which have occurred in the past 10 years old and have led to enforcement actions or undertakings.

TRUenergy believes that all retailers should have comprehensive hardship policies, incorporating the provision of repayment plans, energy efficiency advice and information about government concessions and rebates to assist customers who are struggling to pay their energy bills. TRUenergy however does not support the requirement in the authorisations process on the entrant to identify hardship

customers. As has been acknowledged in previous consultations relating to hardship the identification of customers in hardship by retailers is extraordinarily difficult due to there being no one set of circumstances for energy hardship and therefore no single definition of what energy hardship is. Because of this, retailers have to rely on customers self identifying themselves for hardship assistance, and thus such a provision in the authorisation process for retailers to identify customers in hardship is irrelevant.

TRUenergy does not support the AER targeting retailers which resume retailing after a period of dormancy for compliance auditing and monitoring, rather it believes that it would be more prudent for the AER to focus its compliance auditing on the past behaviour of all retailers .

The imposing of conditions on the transfer, surrender or revocation of a retailer authorisation must ultimately be based on the National Energy Market Objective that is, to promote efficient investment in, and use of, electricity services for the long term interests of consumers of electricity with respect to price, quality, reliability, safety and security. To this end, TRUenergy believes that except in cases of authorisation transfers, there should not be any requirement that customers impacted by the surrender or revocation of a retailer authorisation should remain on the same or better terms. Given that the surrender or revocation of a retailer authorisation is likely to occur where there has been retailer failure, the existing terms of the effected retailer may be responsible for its failure, and thus the honouring of such terms could impact the overall viability of the retail market.

Finally, TRUenergy does not support the establishment of procedures for customers to take action against their retailer following the revocation of its authorisation. Given there are existing legal avenues which are available to customers the establishment of additional procedures are unnecessary and will result in additional cost for all customers. As well as this, TRUenergy does not believe a retailer could ever adequately resource such a process to deal the potential grievances of customers in such situations.

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