



TELSTRA CORPORATION LIMITED

Submission to Australian Energy Regulator's review of the authorisation and exemptions framework

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Introduction

Telstra welcomes the opportunity to respond to the Australian Energy Regulator's (AER) review of the Authorisations and Exemptions Framework (*the review*).

We support the review to ensure that the frameworks governing energy businesses remain fit-for-purpose in a transitioning energy market and encourage a review of this nature to occur on an ongoing basis.

Australia's demand for data and energy is evolving, and decisions made now on the integration and management of new energy products and services need to accommodate and support the benefits this will bring. Technology, particularly the increasing use of connected devices in and around the home, is creating opportunity for new solutions to old problems associated with generation, transmission, storage. Empowered by the data they have access to, consumers will continue to demand simpler, more flexible, and more transparent energy options.

We support the review by the AER and support the Energy Security Board's (ESB) overall intent to evolve data availability, appliance standards, tariff structures and operating envelopes to enhance the visibility and flexibility of distributed energy resources (DER). This will result in a rapidly changing market and how customers engage with their energy supply.

To achieve an energy market that delivers benefits to a range of customers, interacting with their energy supply and services in increasingly diverse ways, we encourage the AER to consider adopting an outcomes-based approach to regulation. This type of approach in the energy sector would help ensure customers can access benefits to a diversifying energy sector while also being sure of consistent consumer rights and support irrespective of how they choose to engage with their energy supply and products. An outcomes-based approach would create a sliding scale in the AER's toolkit for responding to different market needs as technology and business models develop.

Competitive neutrality in the energy market and across new energy products and services will be increasingly important as the line between primary and secondary energy supply becomes blurred. This blurring will occur as a result of new technologies, and through digital transformations such as the Consumer Data Right, ESB2025 initiatives, the Government's Digital Economy work and more. Outcomes-based regulation which focuses on core energy protections will deliver consistency for customers and make it easier for them to engage in the market.

The key focus at this stage of the review should be on whether the energy supply is via the customer's primary or secondary source. For example, a customer supported primarily by a micro-grid or stand-alone power system or embedded network should be afforded the same types of key consumer protections made available to customers through traditional energy retailers. This is more achievable where outcomes-based regulation applies. Some of the key consumer protections are:

- **Non-payment for new energy products or services** – customers who fall behind on payments for new energy products and services which are not their primary energy supply (e.g. solar panels) should not be disconnected from their primary supply as a result of non-payment on these new products and services.
- **Dispute resolution** – customers should have clear information about dispute resolution options for new energy products and services (see below).
- **Access to information** – customers should have access to relevant information such as price changes, impacts to supply (including disruptions, updates etc), dispute resolution, privacy,



etc. This should include a greater requirement of education and clear, customer friendly information by new energy product and service providers.

- **Consumer control** – customers should be able to control their consumer energy resources (CER).¹ This includes services such as aggregation and demand management. While limiting the customer's use of appliances, such as air conditioning, can aide the market – it is important that they have an ability to opt out if they wish.

Dispute resolution

As energy products and services meld in the home and network, it may be difficult for a customer to know how to access support or raise complaints about new energy products and services. New energy products and services should provide customers with clear information on dispute resolution, which may extend to external dispute resolution bodies such as the Energy & Water Ombudsman.

This will become increasingly important as the Energy Security Board's DER Implementation Plan delivers reforms to increase DER proliferation, management, and uptake. For example, the Flexible Trading Arrangements (FTA) at the connection point will likely increase consumer engagement with new products and services and help accelerate a move from passive to active energy consumers.

This will become increasingly important for both consumers and EWO's as more new energy products and services enter the market. EWO's have noted an increase in complaints associated with behind-the-meter (BTM) services – including those outside of authorised and exempt retailers. Demand response programs, virtual power plants, data services provided by retailers and solar providers are beginning to emerge in external complaints data. We note that the current funding models for most EWO will likely not be sustainable or appropriate as new energy products and services provided outside of EWO members increase.

The AER could consider the model used in the Consumer Data Right, where accredited data recipients are able to be a member of at least one relevant dispute resolution body (whether this is the Australian Financial Complaints Authority, an EWO, or potentially the Telecommunications Industry Ombudsman²).

AER authorisation

The AER has posed questions on their ability to consider, and reconsider, retail authorisations. We agree that there are circumstances in which the AER should be able to review or consider a business' technical capacity, however this should not be a blanket application. For example:

- A non-energy retail authorised business who seeks to acquire an authorised retailer should be subject to some review by the AER. This does not necessarily mean a full authorisations review, but at least determining the competency / technical capability.
- An authorised energy retailer who is acquiring another authorised energy retailer should not be subject to these same conditions as their competency was already assessed and determined by the AER.
- An authorised energy retailer who seeks to change elements of their business model should not give rise to a review of their authorisation. We do not believe there could be an

¹ Energy Consumers Australia recently released an article encouraging the use of the term CER in place of DER for-customer products and services.

² This is still under consultation by The Treasury.



appropriate measure for whether there is a substantial change in business models, as companies are changing and adapting their processes and models all the time. This scenario would require unreasonable self-identification or reporting requirements on energy retailers. Should the AER seek to expand their ability to consider authorisation beyond the point-in-time of authorisation application, we would encourage clear thresholds for how these would be delivered. For example, the AER would be required to have a clear trigger to allow them to undertake a review – whether this is acquisition or threshold/materiality of change. The AER must also have clear rules on what action it can and cannot take (for example, would the AER seek powers to block the acquisition, or signal intention to review, revoke or vary the energy retailer's exiting authorisation if there a potential acquisition by a non-energy business who the AER deems not to have technical capacity etc).

Finally, we encourage the AER to ensure that another review of this nature takes place in 3-4 years and on an ongoing basis. This will help ensure that the rules governing NECF are keeping pace with technological, product and market advancements and ultimately delivering protections and value to customers.