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Network Service Provider Registration Exemption Guideline Review

Submission by Veeve Energy Pty Ltd

Introduction

Veeve Energy Pty Ltd (Veeve) is deeply concerned over AER's changes to network service provider registration exemption guidelines. Our concerns are that in the efforts to provide choice to customers, the additional compliance costs will lead to an increase in pricing and reduction in competition.

The following outlines our areas of concern for embedded network operators and their customers.

4.2.2.1 Basic metering requirements

Veeve Energy agrees it is necessary to provide safe and convenient access to meters for essential services, meter reading and meter test and maintenance. However, we have found in the past that keys are not returned by trades. Body Corporates are reluctant to continually replace missing keys. Tenants often access the meters and energise their own power without appropriate safety checks.

The responsibility to safe access should lie with Building Managers and Body Corporates.

How does AER propose to enforce the same access requirements on Building Managers and Body Corporates?

4.2.2.3 Retail competition – access requirements

If option (a) applies, what prevents the retailer/customer from offering NIL compensation to access the meter. The fee should be set by the ENO and include compensation for the purchase/lease of the asset.

In the event the retailer/customer determines the value, it may place downward pressure on the ENO. Remaining customers will be burdened with additional costs, eventually resulting in less competition.

The limitations may be placed on excessive compensation requests. It is not unreasonable for the ENO to request compensation on a cost-plus basis.

The effect of this clause, in combination with 4.2.2.4 will, in the longer term, impede competition as embedded network services providers are forced out of the market on financial grounds.

4.4.2.1 Small size network threshold

The distribution networks need to consider the network charges and minimum demand charges applied to sites of less than 30 customers. It is unlikely that an ENO can sustain price matching with a large retailer. There is no benefit to the customer in this scenario.

If the desired outcome is to increase competition and lower prices to consumers, the network charges on smaller sites should be reduced.

4.6 Pricing

The Power of Choice reforms may enable consumers to select an alternative provider which for the main part is idealistic.

Group A charge profiles enable the ENO to charge shadow network to the consumer however, the mechanism for charging i.e. the consumer receives 2 bills for their electricity supply, is cumbersome and creates confusion.

Under the current arrangement a consumer may, to avoid receiving two bills for their supply, take the option of swapping out the meter. This is a time consuming and costly exercise for all involved. Additionally, it does little to promote Green credentials within the industry.

Many meter providers would like to install their own asset rather than take on the asset of an alternative meter provider. This under the guise of quality assurance.

How can this contribute to lower cost for the end user?

ENO's have the capacity to record which of their assets are orphan meters. The ENO could bill the retailer directly for those assets that are orphan meters. However, if the consumer changes retailers there may be a delay in notifying the ENO.

Alternatively, the retailer would know that the asset is a child meter and the owner of the asset. The retailer could remit network charges to the ENO monthly.

4.6.4 Charging customers

Compliance with 4.6.4 (a) is not limited to the time and cost to amend current systems. This is ongoing maintenance by smaller ENO's to continually monitor distributor pricing and update accordingly. There are also additional administrative time/cost issues to update pricing structures relevant to each distribution network. Each distributor need only resource for one amendment.

Larger retailers are better equipped to resource these changes. Smaller ENO's will bear the burden of additional compliance as they must monitor and update for multiple distribution networks.

ENM Rule Change

“the parent NMI and ENM details must be provided to every customer by a notice on the bills issued after the date.”

The requirement provides so much information to a customer it causes confusion. Is the average consumer expected to know so much detail about their billing?

Again, additional IT, formatting and compliance costs for ENO's to be passed onto the customer.

Exempt customer dispute resolution and ombudsman scheme access

Many ENO's already have internal dispute resolution guidelines. Currently less than 0.01% of customers use our dispute resolution process. I note there is already an increase in vexatious claims since 1 December 2017. The customers are not looking for the “cheapest deal” or “best customer service”.

Veeve proposes ENO's should implement a dispute resolution process that aligns with Ombudsman scheme. However, contributions to Ombudsman scheme far outweighs the benefits to consumer.

A possible scenario is to insist as part of an exemption, that “approved” guidelines are in place.

Non-mains Energy Concession

ENO should have the capacity to apply for concession on behalf of eligible consumers.

This would have a more advantageous impact to those end – customer that most require cash flow relief.

Conclusion and Recommendations

Veeve Energy Pty Ltd is grateful for this opportunity to register its concern over the draft electricity NSP Registration Exemption Guidelines. We regard the changes as cumbersome to Embedded Network Operators and the changes will not address the concerns of customer.

Our recommendations for the Registration Exemption Guidelines are as follows:

- Where a customer elects to nominate an alternative retailer, the ENO should be able to charge retailers and/or distributors use of their assets. This will assist in maintaining green credentials
 - ENO's may charge a fair and reasonable amount for connections/disconnections where the amount is the same for all their customers.
 - Where an embedded network is less than 30 customers, network charges should be discounted by the distributor.
 - ENM details and Gate Meter NMI are provided on customer request. They do not need to appear on every invoice.
 - The Dispute Resolution Process should be approved by government body without the need to costly fees from Ombudsman
 - ENO's should be afforded opportunity to apply for concessions on behalf of eligible consumers
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