

19 March 2014

Ms Jacqui Thorpe  
Acting General Manager  
Retail Markets Branch  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

Dear Ms Thorpe

### **Application for Exemption by Repower Shoalhaven**

Thank you for the opportunity to respond to Repower Shoalhaven's application for an exemption from holding a retail authorisation.

Simply Energy has provided the Australian Energy Regulator (AER) with a number of submissions in response to these types of retail exemption applications as well as the AER's Regulation of Alternative Energy Sellers review.

We were expecting the AER to release a paper following the close of the submission period to the review on 22 November 2013 explaining the AER's position in relation to alternative energy sellers and how they will be managed in future. Instead we have seen the AER grant exemptions from the requirement to hold a retail authorisation to a stream of applicants who sell energy.

The AER has set a precedent by granting these exemptions and as a result we consider that the conclusions of the review may have been pre-empted by the AER granting these exemptions. Nevertheless, we consider that this is an important matter and we will continue to raise our concerns until the review is concluded.

The primary concerns we have raised in previous submissions are as follows:

- The National Energy Consumer Framework (NECF) is becoming a discretionary purchase item for the end customer, raising the question of whether the NECF is required at all.
- Continued approval of these types of exemptions may result in an outcome where there is no longer a retailer that holds the obligation to supply at a site.
- It suggests that only a proportion of a customer's energy supply could be considered essential.

It appears that none of these concerns have resonated with the AER, but we believe they are central in deciding whether the AER is preserving the National Energy Retail Objective (NERO) in continually approving these exemption applications.

The NERO is to

... promote efficient investment in, and efficient operation and use of, energy services for the long term interests of consumers of energy with respect to price, quality, safety, reliability and security of supply of energy.

We do not believe that it is in the long term interests of customers to create loopholes in the regulatory framework that result in inconsistent application of the NECF and create incentives for authorised retailers to re-design their business models so that they too take advantage of the loophole.



Level 33, Rialto South Tower  
525 Collins Street  
Melbourne, Victoria 3000  
Fax +61 3 8807 1199  
simplyenergy.com.au

We encourage the AER to re-consider the long term impacts of the actions it is taking in approving these exemption applications. We do not believe that approving Repower Shoalhaven's application for an exemption is achieving the NERO.

Please don't hesitate to contact me on (03) 8807 1132 if you would like to discuss this submission further.

Yours sincerely

Dianne Shields  
Senior Regulatory Manager