



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

19 July 2018

Ms Sarah Proudfoot
General Manager, Retail Markets
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

By email: retailcompliance@aer.gov.au

Dear Ms Proudfoot

AER COMPLIANCE PROCEDURES AND GUIDELINES REVIEW 2018

We support the amendments to reporting requirements to inform the Australian Energy Regulator (AER) if energy retailers and distributors are compliant with the retail law (NERL) and rules (NERR). We request an increase in the upper consumption threshold for electricity, which determines a 'small' customer, in the NERR from 100MWh per annum to at least 190MWh per annum. The increase proposed reflects the average amount of energy small businesses across Australia are actually using. Usage was captured in the *Analysis of small business retail energy bills in Australia* by Energy Consumers Australia.¹

This change ensures small businesses also receive notices in regard to the *fixed benefit – new requirements* and can access *customer hardship* policies. The cost of energy has been increasing over the past 10 years and small businesses are suffering as a result of these rising costs. Time poor small businesses require a reasonable period to ascertain the impact of changes to benefits and seek a new energy provider – itself a time intensive task – if the change is unaffordable.

It is disappointing that reporting on discounting has not been included under these guidelines. It is common practice for energy providers to add an amount to their standing offer as a penalty. Effectively a 'discounted price' is the standing offer. We ask you review this decision and include in reporting a retailers standard offering, discounted offering and penalties. That these rates be made public so end users can determine if they are truly receiving a discount.

Small and Medium Enterprises make up 98% of the economy and need to be afforded the reasonable protections to level the playing field with large users who can negotiate significant discounts on energy. As outlined in the ACCC's report on electricity supply and price inquiry, small to medium-sized enterprises (SMEs) suffer when energy providers do not self-regulate and turn a blind eye to anti-competitive behaviour.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact Jill Lawrence on [REDACTED] or at [REDACTED]

Yours sincerely

Anne Scott
Principal Adviser

¹ *Analysis of small business retail energy bills in Australia Small and Medium Enterprise Retail Tariff Tracker Project*