



9<sup>th</sup> November 2015

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

By email: [AERExemptions@aer.gov.au](mailto:AERExemptions@aer.gov.au)

Dear Ms Proudfoot

#### AER (Retail) Exempt Selling Guideline

The Caravan, Camping & Touring Industry & Manufactured Housing Industry Association of NSW (including Caravan & Camping Industry Association, Manufactured Housing Industry Association and Land Lease Living Industry Association) is the state's peak industry body representing the interests of caravan and holiday parks, manufacturers and retailers of caravans, RVs, motorhomes and camping equipment, land lease communities and manufacturers of relocatable and manufactured homes.

We currently have over 700 businesses representing all aspects of the caravan and camping industry. Over 400 of these members are operators of holiday parks and land lease communities (residential parks, including caravan parks and manufactured home estates) in various areas of New South Wales. A large percentage of these businesses have embedded electricity networks where the operators purchase energy from a retailer and on-sell it to their customers.

The geographical breakdown of our members' businesses is as follows:

| Region                          | Number of Businesses |
|---------------------------------|----------------------|
| Far North Coast & Tweed         | 60                   |
| North Coast                     | 77                   |
| New England (North Western NSW) | 21                   |
| Manning/Forster                 | 26                   |
| Hunter                          | 84                   |
| Central Coast                   | 60                   |
| Sydney                          | 91                   |
| Leisure Coast                   | 61                   |
| South Coast                     | 73                   |
| Central NSW                     | 26                   |
| Murray & Riverina               | 25                   |
| Canberra & Snowy Mountains      | 20                   |
| Western NSW                     | 6                    |
| Interstate                      | 81                   |

As an important stakeholder in relation to the AER's regulation of embedded networks in NSW, we welcome this opportunity to respond to the AER's draft revised version of its (Retail) Exempt Selling Guideline September 2015.

### Relevant Exemption Classes

Under the current AER (Retail) Exempt Selling Guideline (Retail Guideline) and Electricity Network Service Provider Registration Exemption Guideline (ENSP Guideline) our caravan and holiday park and land lease community members are classified as follows:

| Embedded Network Type                                                                                                                                                            | AER Exemption Classes                                                                                                                                                                                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operator selling metered energy to occupants of holiday accommodation on a short-term basis in a caravan/holiday park                                                            | Class D3 of the Retail Guideline and Class ND3 of the ENSP Guideline<br><br>Do not need to register their details with the AER, however are required to comply with Conditions attached to their exemption |
| Operator selling metered energy to residents who principally reside in the caravan park/residential park or manufactured home estate                                             | Class R4 of the Retail Guideline and Classes NR4 and NR05 of the ENSP Guideline<br><br>Must register their details with the AER and comply with Conditions attached to their exemption                     |
| Operator selling metered energy to occupants of holiday accommodation on a short-term basis as well as residents who principally reside in the caravan/holiday park (mixed park) | Class R4 of the Retail Guideline and Classes NR4 and NR05 of the ENSP Guideline<br><br>Must register their details with the AER and comply with Conditions attached to their exemption                     |

### Amendments to the Retail Guideline

On the whole, the Association supports the AER's revised version of its (Retail) Exempt Selling Guideline September 2015, particularly the changes made to improve readability and clarification of how the AER administers the guideline. Please see below for submissions on specific matters:

#### Exemption class changes

We have no objections to the proposed amendments in relation to power purchase agreement providers and temporary sales of energy in building and construction.

#### Class variations

We have no objections to the proposed minor variations to exemption class criteria and applicable conditions.

## Core condition variations

### Obligation to supply

We support the proposed amendment to Condition 1 to allow an exempt person to refuse to sell energy to a customer where the customer owes money under their ongoing energy account, or where the customer has been de-energised for a reason other than the failure to pay a bill and has not rectified the matter within 10 business days.

### Payment arrangements

Our enquiries with members indicate that there is no barrier to operators of embedded networks in caravan and holiday parks and land lease communities offering customers a minimum of two payment methods. We therefore see no issues with new Condition 3 (2).

### Pricing

We support the retention of the current electricity tariff limitation in Condition 7, which caps the amount exempt sellers can charge residential customers at the relevant applicable standing offer. In NSW, the new Residential (Land Lease) Communities Act 2013 (which commenced on 1 November 2015) reiterates this requirement for residents living in land lease communities.

Further, where the supply of electricity at a residential site is less than 60 amps, clause 13 of the Residential (Land Lease) Communities Regulation 2015 requires the operator to discount the service availability charge in accordance with the following:

| Level of Supply to Site (amps)         | Maximum level of SAC |
|----------------------------------------|----------------------|
| Less than 20 amps                      | 20%                  |
| 20 amps or more, but less than 30 amps | 50%                  |
| 30 amps or more, but less than 60 amps | 70%                  |
| 60 amps or more                        | 100%                 |

This is unchanged from the repealed Residential Parks Act 1998.

Further, we agree that clauses 7(5) and 7(6) cause confusion for exempt sellers and we support the removal of these clauses from the guideline.

### Disconnection of supply

We have no objections to the amendment of clauses 9(2)(i) and (ii), making it clear that exempt sellers' obligations to assist customers in financial hardship apply only to sellers whose customers are residential and to allow exempt sellers to disconnect non-residential customers for non-payment after meeting certain requirements.

### Disconnection of supply prohibited

We have no objections to the removal of clause 10(4).

### Reconnection of supply

We refer to the requirement that an exempt seller 'must reconnect the premises' where the requirements of Condition 11 have been met and the AER's question of whether the obligation should be time limited and if yes, what limits should be imposed. Considering the

retail exemptions framework is aimed at giving exempt customers protections similar to those of retail customers, we see no issue with the application of time limits placed on retailers also applying to exempt sellers, particularly if an exempt seller also owns and operates the network.

#### Rebates and concessions

We note that under amendments to Condition 12 the AER is proposing to require exempt sellers to claim government rebates or concessions on behalf of customers who cannot claim the rebates or concessions themselves, thereby altering the current obligation to use 'best endeavours only' to a positive obligation. While this is not an issue for New South Wales, as exempt customers can claim government energy rebates and concessions themselves, some of our members are part of larger 'groups' of parks or communities with sites located interstate.

Our enquiries indicate that there are additional administrative costs that exempt sellers incur in making these claims - at the stage of applying for rebates and concessions and ongoing in terms of accounting for rebates and concessions in each billing cycle. This should not be an issue for operators provided they have an ability to recover this cost by way of a reasonable 'administration' or 'processing' fee.

Otherwise, there is no objection to removing the obligation to use best endeavours if the amendment is not adopted. Most operators in our industry assist their customers in claiming these rebates or concessions where possible.

#### Clarification of 'long term park residents'

We support the clarification that any residents for whom a caravan park or manufactured home park is where the person lives most of the time and/or the person has no other place of residence, those residents are 'long term residents' for the purposes of the guideline. Terminology can differ, but the assessment is correct (for example, in NSW residents in land lease communities who own their dwellings but rent a site are now called 'home owners').

Thank you to the AER for taking into consideration the above matters. We are available to discuss this submission further and look forward to our continued involvement in the consultation process.

Should you have any questions or require further information please contact us on (02) 9615 9999 or email [admin@cciansw.com.au](mailto:admin@cciansw.com.au).

Yours sincerely,



Lyndel Gray  
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