

17 July 2018



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

Dear Ms Proudfoot

**Energy Queensland submission to Amendments to AER Compliance Procedures and Guidelines consultation**

Energy Queensland Limited (Energy Queensland) welcomes the opportunity to provide comment to the Australian Energy Regulator (AER) on draft version 6 of the AER Compliance Procedures and Guidelines – National Energy Retail Law, Retail Rules and Regulations.

This submission is provided by Energy Queensland, on behalf of its related entities Energex Limited (Energex), Ergon Energy Corporation Limited (Ergon Energy), and Ergon Energy Queensland Limited (EEQ).

Energy Queensland acknowledges the importance of a robust compliance and reporting regime for the Australian energy market and appreciates the need for ongoing refinement to ensure consistency with the AER's regulatory objectives. Energy Queensland notes that while the proposed changes are not, on the whole, substantial, the inclusion of some provisions into the reporting framework seems unnecessary. Further, Energy Queensland seeks clarification from the AER regarding several aspects of the proposed changes.

Energy Queensland's detailed responses to the questions posed in the Consultation paper are provided in the attached response. Should the AER require additional information or wish to discuss any aspect of Energy Queensland's submission, please contact me on [REDACTED] or Trudy Fraser on [REDACTED]

Yours sincerely

A handwritten signature in black ink, appearing to read "Jenny Doyle".

Jenny Doyle  
General Manager - Regulation and Pricing  
Telephone: [REDACTED] / [REDACTED]  
Email: [REDACTED]

**Attachment** – Energy Queensland response to consultation questions

## Energy Queensland responses to consultation questions

#	Question	Response
1	Are there any concerns with implementing the proposed amendments to the reporting framework by 1 January 2019?	<p>Energy Queensland notes that new obligations for life support customers will apply to distributors and retailers from 1 February 2019. Our distribution businesses, Energex and Ergon Energy (Network), and our retail business, Ergon Energy Queensland, are working to ensure the required system changes are implemented in accordance with this timeframe. If the proposed amendments apply from 1 January 2019, not all provisions will be reported on for the month of January 2019.</p> <p>Energy Queensland requests an implementation lead time of at least six months from determination to allow our businesses sufficient time to make the necessary system changes for the proposed amendments to the reporting framework.</p>
2	What, if any, issues arise from the proposed amendment to immediate retailer reporting obligations around life support?	<p>Energy Queensland acknowledges the importance of communication with life support customers regarding the new registration process and is committed to ensuring that our retail business, Ergon Energy Queensland, will comply with its obligations to report any breaches to the AER immediately.</p> <p>However, Energy Queensland seeks clarity from the AER regarding why Rule 125(13) is included as an immediate notification obligation for retailers. This provision enables a retailer to voluntarily request a customer to confirm ongoing life support requirement ("<i>may, at any time, request</i>").</p> <p>As there are no specific restrictions or information requirements associated with this provision, Energy Queensland suggests that the AER consider removing rule 125(13) from the list of provisions for immediate reporting.</p>
3	What, if any, issues arise from the proposed amendment to immediate distributor reporting obligations around life support?	<p>Energy Queensland seeks clarity from the AER regarding why Rule 125(13) is included as an immediate notification obligation for distributors. This provision enables a distributor to voluntarily request a customer to confirm ongoing life support requirement ("<i>may, at any time, request</i>").</p> <p>As there are no specific restrictions or information requirements associated with this provision, Energy Queensland suggests that the AER consider removing rule 125(13) from the list of provisions for immediate reporting immediate reporting.</p>
4	Are there any matters arising from the fixed benefit rule change that may require a	Energy Queensland's retail business, Ergon Energy Queensland, is prevented from offering market contracts under Queensland legislation, and is not affected by the fixed

	reconsideration of the classification/frequency of reporting?	benefit rule change. As such, Energy Queensland offers no comment
5	What issues, if any, arise from the AER amending the reporting framework under the Guidelines to include the new rules introduced in the fixed benefit rule change?	Energy Queensland's retail business, Ergon Energy Queensland, is prevented from offering market contracts under Queensland legislation, and is not affected by the fixed benefit rule change. As such, Energy Queensland offers no comment
6	Are there any matters that may require a reconsideration of reporting with respect to NERL, Part 2, Division 4, section 37?	Energy Queensland's retail business, Ergon Energy Queensland, is prevented from offering market contracts under Queensland legislation, and is not affected by the fixed benefit rule change. As such, Energy Queensland offers no comment.
7	What, if any, are the implications of the AER changing the obligation on retailers to report potential breaches of explicit informed consent from half yearly to quarterly?	Energy Queensland's retail business, Ergon Energy Queensland, is prevented from competing for customers and prevented from offering market contracts under Queensland legislation. As such, Energy Queensland offers no comment.
8	What, if any, issues arise from the AER amending the Guidelines to require retailers to report potential breaches of NERR Part 2, Division 9, rule 57A and NERL, Part 2, Division 5, section 40 to the AER on a quarterly basis?	Energy Queensland's retail business, Ergon Energy Queensland, is prevented from competing for customers and prevented from offering market contracts under Queensland legislation. As such, Energy Queensland offers no comment
9	What, if any, issues arise with the proposed inclusion of NERL, Part 2, Division 6, section 44 on half yearly reporting obligations on retailers?	<p>NERL section 43 requires retailers to develop and submit a hardship policy to the AER for approval. As part of this process, Energy Queensland anticipates that the AER would confirm that the hardship policy complies with the minimum requirements set out in NERL section 44 prior to approval.</p> <p>Given that the retailer hardship policies are seldom changed, Energy Queensland requests that the AER reconsider the inclusion of NERL section 44 for half yearly reporting.</p>
10	What, if any, issues arise with the proposed inclusion of NERR, Part 3, rules 71 – 74 on half yearly reporting obligations on retailers?	Energy Queensland's retail business, Ergon Energy Queensland, is very conscious of its social responsibility to support vulnerable customers in regional Queensland. Ergon Energy's "Customer Assist" hardship program provides support for residential customers struggling to pay their bills through tailored payment plans, energy advice, and eligibility for

		<p>government assistance.</p> <p>Energy Queensland considers that the risk of non-compliance for rules 71 to 74 is low and seeks further explanation from the AER of the need for the introduction of half yearly reporting.</p>
11	What, if any, issues arise with the proposed reduction in reporting obligations on retailers with respect to billing?	Energy Queensland welcomes the proposed reduction of retailer reporting obligations for billing and suggests that this change presents minimal risk for the AER.
12	What, if any, issues arise from the proposed move from a single pro-forma report template to two pro-forma report templates?	Energy Queensland supports the proposed change to two pro-forma report templates.
13	What, if any, concerns arise with requiring the company CEO or Managing Director (or acting CEO or Managing Director) signing the final audit report before it is submitted to the AER?	<p>Energy Queensland has concerns regarding the requirement for the company CEO or Managing Director to sign the final audit report before it is submitted to the AER (clause 4.30).</p> <p>As part of the audit process, an audit report is completed and signed by an independent auditor, who has the ability to make decisions independent of the company subject to audit. Energy Queensland questions the appropriateness of this report to then be signed by an officer of the company subject to the audit. Signing of the final audit report by the company CEO or Managing Director could compromise the independence of the auditor.</p> <p>Further, Energy Queensland requests the AER to clarify how this requirement would be implemented in practice.</p>
14	What, if any, issues arise from the proposed changes to clauses 4.22 to 4.34 of section 4 of the Guidelines?	<p>Energy Queensland has a number of concerns regarding the proposed changes to section 4 of the Guidelines.</p> <p>In relation to the introduction of the audit summary template (clause 4.28), Energy Queensland considers that the audit summary template should be published as part of the AER's consultation process, prior to finalisation of the Guidelines. Alternatively, the audit summary template could be provided to the regulated entity at the same time as the notice of the requirement to carry out a compliance audit. This would allow the regulated entity to provide the AER's summary template to potential auditors prior to engagement and prior to the commencement of the audit.</p> <p>In relation to the abbreviation of the period to provide the audit report to the AER (clause</p>

		<p>4.29), Energy Queensland is concerned that 5 business days may not be enough time for the final audit report to be drafted following the conclusion of the audit process, and endorsed by the appropriate signatory.</p> <p>Further, Energy Queensland also seeks clarification from the AER regarding the meaning of the new phrase "<i>the conclusion of the audit</i>" which replaces "<i>receipt from the third party auditor</i>".</p>
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