

20 January 2014

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

By email: AERInquiry@aer.gov.au

Dear Ms Thorpe,

RE: Australian Clean Energy Finance Fund application for an individual electricity exemption

The Energy Retailers Association of Australia (ERAA) welcomes the opportunity to provide feedback to the Australian Energy Regulator (AER) in response to the *Australian Clean Energy Finance Fund application for an individual electricity exemption*.

The ERAA represents the organisations providing electricity and gas to almost 10 million Australian households and businesses. Our member organisations are mostly privately owned, vary in size and operate in all areas within the National Electricity Market (NEM) and are the first point of contact for end use customers of both electricity and gas.

As a general principle, the ERAA does not believe that it is beneficial to require different service standards from businesses that are providing the same services. It creates uneven playing fields that distort competitive market outcomes. The ERAA supports competitive neutrality between businesses through the consistent application of the customer protection framework.

Whilst there may be barriers to entry in the retail energy sector, these barriers are not unnecessarily high, and exist to ensure that consumers are adequately protected. Should obligations under the National Energy Retail Rules only apply to primary retailers, these businesses will take on additional compliance costs, credit risk and liabilities for network charges. The proposed exemption may also introduce confusion for customers, who may be unsure of the responsible party in the event of an issue with their solar panel. This may result in increased costs for government, ombudsman, retailers and the Australian Clean Energy Finance Fund. This approach is not consistent with the principle that risks are apportioned to those parties best able to manage them.

It is the view of the ERAA that the National Energy Retail Law was developed to ensure a consistent and harmonised approach to consumer protections for all energy services. As such, maintaining appropriate standards of consumer protections for all customers, and competitive neutrality between competitors must be a strong consideration for the AER.

As energy is considered an essential service, there is a basis for requiring alternative energy sellers such as the Australian Clean Energy Finance Fund to obtain a retailer authorisation. This is of particular importance in the current changing regulatory environment. For example, the Australian Energy Market Operator's (AEMO) Multiple Trading Relationships and Embedded Networks Working Group is currently looking to implement a model where numerous energy service companies (retailers and alternative energy sellers) are able to

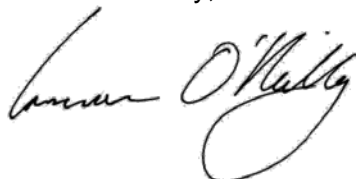


provide services through a single connection points. As these reforms are implemented and customers sign contracts with multiple service providers simultaneously, the complex environment and the increased costs noted above are more likely.

It is the ERAA's firm view that the AER should ensure that the alternative energy sellers, such as Australian Clean Energy Finance Fund, obtain a retail authorisation to ensure that the market can develop to include the business models of energy service companies whilst maintaining the existing consumer protections.

Should you wish to discuss the details of this submission, please contact me on (02) 8241 1800 and I will be happy to facilitate such discussions with my member companies.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Cameron O'Reilly', written in a cursive style.

Cameron O'Reilly
CEO
Energy Retailers Association of Australia