

16 December 2022



Mark Feather
General Manager, Strategic Policy and Energy Systems Innovation
Australian Energy Regulator

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Email: ██████████

Dear Mr Feather,

Review of Consumer Protections for Future Energy Services

Energy Queensland Limited (Energy Queensland) welcomes the opportunity to provide comment to the Australian Energy Regulator (AER) on its Review of consumer protections for future energy services options Paper.

This submission is provided by Energy Queensland, on behalf of its related entities, including Distribution Network Service Providers (DNSP) Energex Limited and Ergon Energy Corporation Limited, retailer Ergon Energy Queensland Pty Ltd (Ergon Energy Retail); and affiliated contestable business, Yurika Pty Ltd and its subsidiaries, including Yurika Metering.

Energy Queensland acknowledges the AER's preliminary position that the status quo may not be fit for purpose for the future energy market and a broad review of the National Energy Customer Framework (NECF) would identify opportunities for improved protections for consumers. However, there is not sufficient information available on how the proposed update to the NECF would impact the National Energy Retail Rules (NERR) and the National Energy Retail Law (NERL) and the broader energy framework including the National Electricity Law (NEL) and National Electricity Rules (NER). Broadening the protections of customers by NECF may also have implications for both DNSPs and retailers and as such should be considered.

As the National Electricity Market (NEM) transitions towards a net zero solution, Energy Queensland recognises the importance of encouraging market innovation via reduced barriers to entry and investment if we are to ensure the objectives of securing reliable, secure, and affordable power are achieved. Any review of NECF would need to consider its impact on market innovation.

Energy Queensland has reviewed the three models presented by AER and provides the following comments:

- **Model 1 – Tiered conditional authorisation framework, with reduced exemption framework**
Energy Queensland recognises that this model is likely to have the least impact on DNSPs. However, there is insufficient clarity on what is required to affect this option in terms of roles and responsibilities.
- **Model 2 – Authorisation framework based on regulatory principles**
Energy Queensland notes that from a retailer perspective, this model would result in a more balanced framework which applies a principles-based approach. Furthermore, this model appears to address the regulatory inconsistencies between authorised retailers and exempt retailers, by creating a level playing field in terms of regulatory obligations. It's important to ensure that customers are not disadvantaged from a consumer protection perspective. However, we note it may be difficult to establish the changes for future technologies and services without further details on this model being made available.
- **Model 3 – Outcomes-based regulatory framework**
Energy Queensland considers this model is too resource intensive and complex to implement at a time when the NEM has dedicated substantial resources towards navigating the existing, once-in-a-generation transformation intended to reshape our electricity system for the future. Energy Queensland does not support this model.

In addition, the proposed models will have implications on the Retailer of Last Resort (RoLR) regime. Energy Queensland is concerned that entities which sell energy outside of the traditional authorisation framework, that is under an exemption, may not be sufficiently established or large enough to handle the demands of becoming a designated RoLR. As such, we recommend the AER consider the RoLR requirements under this consultation.

A balanced, fit-for-purpose regulatory framework that seeks to reduce (rather than increase) costs is essential to ensuring the energy market can address consumer harms without stifling innovation or increasing costs for consumers. Any review of NECF should be subject to a cost benefit analysis to ensure an appropriate balance between customer protection, service and cost is maintained in addition to an examination of the potential impact on the NEL and NER.

Should the AER require additional information or wish to discuss any aspect of this submission, please contact either myself, or Tammara Scott on [REDACTED].

Yours sincerely,

[REDACTED]

Alena Christmas
Acting Manager Regulation

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