

10 October 2016

Mr Chris Pattas
General Manager, Networks
Australian Energy Regulator
GPO Box 520
Melbourne VIC 300

Via email: aer inquiry@aer.gov.au

To: Australian Energy Regulator

Re: **Draft Amendments to the Electricity Network Service Provider
Registration Exemption Guideline**

Energy Intelligence is writing in relation to the above consultation. We appreciate the opportunity to provide feedback on the draft Issues Paper.

About Us

Energy Intelligence are an energy management consultancy based in Melbourne. A core part of our services is the implementation and management of embedded networks throughout the NEM. Our clients are typically landlords of multi-tenant shopping centres. We have assisted in the creation and implementation of over 80 embedded networks.

Benefit of embedded networks to end users

It is our view that end users see the benefits of embedded networks installed at their premise. Namely, competitive energy rates, dedicated customer service and improved cash flow management for commercial users (as bills are typically issued monthly). This is illustrated by the typically high take up rates of tenants who choose to purchase from the exempt seller – typically over 85% for embedded networks Energy Intelligence install.

Responses to questions raised in the Issues Paper

Energy Intelligence have elected to respond to only issues raised that we consider pertinent to our business or where further clarification is sought.

Duplication of network charges

Q.1 - Is this sufficient? What more should be done? Who should bear responsibility for billing errors when network charges are duplicated?

We agree with the AER's approach of ENO as primarily responsible for brownfield retrofits, while the authorised retailer would be primarily responsible for greenfield embedded networks. However, there are cases in brownfield retrofits where the

ENO has done everything possible to minimise duplication of charges, however retailers or distributors have not updated their appropriate systems to resolve the duplication. To that end, we request the wording be changed so that the ENO should use “best effort” to resolve any duplications for brownfield retrofits.

Fees, charges and transactions costs

Q.2 - Should a meter reading charge be allowed at all, or should it be capped as we propose or by an alternative mechanism?

We request the AER reconsidering the following wording on condition 4.6.4.1 *“For advanced technology meters, a manually read meter charge is only permitted when a customer requests a physical read of the meter and the read is subsequently performed by physical inspection of the meter”*.

In some cases, remote readings are not available on advanced technology meters due to the embedded network owner not having access to these remote readings. This is the case where a new owner inherits an embedded network, and the incumbent meter provider chooses not supply access this information for commercial reasons. Manually reading these meters allows end users to be billed – the alternative is replacement of all the metering assets, which would incur a significant cost to the owner for no additional immediate benefit to end users.

Metering types and access arrangements

Q.7 - Do stakeholders consider these metering arrangements are sufficient to facilitate access to retail competition?

We note that with the Power of Choice reforms, distributors may charge exit fees for metering assets that are removed. Hence we are surprised by the comment *“Consequently, there is no obvious reason to shield embedded networks from the risk of stranded investments arising from shifts in the competition environment.”* We request embedded network operators be afforded to same financial protections as distributors and maintain the ability to apply a reasonable termination fee consistent with the principles of Chapter 6 of the NER.

We also request greater clarity from the AER around what to do with meters that were installed before 1 January 2012. As issue may arise where a faulty meter on an older site is replaced by a NEM-compliant meter. However it would be cost prohibitive to maintain data communications for one “smart” Type 4 meter only amongst the remaining older meters. We request flexibility to install a Type 5 or Type 4 capable replacement metering asset in these situations.

Q.9 - Are the requirements for maintenance of the embedded network metering installation appropriate? Should any other exceptions apply? If so, why?

Requirement 7.3.1.7 of the NER may be redundant for shared multi-tenanted spaces. For example, it would be difficult for a shopping centre tenant to install an

individual solar unit in a shopping centre. We suggest this requirement be mandatory only where there is solar connected to a specific end user and for that end user's meter only.

Alternative conditions for site conversion

Q.30 - Do stakeholders agree with these amendments? If so, why? If not, why not? If relevant, what further changes do you consider necessary or desirable?

Condition 4.9.3.1.c requires an ENO to price match a large customer if their existing contract with a retailer cannot be continued, or if they are not able to maintain their direct connection to a registered distributor. We query the justification for this condition as, if undertaken, it may require ENOs to supply energy at a loss.

Condition 4.9.7 dictates that a marketing campaign must last at least three months. This is an arbitrary figure as for smaller sites campaigns may be much shorter. We agree that ENOs should meaningfully engage with non-consenting tenants however the AER will be able to ascertain whether this was sought as part of the evidence supplied with this condition.

Furthermore, we request greater clarity regarding a "substantial majority of tenants and residents" to have agreed to the conversion before the application may be considered. We suggest 70% is an appropriate figure.

There is no timeframe as to how long the AER may take to consider a retrofit conversion application. Recently, the AER has taken up to ten months to consider some individual network exemption applications. The delays result in poor outcomes to end users and embedded network operators. We request a specific timeframe be detailed – we expect these applications would take the same amount of time to process as a Retail Individual Exemption application.

We welcome any opportunity to discuss these matters with you directly.

Kind Regards,



Mohsin Ali
Managing Director
Energy Intelligence Pty Ltd