



18 January 2016

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Australian Energy Regulator  
GPO Box 520  
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By electronic lodgement: [AERexemptions@aer.gov.au](mailto:AERexemptions@aer.gov.au)

**Re: Additional Consultation to the AER (Retail) Exempt Selling Guideline**

Origin Energy (Origin) welcomes this opportunity to respond to the Australian Energy Regulator's (the AER) additional amendments to the Retail Exempt Selling Guideline (the Guideline).

As Origin suggested in our submission to the Guideline on 9 November 2015, we believe that the requirement for complete consent under Condition 12 of the Electricity Network Service Provider Guideline is unnecessary where (a) the private network operator guarantees the customer access to a retailer of their choice or (b) allows them to maintain their current retailer. In these circumstances, no loss of customer rights is attached to the retrofitting of a site into an embedded network; customers may seamlessly continue their existing energy contract or opt to choose one that better suits their particular needs.

In Origin's view, the AER ought to consider creating a deemed or registrable exemption for retrofitted embedded networks where an embedded network operator (or relevant party seeking an exemption) undertakes to allow customers to maintain their current retailer arrangement or to provide customers with access to an on-market retailer. We believe that this aligns with the intention of the Australian Energy Market Commission's recent rule change on embedded networks, which is to encourage embedded network customer to access competitive retailers; exempt sellers may in fact find it easier to offer customers their choice of competitive retailer rather than obtain 100% consent to retrofit an embedded network from all the customers.

At present, the Retail Exempt Selling Guideline seems to contemplate the retrofitting of an on-market site for more traditional uses, such as a residential property or shopping centre. However, in Origin's experience, a site might be retrofitted into an embedded network in order to accommodate more innovative business models that do not depend on customers obtaining their supply exclusively from the embedded network operator (which is a more traditional embedded network model). For instance, it may be necessary to retrofit an embedded network in order to supply customers with large scale distributed generation. In this example, the energy supplied by distributed generation is supplementary and customers are able to continue with their current on-market retailer or to choose a new one from general retail market. In other words, the customer is on an embedded network solely for the purpose of receiving the benefits of the embedded generation. This form of embedded network is not the same arrangement as a typical residential development or shopping centre; the need to apply for an individual exemption, and meet the various conditions, does not provide customers with any additional protections because they have access to the competitive retail market and the full suite of consumer protections associated with it.

Alternatively, the AER could amend Condition 12 of the Electricity Network Service Provider Guideline, and relevant parts of the Retail Exempt Selling Guideline, to not require consent of customers as long as the network operator guarantees access to the competitive retail market. If the AER were to amend Condition 12 in this manner it would make the proposed amendments to section 4.4 unnecessary in circumstances where customers can choose their own retailer. Origin's preference is, however, for a

class exemption to be made as it would decrease the administrative burden involved in obtaining a retailer exemption.

In circumstances where customers reside in a jurisdiction that does not allow embedded networks to choose a competitive retailer,<sup>1</sup> or if the exempt seller will not offer customers a choice of their own retailer as part of retrofitting the site, then Origin agrees that Condition 12 of the Electricity Network Service Provider Guideline ought to apply along with proposed amendment to section 4.4 of the Guideline. This is because embedded network customers are shifting from an on-market contract to an off-market arrangement, and these contracts may not replicate the full suite of protections that those customers presently receive.

Should you wish to discuss the contents of this response, please contact Timothy Wilson, Retail Regulatory Analyst, on (03) 8665-7155 in the first instance.

Yours sincerely



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<sup>1</sup> Currently this is Queensland, Tasmania and the ACT.