



9 November 2015

Ms Sarah Proudfoot  
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Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

By electronic lodgement: [AERexemptions@aer.gov.au](mailto:AERexemptions@aer.gov.au)

### **Re: Amendments to the AER (Retail) Exempt Selling Guideline**

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

We respond to relevant issues in the sections below.

#### *Solar power purchase agreements*

Origin agrees with the creation of a new class exemption for solar power purchase agreements (SPPAs). In relation to SPPAs, Origin notes that there are generally two types of business models: where a solar system owner sells power at an agreed rate per kWh from a solar system that is installed on a customer's roof; and where the actual rooftop solar system is leased for a price, and the customer receives the benefit of the power that it generates. Origin supports the application of a ten-year exemption to cover both of these business models.

#### *Retrofitting embedded networks*

With respect to the retrofitting of embedded networks, Origin agrees with the proposal to include these as a registrable class exemption where explicit informed consent is obtained from all of the customers. We note that this complements Condition 12 in the Electricity Network Service Provider guideline which states: 'A private network owner or operator or agent must not alter the electrical supply arrangement to a customer or tenant in a private network directly connected to a registered distributor without the written consent of that customer or tenant, freely given.'

In Origin's view, this requirement for complete consent is unnecessary from a practical perspective where the private network operator guarantees the customer access to a retailer of their choice; this is because the customer will have the capacity to choose a better deal if they are dissatisfied with the offer from their private network. The fact they have shifted onto an embedded network is a secondary consideration from a customer's point of view if they have access to a competitive retail market. For these reasons, we believe that the AER should amend Condition 12 of the Electricity Network Service Provider Guideline, and the class exemption in the Retail Exempt Selling Guideline, to not require consent of customers as long as the network operator guarantees access to the competitive retail market.

#### *Concessions and rebates*

Origin agrees with the AER that many of the exempt seller customers should be able to access the range of concessions and rebates that are otherwise available to distribution network customers where it is practical to do so. For instance, vulnerable customers that access their energy through a Class D2 exempt seller (such as a rooming house or body corporate) are generally no different to

those customers with long-term accommodation on a distribution network. The same may also be said for many of the customers on all the relevant classes that this condition will apply to (i.e. classes D2, D6, R2, R3, and R4); the fact that these customers are obtaining their electricity from an exempt seller does not alter the underlying reasons for providing customers with rebates or concessions. Origin is therefore supportive of the AER's suggested amendment to condition 12 of the Guidelines to obligate exempt sellers to claim concessions and rebates on behalf of customers who cannot do so themselves.

#### *Electricity tariff cap*

In Origin's view, the electricity tariff cap should be retained for small customers. The cap is especially important in jurisdictions that do not allow embedded network customers to access a retail supply contract from a market retailer. From a consumer protection point of view we believe electricity charges on a private network should not exceed generally available standing offer charges. For this reason, we support the AER continuing to use the standing offer as the basis for the electricity tariff cap.

#### *Re-connection of supply*

In Origin's view, the AER's proposed amendments to Condition 11 do not provide exempt sellers, or their customers, with sufficient regulatory certainty about reconnection of supply. Whilst the obligation to reconnect is clearly placed on the exempt seller, the rules do not state any timeframe that this must occur within. Accordingly, customers do not have a clear expectation of when their premise ought to be reconnected. To resolve this ambiguity, a time limit should be specified in the guideline so that both exempt sellers and their customers have regulatory certainty about their rights and obligations. In our view, the suitable timeframe for an exempt seller to re-energise a disconnected customer's premises is within two business days. Given that most jurisdictions still use accumulation meters, this will provide exempt sellers with a reasonable amount of time to make necessary arrangements for a reconnection of the meter to occur.

#### *Closing*

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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