

22 September 2014

Ms Sarah Proudfoot  
General Manager, Retail Markets  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

By email: [AERInquiry@acr.gov.au](mailto:AERInquiry@acr.gov.au)

Dear Ms Proudfoot

### **Origin Energy Retail No.2 Pty Ltd application for an individual exemption**

We welcome the opportunity to comment on Origin Energy Retail No. 2's (OERN2) application for an individual exemption. CUAC was involved in the AER's consultations on alternative energy sellers; we raised some of our concerns in our submission to the AER's issues paper on alternative energy sellers in November 2013. We also share similar concerns to those raised by the government in their submission to the AER's issues paper in November 2013. It would be useful for the AER to review the concerns articulated in these two submissions as the AER considers OERN2's application for an individual exemption.

Energy is an essential service regardless of who the supplier is; i.e. an authorised retailer or an alternative energy re-seller such as OERN2. OERN2 has described that its sale of electricity will be '*supplementary only*,' because the household retains the existing connection to the grid supply. Whether a household retains a connection to the grid, however, is not up to OERN2, but is a decision made by the household having regard to the practicality of meeting its energy needs from non-grid sources. In such a situation – which we recognise is not currently widely feasible, but may be increasingly so in future – the importance of a solar power purchase agreement (SPPA) may rise. And regardless of the grid connection, the sale of electricity could be substantial depending on the size of the solar panels and the amount of electricity produced by the panels.

We are therefore of the view that the **starting point** should be for OERN2 to comply with **all** the customer protections available to consumers under the *National Energy Retail Law, Rules and Regulations*, except for those which are inappropriate to their selling model (e.g. the obligation to supply, the retailer of last resort provisions etc). Regardless of whether the customers have a suite of protections vis-a-vis their authorised retailer, it is appropriate that they have adequate (not minimal) conditions attached to the individual exemption that would apply to the alternative energy seller, in this case OERN2. Disconnection for instance should never be seen as the solution for a customer who is unable to pay their bill. While a customer may still retain access to supply for their household by virtue of their relationship with their authorised retailer, the retailer is not in a position to offer the customer any assistance with bills issued by and owed to OERN2. Thus, provisions on payment/hardship assistance, access to a free, independent and impartial dispute resolution service are appropriate for the individual exemption. We envisage that customers of OERN2 would likely face similar problems as

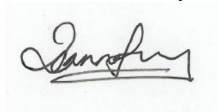
reflected in the types of solar cases which EWOV has been receiving (for e.g. see [http://www.ewov.com.au/data/assets/pdf\\_file/0014/12614/Solar-and-Smart-Meter-Update-July-2014.pdf](http://www.ewov.com.au/data/assets/pdf_file/0014/12614/Solar-and-Smart-Meter-Update-July-2014.pdf)). To exclude these customers from the services of EWOV is in CUAC's opinion a real disadvantage to them.

In the AER's July 2014 *Industry Guidance: solar power purchase agreements*, the AER stated that the alternative energy seller would be required to inform customers in plain English that the alternative energy seller: (1) is not an authorised retailer, (2) is not bound by all the obligations under the National Energy Retail Law (NERL), and (3) is bound by all other relevant customer protections legislation such as the Australian Consumer Law. While these are positive requirements, we believe it is also important for the authorised energy re-seller to explain clearly and in plain English to customers what the implications of this actually means rather than merely reciting (1) to (3) to their customers; e.g. one important implication is that customers do not have access to EWOV. We are unable to ascertain from OERN2's application the nature of the contracts as they have been marked confidential. In our November 2013 submission to the AER, we expressed concern with the types of alternative energy sellers' contracts which are/will be available and the fairness and affordability of these contracts.

Explicit informed consent is important, and there needs to be adequate disclosure of all information before the customer provides his/her explicit informed consent to the alternative energy selling contract. This would allow a customer to make an informed decision regarding whether he/she should enter into the contract with OERN2.

Please contact Deanna Foong at [deanna.foong@cuac.org.au](mailto:deanna.foong@cuac.org.au) or at (03) 9639 7600 if you have any queries on this submission.

Yours sincerely,



For Jo Benvenuti  
Executive Officer