

14 November 2014

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

Email: aer inquiry@aer.gov.au

Dear Ms Proudfoot,

RE: Draft Guideline AER Retailer Authorisation Guideline Version 2

The Energy Retailers Association of Australia (ERAA) welcomes the opportunity to provide comments in response to the Australian Energy Regulator's (AER) Draft Guideline AER Retailer Authorisation Guideline (**the Draft Guideline**).

The ERAA represents the organisations providing electricity and gas to almost 10 million Australian households and businesses. Our member organisations are mostly privately owned, vary in size and operate in all areas within the National Electricity Market (NEM) and are the first point of contact for end use customers of both electricity and gas.

The ERAA supports most of the revisions that have been made to the Guideline and we take this opportunity to make some brief comments on two aspects.

Compliance and risk management strategy

The ERAA supports the proposed amendments in the Draft Guideline to make it clear that applicants must be able to demonstrate an understanding, and be adequately positioned, to manage their obligations under the National Energy Retail Law (NERL) and National Energy Retail Rules (NERR). The requirements imposed on industry participants under both the NERL and NERR necessitate a sound compliance strategy to be developed. This should in turn deliver better outcomes for consumers and will also preserve the retail sectors' compliance reputation.

Financial capacity criterion

The ERAA notes that the AER is proposing to reduce the number of years of financial statements that an applicant of an existing business needs to provide from three years to one year. The ERAA is unsure whether one year of data would provide the AER with sufficient data to identify any potential issues. Having more than one year's worth of data may highlight trends or lead to questions that the AER may not have otherwise thought to ask or investigate.

It would be helpful for the AER to clarify what it is looking for in a single year's financial statement that will demonstrate whether a business meets or does not meet the financial capacity criterion.



Should you wish to discuss the details of this submission, please contact me on (02) 8241 1800 and I will be happy to facilitate such discussions with my member companies.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Cameron O'Reilly', written in a cursive style.

Cameron O'Reilly
CEO
Energy Retailers Association of Australia