

23 February 2017

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

Submitted at Retailcompliance@aer.gov.au

Dear Ms Proudfoot

RE: Draft Amendments to AER Compliance Procedures and Guidelines

Tasmanian Networks Pty Ltd (TasNetworks) welcomes the opportunity to comment on the Australian Energy Regulator's (AER's) review of the Compliance Procedures & Guidelines (the guideline). We are a Network Service Provider (NSP) providing transmission and distribution network services to more than 280,000 end-use customers throughout Tasmania. This guideline will impact our reporting obligations to the AER and our overall compliance obligations within the National Electricity Market (NEM).

The introduction of the National Energy Customer Framework (NECF) was a major initiative that resulted in the electricity industry customer protections evolving rapidly to ensure positive customer outcomes. While this adjustment has been challenging at times, TasNetworks notes that the industry in general has made significant progress in adapting to these changes. Distributors and Retailers have made substantial advances in meeting the obligations over a relatively short period of time.

The AER should focus on ensuring the best interest of customers is being met when assessing industry compliance with the National Energy Retail Rules (NERR). Thus, any consideration to increasing the compliance obligations needs to be balanced against the impact of increased regulatory burden and costs and how these flow through to end customers. We acknowledge that the introduction of previous rule changes to the NERR requires the guideline to be updated. Outside of these changes, TasNetworks believes that only in situations where the AER has identified systematic non-compliance and clear detrimental outcomes to consumers should changes to the obligations within the guideline be undertaken.



TasNetworks has responded to only the relevant questions raised in the guideline below:

1. Are there any concerns with implementing the proposed amendments to the reporting framework by 1 July 2017?

TasNetworks does not have any concerns with the time frames proposed by the AER. However, some of the proposed notification requirements may cause issues if implemented within this timeframe.

7. What issues may require amending the reporting framework to capture the rules introduced in the Energy consumption rule change?

Both retailers and distributors are now required to provide information about a customer's electricity consumption upon request. This is to be done without charge under specified conditions. TasNetworks has not identified any compliance issues with this requirement and agrees that this should not be a reporting requirement.

9. Are there any concerns with the proposed classification/frequency of reporting in relation to rules 116(1), 120(1) and 124A(1) of the NERR?

As a distributor we are currently obliged to report immediate breaches of rule 120(1)(a) and (d). It is TasNetworks' understanding that the consequences of breaches of this nature were potentially severe and this was the justification for the immediate notification requirement. TasNetworks does not consider making rules 120(1)(b)(c) and (e) an immediate reporting requirement as necessary. This is because TasNetworks is not aware of widespread industry non-compliance in this area and does not consider the consequence of breaching these additional rules on a level with life support breaches. While breaches of rule 120 should be considered serious in nature, the frequency and customer impact does not warrant the immediate notification requirement.

This proposed change also appears to have increased the immediate notification requirements in regards to rule 107(3). The immediate notification is required in this instance when both rule 120(1) and 107(3) occur as part of the same incident. Again we do not believe that compliance regime would benefit from changing our immediate reporting requirements to include 107(3) primarily due to the low level of customer impact.

10. Are there any issues with the proposed classification/frequency of reporting in relation to the rules under Part 4, Division 6 and rules 59C(2)-(5) of the NERR?

As a distributor we are currently obliged to report annually any breaches under Part 4, Division 6 of the NERR. TasNetworks understands that customers need to have confidence that networks are suitably informing customers of any planned interruptions to their energy supply. It is fair for customers to have the expectation that networks are forward looking in their planning and to minimise disruption to supply. However the NERR does not consider these types of breaches to be as severe as other breaches, and this is why they are characterised as category 3 breaches. TasNetworks does not support increasing the frequency of reporting from annually to half-yearly for these lesser breaches.

13. Are there any reasons we should not move from two pro-forma report templates to a single template?

Moving to a single reporting template will reduce compliance requirements and therefore TasNetworks supports this change.

14. Are there any improvements that could be made to current reporting template?
What issues, if any, have arisen with the current reporting template?

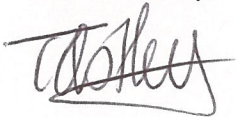
TasNetworks has not noted any issues with reporting on the current reporting template.

15. Do you have any comments on the audit process and the factors the AER will apply when making a determination to use its compliance audit powers?

Compliance audits should be used when it has identified or a reasonable evidence based suspicion that there is non-compliance or non-reporting of the rules. A case by case risk based approach should take this into account before concluding that a compliance audit is necessary to ensure the AER's compliance obligations are being met.

Should you have any queries in relation to our responses, please contact Tim Astley on (03) 6271 6151 or Tim.Astley@tasnetworks.com.au.

Yours Sincerely



Tim Astley

Acting Leader Regulation

