28 October 2024

Department of Energy and Mining
GPO Box 320
Adelaide SA 5001

Lodged electronically: dem.consultation@sa.gov.au

Dear Sir/Madam,

National Energy Retail Law (Local Provisions) Regulations 2013 - Consultation Paper

Origin Energy (Origin) appreciates the opportunity to provide comment on the Review of South Australia's National Energy Retail Law (Local Provisions) Regulations 2013 (Regulations) - Consultation Paper.

Origin has a strong interest in the review of the National Retail Law to ensure that it remains efficient and effective in the current market environment. The National Energy Consumer Framework (NECF) has delivered efficiency benefits and reduced regulatory burden through the implementation of nationally consistent energy laws and regulations.

We recognise that in most cases, South Australia has applied the NECF provisions in full. However, to comply with the small number of modifications, retailers have invested in system changes and processes to ensure compliance. These are largely sunk costs. To reverse these modifications will result in additional costs which will ultimately be borne by customers. In addition, it Is not clear that reversing these modifications will deliver any demonstrable increase in benefits to consumers.

Consumption Thresholds

The South Australian derogations prescribe an upper consumption threshold of 160 MWh per year compared to the 100 MWh set out in the NECF. The consequence of this derogation is that more customers have access to the full suite of protections offered by the terms and conditions of a standard retail contract.

Reducing this threshold will diminish the level of protections afforded to a number of customers and result in costs to retailers to change systems and processes to re-classify these customers in our billing and communications systems. Furthermore, we understand that changing the contract terms for these customers will require the customers' explicit informed consent (EIC). Our experience of running campaigns and customer engagement delivers very low EIC response rates.

For these reasons, we consider that the cost and effort would exceed any benefit from this proposed change.

Minimum Customer Service Standards

As a general rule, we believe that when States set individual call centre performance standards this results in retailers diverting resources away from answering calls based on priority. Priority calls relate to life support customers or customers that are experiencing financial hardship. For example, retailers will prioritise general calls from South Australian customers over calls from other States. In response, this creates incentives for other States to impose higher standards to prioritise their constituents.

To avoid this race to the bottom, we support all jurisdictions deferring to national call centre response times captured by Australian Energy Regulator (AER) reporting. The data reported provides the AER with information to form views on retailers' responsiveness on a national basis and assists with develop policies in this regard. Origin supports the continuation of this reporting and believes the setting of any service level standards should be developed at a national level.

Origin Energy Limited ABN 30 000 051 696• Level 32, Tower 1, 100 Barangaroo Avenue, Barangaroo NSW 2000
GPO Box 5376, Barangaroo NSW 2000 • Telephone (02) 8345 5000 • Facsimile (02) 9252 9244 • www.originenergy.com.au

Standing offer tariff structures for smart meters

Origin proposes delaying modifications to regulation 6A.

Customer understanding of complex tariffs is not a unique issue to South Australia.

The proposed customer safeguards put forward in South Australia may result in an outcome where following a change to a smart meter the customer will have the option of a time of use or flat retail tariff, although their underlying network tariff will be time of use. This could result in an outcome where a retailer's network costs will be different to the network costs recovered from their customers ie a time of use network tariff but a flat retail tariff. While some retailers may be able to manage this risk better than others, (the ability of which may vary over time) where this is not possible, this could result in retailers managing these risks by increasing retail price levels. This is not a good outcome. It is suboptimal to address a network pricing issue by transferring the problem onto retailers. We are also strongly opposed to a regulatory imposition that does not allow retailers with a reasonable opportunity to manage their cost risk or results in an increase in customer prices, when both are avoidable.

These issues are currently being considered by the AEMC in its *Accelerating smart meter deployment* Rule change and its broader review titled *Electricity pricing for a consumer-driven future' to consumer energy resources (CER)* that will examine the interrelations between CER pricing, retail pricing, and network tariffs.

Given the multiple reviews currently under way, we propose that in all jurisdictions that a moratorium on networks assigning customers to a cost reflective network tariff should apply until the AEMC has completed a more thorough consideration of this issue. As a result, retailers would not be exposed to cost misalignment risk which would remove the risk of an increase in their retail prices. And because customers are not being assigned to a complex network tariff this also removes the risk of any negative customer experiences from being assigned to a complicated tariff they do not understand.

We believe it should still open to networks for offer complex tariffs to support the small number of customers who may prefer these tariffs.

Origin's views on each of the modifications are set out in **Attachment 1**.

If you have any questions regarding this submission, please contact [redacted] in the first instance on [redacted]

Yours sincerely

[redacted]

Sean Greenup
Group Manager Regulatory Policy
(07) 3867 0620 sean.greenup@originenergy.com.au

Attachment 1: Origin's Position on Specific Modifications

Modifications	Origin Position
Regulation 3 – Interpretation The term 'Hydrogen Park South Australia project' was added in March 2024 as part of reforms to extend the national gas regulatory framework to other gases, including gas blends containing hydrogen.	Appropriate for this to remain in the regulations.
Regulation 4 – Application of NERL (SA) to Cockburn This regulation excludes the township of Cockburn from South Australia's application of the NERL. Cockburn is located very close to the border with NSW.	Appropriate for this to remain in the regulations.
Regulation 5 - Consumption Threshold for business customers The current threshold for a small business customer is 160MWh per annum. NECF default consumption threshold is 100MWh per annum.	Appropriate for the current threshold to remain at this time. We do not see an immediate need for change. Retailers have invested in systems and processes to comply with consumer protection requirements for these customers. These costs are sunk costs to the sector. Further, we see complexities in the contract management of these customers. Obtaining customers explicit informed consent to enter into new contracts can be challenging.
Regulation 5A – Natural Gas equivalent This regulation prescribes the gas blend produced by AGN as part of the HyP SA (Hydrogen Park South Australia) project as a natural gas equivalent. This means the gas blend is in scope of the NERL.	Appropriate for this to remain in the regulations.
Regulation 6 - Local Area Retailers AGL and Origin are nominated as local area retailer in SA for both electricity and gas respectively	Appropriate for this to remain in the regulations.
Regulation 6A - Standing offer tariff structures for smart meters Proposed amendment For residential customers, standing offer tariff structures: • a time of use tariff structure based on the residential time of use network tariff structure published by SA Power Networks: and • a single rate tariff structure. For small business customers, standing offer tariff structure: • a small business time of use tariff structure based on a time of use network tariff structure published by SA Power Networks; and • a single rate tariff structure.	**Do not support** As discussed in the cover page, given the multiple reviews currently under way, we propose that a moratorium on networks assigning customers to a cost reflective network tariff should apply until the AEMC has completed a more thorough consideration of this issue.

Origin Energy Limited ABN 30 000 051 696• Level 32, Tower 1, 100 Barangaroo Avenue, Barangaroo NSW 2000
GPO Box 5376, Barangaroo NSW 2000 • Telephone (02) 8345 5000 • Facsimile (02) 9252 9244 • www.originenergy.com.au

Modifications	Origin Position
Regulation 7 - Minimum customer service standards Current small customer service standards – use best endeavours to: 1. respond to 95 per cent of written enquiries within 5 business days and 2. answer 85 per cent of telephone calls within 30 seconds between 8 am and 6 pm, Monday to Friday.	**Remove. Support National Consistency** To ensure all customers across the NECF states are treated equally we do not support States setting state specific standards. This results in retailers diverting resources away from answering calls based on priority. Instead, we support all jurisdictions deferring to national call centre response times captured by AER reporting.
Regulation 8 - Extreme weather events NECF prohibits disconnection of customers for non-payment of a bill during an 'extreme weather event'. ESCOSA has determined this to be 'extreme heat day' – e.g. At 4pm if the BOM indicates the following day the weather will be greater than 28 degrees for the 3rd consecutive day it will constitute an extreme weather event	**Remove** We believe that this requirement is more appropriately placed on a distributor rather than retailers. Retailers raise service orders for future dates. It would be more appropriate for the distributor to monitor heat wave events and decline service orders for the relevant date. If the requirement is not removed, Origin believes temperature level of 28 degree should be reviewed. This temperature is below the average daily temperature in Adeliade during December, January, February. The temperature should represent situations of extreme heat.
Regulation 9 - Re energisation after de energisation Regulations prescribe timeframes that retailers in SA must adhere to when arranging for the re-energisation of premises that have been de-energised for non-payment. The current NECF does not include timeframes – only a requirement to arrange the reconnection.	These timeframes are general industry practice. We do not believe there is a need for any new metrics are required. Additional metrics could impede the development and use of smart meters.
Regulation 11 – Prepayment meter systems Prepayment meters are allowed in SA. These include customer safeguards such as mandating minimum system requirements, information that must be provided to customers, emergency credit arrangements, and restrictions on when self-disconnections can occur.	Origin does not offer pre-payment meters and it appears that no provider is currently offering in SA. While we see no concerns with leaving it in the legislation, we question whether this will be a service which is offered in the future.
Regulation 12 – Price Comparator The regulations adopt the AER price comparator. The purpose of the price comparator is to allow a small customer to compare the standing offer price available to the customer and market offer prices that are generally available to classes of small customers in SA	**Support** the continuation of the AER Price Comparator for SA.
Regulation 13 – Gas ROLR procedures (transitional requirement)	**Support removal**

Modifications	Origin Position
The regulation provided for the transfer of information and data if a gas Retailer of Last Resort event were to have occurred before 1 January 2014.	
Regulation 14 – Variation of NERR • **small market offer customers** - The regulation deletes the reference to 'small market offer customer' in rule 16 of the NERR, as the NECF arrangements for small market offer customers do not apply in SA. • **Notice of planned interruptions Notice of planned interruptions –** - Under the NECF, distributors are required to give written notice at least four business days in advance of the date of the planned interruption. However, SA Regulations exempts the electricity distributor, SA Power Networks, from those notice requirements. - SA Govt proposal to remove this derogation to require DBs to comply with all NECF requirements in relation to planned interruptions.	**Small Market offer customers** • Remove – support national consistency. • The market has significantly advanced since 2013 and the customers knowledge of market and standing offers has grown. **Notice of planned interruptions Notice of planned interruptions** • Support the removal of the requirement. • Customers should be afforded the same level of notice regardless of the parties which is responsible for a planned interruption. This has become more important with acceleration of the roll out of smart meters in SA.
Regulation 15 – Variation of National Gas Rules (transitional) The regulation varies the National Gas Rules so that the billing and credit support arrangements set out under Part 21 of those Rules did not apply in relation to any distributor or retailer in South Australia until 1 July 2013.	**Support removal**
Regulation 16 – Standing Offers (transitional) The regulation deems standing offers made prior to 1 July 2013 to be deemed standing offers under the NECF.	**Support removal**