

25 October 2024

Department for Energy and Mining
Level 4, 11 Waymouth Street
Adelaide GPO Box 320
Adelaide SA 5001

Submitted via email: dem.consultation@sa.gov.au

Dear Sir/Madam

Review of South Australia's National Energy Retail Law (Local Provisions) Regulations 2013

The Australian Energy Council ('AEC') welcomes the opportunity to make a submission in response to the Department for Energy and Mining ('DEM') *Review of South Australia's National Energy Retail Law (Local Provisions) Regulations 2013* Consultation Paper ('the Paper').

The AEC is the peak industry body for electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. AEC members generate and sell energy to over 10 million homes and businesses and are major investors in renewable energy generation. The AEC supports reaching net-zero by 2050 as well as a 55 per cent emissions reduction target by 2035 and is committed to delivering the energy transition for the benefit of consumers.

The AEC has long been of the view that where possible, there should be a national and consistent approach to policy challenges to enable efficient and least cost solutions to be implemented. Through this paper, we therefore see that there is an opportunity for South Australia to limit its derogations away from the National Energy Customer Framework (NECF) and achieve greater consistency with other NECF jurisdictions. This would help reduce cost, inefficiency and duplication, while allowing greater competition within the SA Retail environment. Ultimately, greater alignment with the NECF would be for the long-term benefit of SA customers.

The AEC comments on the following regulations:

Regulation 5 — Consumption thresholds

This regulation determines the upper annual electricity consumption threshold used to determine whether a business customer in South Australia (SA) is classed as a small or large electricity customer.

Currently, the South Australian upper threshold sits at 160 MWh per annum, significantly higher than the 100 MWh per annum threshold the NECF prescribes. As noted in the Paper, other NECF jurisdictions, including the ACT, NSW, and QLD, all apply a 100 MWh per annum threshold.

The AEC believes that DEM should seek to omit this regulation and apply the threshold of 100MWh per annum for consistency with other NECF jurisdictions. Across the ACT, NSW and QLD, there is little evidence to suggest that there is evidence of negative outcomes for customers using between 100 and 160MWh. Likewise, achieving greater consistency between South Australia and these jurisdictions would encourage competition and simplify billing, ultimately enhancing product offerings.

However, the AEC acknowledges that removing this regulation would necessitate a transition framework to guide customers in adjusting their retail classification. Retailers would require sufficient time and a well-structured approach to implement these changes, noting that having this regulation remade or abandoned by 1 September 2025 would not be possible considering the scale of this change. Indeed, this derogation has already led to sunk costs to the sector and the AEC anticipates that undertaking this change would be complex when it comes to the contract management of affected business customers.

Therefore, the AEC would welcome further engagement to work through the practical considerations of discontinuing this derogation. Here a phased implementation approach could be considered, with transitional arrangements and opt-in provisions for consumers seeking to be reclassified, to minimise any adverse customer impact.

Regulation 6A — Tariff structures

The AEC expresses concerns that the proposed amended regulation may be duplicative, given that the AEMC is already reviewing consumer protection regulations to support the rollout of smart meters, including standing offer requirements. The AEMC is also undertaking the electricity pricing for a consumer-driven future review which might also have implications for network and retail pricing.

Furthermore, the AEC urges the DEM to remain mindful that SAPN will release its Tariff Structure Statement (TSS) in early 2025, effective July of that year. It is crucial that this TSS accommodates a flat network tariff for customers with interval/smart meters, allowing retailers to manage their network tariff mismatch risk in cases where customers do not consent to a cost-reflective tariff.

The AEC recommends that the DEM postpone any amendments until the completion of these processes, particularly the AEMC's accelerating smart metering deployment review.

Regulation 7 — Minimum customer service standards

Under Regulation 7, additional minimum service standards are applied to retailers selling energy to small customers in South Australia.

Specifically, these service standards require retailers to use their best endeavours to:

- respond to 95 per cent of written enquiries within 5 business days; and
- answer 85 per cent of telephone calls within 30 seconds between 8 am and 6 pm, Monday to Friday.

As the paper notes, other NECF jurisdictions do not mandate these customer service standards. The AEC believes that this regulation should be omitted to achieve greater consistency with these other NECF jurisdictions, noting that the customer benefits behind this derogation are marginal considering the AER standards already in place. We disagree that a removal of these requirements would lead to retailers reducing their efforts to respond to written and telephone enquires in a timely manner, noting that it is in a retailer's best interests to engage with a customer as soon as possible.

Regulation 12 — Price comparator

The AEC supports the proposal to continue to adopt the AER's price comparator (Energy Made Easy) in South Australia. Although there are a few limitations with the Energy Made Easy comparator, particularly regarding non-standard or innovative product options for South Australia, it provides a consistent service that allows customers to compare energy retail offers across NECF jurisdictions at no cost.

The AEC opposes the creation of an alternative South Australian comparator and agrees with the Paper's assessment that this would be costly, inefficient, and duplicative.

Regulation 9 — Re energisation after de energisation

Regulation 9 sets the timeframes retailers in SA must adhere to when arranging for the re-energisation of premises that have been de-energised for failing to make a payment of a specified kind.

The AEC supports retaining the South Australian standards for re-energisation in their current form. The Paper has properly considered the issues around smart meters and has noted where there has been a change for electricity metering since 2013. We agree with the Paper with its conclusion that there is no need for additional regulations, noting retailers already endeavour to re-energise faster than required.

Regulation 14(b) and (d) – Notice of planned interruptions

The AEC supports the proposal to discontinue this derogation by not re-making regulation 14(b) and (d) to increase consistency with other NECF jurisdictions. The policy reasoning behind this derogation no longer applies.

Any questions about this submission should be addressed to me by email to

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Yours sincerely,

Braeden Keen
Policy Advisor