

5 July 2021

Mr Simon Vine  
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Essential Services Commission  
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Submitted online via: [reps@escosa.sa.gov.au](mailto:reps@escosa.sa.gov.au)

Dear Simon

### **Retailer Energy Productivity Scheme: Reporting Requirements**

Thank-you for the opportunity to provide a submission in response to the consultation paper titled “Retailer Energy Reporting Scheme: Reporting Requirements” (Consultation Report).

Momentum Energy Pty Ltd (Momentum) is an Australian operated energy retailer, owned by Hydro Tasmania, Australia's largest producer of renewable energy. We pride ourselves on providing competitive pricing, innovation and outstanding customer service to electricity consumers in Victoria, New South Wales, South Australia, Queensland, the ACT and on the Bass Strait Islands. We also retail natural gas to Victorian customers. We offer competitive rates to both residential and business customers along with a range of innovative energy products and services.

### **Overview of the former Retailer Energy Efficiency Scheme (REES) and Retailer Energy Productivity Scheme (REPS) scheme**

The former REES and its replacement REPS present excessively complex and resource intensive schemes for Momentum compared to the Victoria Energy Upgrades program (VEU) certificate based scheme. For a relatively small retailer in South Australia the ongoing responsibility, under the REPS scheme, to prepare and update compliance plans, contract service providers and to monitor their individual efficiency and productivity abatement activities is not conducive to delivering an efficient and effective energy productivity improvement scheme. The proposal to source energy data from the Australian Energy Market Operator (AEMO) and customer numbers from South Australia Power Networks (SAPN), suggested in the Consultation Report, will go some way to reducing the onerous obligations for retailers but the additional proposed reporting obligations clearly indicate that the Essential Services Commission of South Australia (ESCOSA) and the Minister for Energy and Mining require greater transparency of the activities and the service providers

performing these services in South Australia. Momentum suggests that converting the REPS to a certificate based scheme would readily provide all of the information sought by ESCOSA and deliver a much more robust and less resource intensive scheme for retailers. A certificate based scheme is likely to also result in lower compliance costs for retailers which will ultimately benefit energy consumers in South Australia.

### **Responses to specific questions raised in the consultation paper.**

#### **Consultation question 1:**

Do you support the streamlined process to determine REPS obligations, whereby energy retailers will no longer be required to report energy sales and customer numbers to the Commission? If not, why not?

We support the proposal to source energy data from AEMO and retailer customer numbers from SAPN. The current processes are tedious and overly prescriptive considering they only form the basis of category threshold for individual retailers and the targets for each retailer to achieve. This will reduce the retailer resources required to determine and audit this data.

#### **Consultation question 2:**

Should the information requested from obliged retailers to inform reporting on the costs of each type of activity being delivered under REPS be changed? If so, how?

Momentum is not sure what value will be delivered from the request to report costs of each type of activity being delivered by our contracted energy productivity service provider. These costs are provided to us by our contractor on a commercial in confidence basis. Our contractor may deliver on our obliged target using only one or a few of these activities depending on the market demand for these services. It has been suggested to us, at a recent ESCOSA forum, that this new request is required to understand the general costs of activities in the market. We would argue that these cost have been approximately determined, via estimated modelling, before the activity was approved. ESCOSA or the Minister's Department could determine these costs by directly approaching approved service providers without increasing the compliance obligations of retailers.

#### **Consultation question 3:**

Is there any additional evidence that would inform reporting on competition in activity delivery and any identified barriers to competition and the delivery of eligible activities?

Momentum is unaware of any barriers to competition with service providers although we note that 80 percent<sup>1</sup> of the eligible activities were provided by three service providers in

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<sup>1</sup> ESCOSA Consultation Paper - Retailer Energy Productivity Scheme: Reporting Requirements

2020. We are concerned that the proposed new obligation for retailers to report on their energy productivity service provider selection processes will not have any impact on competition concerns. Retailers operate in a highly competitive energy market, on very small margins and these businesses have well established purchasing processes dictated by internal governance structures. While some retailers may use an open or selected tender process others may choose to simply seek quotes from several service providers, for various terms, or reappoint a current provider. Each retailer will then make their own assessment of the service providers' capabilities and performance based on their individual risk assessments. Momentum is unsure what ESCOSA and or the Minister for Energy and Mining hopes to achieve by publishing these processes in their annual report.

As aforementioned, a more effective solution to competition concerns would be to establish a certificate based market whereby ESCOSA would have full control to allocate activities to various energy productivity service providers subject to their capabilities and performance. Retailers should not be tasked with additional onerous reporting obligations in an attempt to solve competition concerns.

Should you require any further information regarding this submission, please don't hesitate to contact me on 0478 401 097 or email [randall.brown@momentum.com.au](mailto:randall.brown@momentum.com.au)

Yours sincerely

[Signed]

Randall Brown  
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