

29 May 2015

Mr Adam Wilson
Chief Executive Officer
Essential Services Commission of South Australia
GPO Box 2605
Adelaide SA 5001

By email: escosa@escosa.sa.gov.au

Dear Mr Wilson,

RE: Review of the Operation of the National Energy Customer Framework in South Australia

The Energy Retailers Association of Australia (ERAA) welcomes the opportunity to provide feedback in response to the Review of the Operation of the National Energy Customer Framework in South Australia (the Issues Paper) to the Essential Services Commission of South Australia (the Commission).

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 has long advocated for a national approach to energy policy and regulation rather than individual state based initiatives. Legislative and regulatory inconsistencies across state borders increase the administrative and compliance costs for energy retailers. Through lengthy and extensive consultations, the National Energy Consumer Framework (NECF) was developed as a comprehensive package which could offer many benefits as a streamlined, nationally consistent framework. The NECF has endeavoured to minimise jurisdictional inconsistencies by developing a market with nationally consistent regulations. The ERAA supported the introduction of the NECF in the ACT, NSW, Tasmania, South Australia and Queensland and continues to advocate for its introduction in Victoria.

While not uniform across the NEM jurisdictions, the adoption of the NECF serves to reduce the potential differences in the operational requirements that apply to retailers. The adoption of the NECF in South Australia has allowed new retailers to enter the South Australian market by lowering the barriers to entry and providing increased regulatory certainty. The importance of encouraging new entrants to the market cannot be underestimated. New entrants increase competition and rivalry between retailers resulting in consumer benefits in respect to both price and services. The ERAA believes the NECF is operating well in South Australia and can determine no detriment suffered by South Australian consumers as a result of its adoption. The ERAA believes the NECF hardship program requirements have helped both retailers and consumer groups gain a better understanding the characteristics of hardship customers.



To achieve further efficiencies retailers believe that two derogations included in the South Australian Energy Retail Law should be removed:

1. Call centre grade of service

Extracting the data to report on the call centre grade of service requirement is an issue, as it is an extra layer of reporting required only for South Australia. In a competitive market such as South Australia, retailers are encouraged to provide the best customer in order to maintain their customers. Competition between retailers is the best way of ensuring improvements in customer service. Should a customer be dissatisfied with the service they receive from their retailer, they may seek redress from their current retailer, raise their complaint with the Ombudsman or select a different retailer.

2. 160 MWh per annum small business customer threshold

The 160 MWh per annum small business customer threshold in South Australia, rather than 100 MWh, requires retailers to have multiple treatment processes and different contractual arrangements in place if operating in South Australia. This higher threshold seeks to provide business customers with sizable operations the protections afforded and deemed necessary for domestic consumers. The ERAA does not believe that businesses of this size are entitled to or need the additional protection the small customer threshold includes. The experience of other states demonstrates this.

These derogations result in no material benefits to consumers while creating an additional operating and reporting complexity for those retailers operating in South Australia.

Additionally the ERAA notes Commission's separation of the top three retailers from second-tier retailers in elements of their reporting. The ERAA cannot see any additional value in providing this differentiated analysis and is of the view that it skews both the figures and visual representations published by the Commission.

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,



Cameron O'Reilly
CEO
Energy Retailers Association of Australia