



EnergyAustralia

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

EnergyAustralia appreciates the opportunity to provide input into the Review of the National Energy Customer Framework (NECF) in South Australia. We are one of Australia's largest energy companies, providing gas and electricity to over 2.6 million household and business customers in NSW, Victoria, Queensland, South Australia and the Australian Capital Territory. EnergyAustralia owns and operates a multi-billion dollar portfolio of energy generation and storage facilities across Australia, including coal, gas and wind assets with control of over 4,500MW of generation in the National Electricity Market.

As an active participant in all mainland NEM jurisdictions, EnergyAustralia has direct experience of the benefits that standardisation of the regulatory framework across a number of states and territories has delivered to consumers. The NECF framework provides consistency of approach which gives retailers the confidence to innovate and actively market products to customers. The requirement for a single authorisation to participate in all NECF states lowers the previously existing barriers to entry and stimulates competition in among retailers, leading to greater choice.

EnergyAustralia also considers that the NECF has provided benefits to the most vulnerable members of the community. Retailers are required to provide information with regard to hardship consumers to the AER which provides a clearer picture of the overall welfare of consumers than under the previous jurisdictional arrangements. The level of detail under NECF is appropriate to ensure that regulators, policy makers and consumer groups can subject retailers to a degree of scrutiny and ensures that they are focused on appropriate affordability outcomes, both at an individual retailer and whole of industry level.

Further benefits to be realised

While applauding the acceptance of the national framework, EnergyAustralia notes that further benefits could be gained from South Australia removing the current derogations from

the framework. We understand the rationale behind seeking specific outcomes for South Australian consumers however we believe that the derogations have no material impact in terms of providing customer protection.

Call centre grade of service

Retailers operating in South Australia are subjected to mandatory minimum service standards. EnergyAustralia strives to deliver exceptional service to all of our customers but do not see value in reporting this metric. Extracting the data to report on the call centre grade of service to this extent is an inexact science due to the difficulty in capturing the point of origin of mobile calls, and is increasingly becoming irrelevant as consumers interact with their retailer via social media. We believe that the highly competitive nature of the South Australian market will ensure that retailers have incentive to provide a high level of customer service and consequently see little value in maintaining this derogation.

160 MWh per annum small business customer threshold

EnergyAustralia recognises the challenges associated with setting an appropriate threshold to define small customers for the purposes of providing additional protections. By setting the threshold at 160MWh per annum, South Australia has diluted the efficiency gains from the NECF by requiring retailers to develop processes for handling customers between 100 and 160MWh per annum as these customers are not considered small in other NECF jurisdictions. We believe that customers consuming in excess of 100MWh per annum are sufficiently sophisticated to enter into contractual arrangements which may be inconsistent with the National Energy Retail Rules and consequently consider that the small business customer threshold should be set at 100MWh per annum in line with other jurisdictions.

Summary

EnergyAustralia welcomes the review of the NECF in South Australia as we believe that since its commencement in February 2013, the NECF has delivered positive outcomes to consumers. Although the full realisation of benefits is constrained by the existence of departures from the framework in other states and will not be fully achieved until all NEM markets adopt the NECF, we believe that South Australia can play a lead role in achieving national uniformity by dispensing with existing derogations which in our opinion add no additional value to customers. We believe that the South Australian market with a 'plain vanilla' NECF and a price monitoring regime can stand as an example of the benefits to consumers of market outcomes and coupled with a pragmatic approach to regulation.

If you require any further information with regard to this submission, please contact me on 86281731 or via email at joe.kremzer@energyaustralia.com.au

Yours sincerely,



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