

8 March 2022

Mr Warwick Anderson
General Manager, Network Pricing
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

By email: tariffguideline@aer.gov.au

Dear Warwick,

Draft Export Tariff Guideline.

The Australian Energy Council (AEC) welcomes the consultation opportunity in the Australian Energy Regulator (AER) draft Export Tariff Guideline.

The AEC is the industry body representing 22 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses.

Taken as a whole, the AEC generally supports the draft guideline. However there is one area of outstanding concern.

The AEC agrees that retailers may and must be able to re-package network tariffs to give customers a bill which looks different to the network tariff. ie, retailers paying two-way pricing network tariffs may choose to pass the price signals through to customers in the same form, or they may alter the price signals when setting retail tariffs.¹ As the AER notes, more complex network tariffs which are passed on as simpler retail tariffs can create service models to benefit networks, customers and intermediaries. And like the AER,² the AEC also places significant weight on network tariff and service proposals being expressed in ways that both retailers and customers can readily understand and respond to.

But the AEC is concerned that if export tariffs *must* comply with the pricing principles in a manner that will contribute to the achievement of the network pricing objective (NER 6.18.5(d)), then appropriate back to back obligations are required. In our view this requires that Distributors not only *should* (italics added) consult with retail customers, retailers and third-party intermediaries on how two-way pricing structures can be incorporated into retail tariffs³, but that they *must*. Those dealing with monopoly providers need to be protected against any potential for a “take it or leave it” approach to difficult or complex issues. Our recommendation is that the distributor requirements be amended to *must*, so as not to leave the achievement of that pricing objective to chance.

Any questions about this submission should be addressed to David Markham by email to david.markham@energycouncil.com.au or by telephone on (03) 9205 3107.

¹ Draft Export Tariff Guidelines, pp. 6-7

² Ibid, p. 26

³ Ibid, p. 22

Yours sincerely,

David Markham

Networks and Distributed Energy Resources Policy Manager
Australian Energy Council