

Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

1st November 2019

Submitted via e-mail to: RRO@aer.gov.au

Dear Sir/Madam,

Retailer Reliability Obligation Opt-in Guidelines
Reference: D19/140555

The Australian Energy Council (the “**Energy Council**”) welcomes the opportunity to make a submission in response to the Australian Energy Regulator’s (“**AER’s**”) *Retailer Reliability Obligation Opt-in Guidelines Issues Paper*.

The Energy Council 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, sell gas and electricity to over ten million homes and businesses, and are major investors in renewable energy generation.

Discussion

AEMO Procedures

The Energy Council is broadly supportive of the guidelines proposed by the AER, and notes that some of the detail required to implement the National Electricity Rule will be devolved to Australian Energy Market Operator (“**AEMO**”) procedures. While this ensures the guidelines remain at a high level, the Energy Council believes that it is appropriate for the guidelines to address substantive matters such as the creditworthiness of prospective opt-in customers, rather than leaving it to AEMO. In addition, it would be helpful for the guidelines and the procedures to minimise the compliance burden for market participants and customers.

Notifications

The Energy Council supports the AER’s proposal to keep opt-in registers confidential, but to publish a summary for each T-3 reliability instrument. However to counter any miscommunication between the parties – AER, market customers and opt-in applicants – the Energy Council believes that in all circumstances the AER should independently notify market customers, rather than doing so selectively, as suggested on p.12 of the Issues Paper.

50GWh Threshold

The National Electricity Rules state that entities may opt-in if their aggregate consumption exceeds, or is expected to exceed, 50GWh per annum in a region.¹

The Energy Council is aware that some customers may have consumption profiles around the 50GWh per annum threshold. To cater for annual variances in consumption, plant issues or outages, it is important that the AER retains a degree of flexibility when assessing the eligibility of customers against the opt-in threshold, and not be restricted to assessing consumption only against the immediately preceding 12 month period. Therefore the Energy Council recommends that the AER include a degree of latitude in its assessment when drafting the Guidelines.

¹ National Electricity Rule 4A.D.4(3)

Opt-in Flexibility

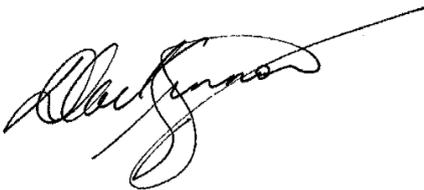
The AER has proposed that prescribed opt-in customers should be required to opt-in to liability for a fixed percentage of load at a connection point. While the Energy Council agrees with this approach, it suggests that increased flexibility in contracting practices could be encouraged by allowing customers to nominate a volume in MWh also (as this may be backed by a specific volume-related arrangement).

Timeframes

Finally, the Issues Paper provides no guidance on how long the AER will take to make its decision whether to accept or reject an application to opt-in. In order to provide a modicum of certainty for applicants, the Energy Council suggests that the AER nominate a period within which it will make a decision.

Any questions about this submission should be addressed to the writer, by e-mail to Duncan.MacKinnon@energycouncil.com.au or by telephone on (03) 9205 3103.

Yours sincerely,



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