

31 August 2021

Att: Mr Lydnnon Rowe
Utilities Commissioner
Utilities Commission
GPO Box 915 Darwin NT 0801

BY EMAIL: utilities.commission@nt.gov.au

Dear Commissioner Rowe

Review of the Electricity Retail Supply Code

Thank you for the opportunity to respond to the review of the Electricity Retail Supply Code (the “ERS Code”). QEnergy is an independent electricity retailer operating in the National Electricity Market and the Northern Territory. We have been operating in the Territory for longer than any other non-government owned retailer and we are very interested in the development of this market.

We provide the following responses to your questions:

Question 1 In general, is the ERS Code still relevant for the Territory’s electricity supply industry? Why?

QEnergy believes that the ERS Code remains relevant for the Territory’s electricity supply industry. Our view is that it is preferable that any regulatory regime is not overly proscriptive and complicated.

Whilst it is common to look to southern States for guidance in developing regulatory frameworks, we believe that the Territory electricity market is best served by maintaining the least complicated framework possible.

Question 3 Should the ERS Code include a clause to allow generators to request a retailer to provide credit support if they have poor payment history, even if they have an acceptable credit rating as defined in the ERS Code? Why?

The current credit support framework should not be amended. We re-iterate our previously stated position, in that:

1. the current Code structure takes into account the objective creditworthiness of the retailer in question through the use of finance industry standard credit ratings. These are the accepted measurements used internationally to assess credit in counterparties and we believe the current system is therefore most appropriate.
2. The regulatory framework was put in place to stimulate competition in the fledgling market dominated by a monopoly generator. Retailers wishing to participate in this market have no alternative supplier at scale. The proposed changes will lessen competition by increasing the barriers to entry and cost of

operating in this market. Any kind of uncertainty is bad for business.

3. Small retailers have entered this market with business models that are premised on the existing regulatory parameters. Varying these parameters (particularly in an area as significant as credit support) creates significant uncertainty for small retailers.
4. There are a number of areas where retailers assume total credit risk in the electricity supply chain. These include long dated debts, payment defaults and customer failure. These are economically inefficient, however, there is no corresponding regulatory support mechanism for retailers. If a retailer has concerns about a counterparty, they must look to the market for products such as credit risk insurance. We query why another participant in a de-regulated market should be protected above and beyond the current framework.

Question 8 Should a customer with an accumulation meter be able to transfer to a new retailer without having to replace their accumulation meter with an interval meter (in other words, should clause 5.1.1 and 5.1.2 of the ERS Code be removed)? Why?

The prohibition on the transfer of customers without the installation of an interval meter is a barrier to entry for new retailers to the small customer market.

In the absence of a concerted interval meter roll out such as the *power of choice* program or the Victorian Advanced Metering Infrastructure (AMI) program, the competitiveness of alternative retailers to the incumbent is always going to be restricted by this requirement.

We therefore support the removal of the restrictions contained in clauses 5.1.1 and 5.1.2 of the ERS Code.

Question 9 Should the requirement for an interval meter to switch retailers be amended to require a Type 1-4 meter as defined in the NER (NT)? Why?

There are additional system benefits that will be realized with wide scale roll out of remotely read interval meters. For example, remote re-energisation and de-energisation.

We therefore support the installation of Type 1 to 4 meters as the default position for replacement meters, however, not as a pre-requisite to the transfer of a small customer.

Question 15 Should the ERS Code be amended to include internal dispute resolution obligations on retailers and/or network providers that are similar to that in the NERL, amended for the Territory's circumstances? Why?

Our experience is that it is beneficial for retailers to publish complaints handling procedures for small customers on their website and make these widely available to customers.



Consumer trust in, and understanding of, the complaints process contributes to effective resolution.

Question 16 Should the ERS Code be amended to include an obligation on retailers to have an approved hardship policy for small customers? Why?

Maintaining formal hardship policies for small customers is beneficial for both retailers and customers.

Question 17 If the answer to question 16 is yes, should the Commission consider and approve a retailer's proposed hardship policy based on alignment with the AER's customer hardship guideline, but with some flexibility to provide for the Territory's circumstances? Why?

As stated in our response to Question 1 above, rather than align proposed policies with the AER, we believe the Commission should take the opportunity to implement the least complicated guideline. A central focus of any hardship framework should be encouraging early customer engagement with retailers.

Question 18 Are there any issues or other matters not already identified in this Issues Paper the Commission should consider as part of the ERS Code review, and if so, what should it consider and why?

As a retailer operating in the NEM, we have had recent experience in giving effect to our family violence policy. We believe that this is an area where electricity retailers can have a real impact on preventing potentially harmful outcomes for victims.

Perpetrators can use control over electricity accounts as a form of family violence and economic abuse. These actions can result in family violence victims facing financial difficulties and losing access to an essential service.

The existence of a family violence policy, together with appropriate training for call centre staff means that, where identified, the potential impact of at least one form of abuse can be mitigated.

Please feel free to contact me if you wish to discuss any aspect of this submission.

Yours sincerely

Warren Murphy
Chief Executive Officer