

Ministerial Council on Energy

Standing Committee of Officials Bulletin No. 191

The National Energy Customer Framework – policy and procedure for managing retailer transition

The Ministerial Council on Energy (MCE) Standing Committee of Officials (SCO) considers that in general it is in the interests of all stakeholders to adopt a transitional approach for existing retailers who are changing from current jurisdictional licensing regimes to the National Energy Customer Framework (NECF), rather than requiring them to apply afresh to the Australian Energy Regulator (AER) (i.e. as if they are a new entrant) to obtain a national retailer authorisation or exemption under Part 5 of the National Energy Retail Law (NERL). An existing retailer is an entity holding a State or Territory retail licence of a NECF participating jurisdiction on 12 April 2011.

The purpose of this Bulletin is to communicate to existing retailers and other interested parties a clear statement on the policies and procedures for managing the retailer transition during the NECF implementation phase¹.

Policy rationale for retailer transition

There are two major policy goals to be achieved in managing retailer transition.

- (a) An efficient transition for retailers and their customers to the NECF. Recognising existing retail licences offers the most efficient approach to the change from State and Territory retail licences to a national retailer authorisation for retailers and their customers and for the regulators.
- (b) To ensure the capability of retailers for NECF start. Transitioning retailers must be ready and capable of meeting their obligations relating to the sale of energy to customers under the NECF.

Processes for managing retailer transition – existing retailers

- The retailer transition will be managed with individual retailers, and officials of the Joint Implementation Group (JIG) will be working co-operatively with retailers during the NECF implementation phase to ensure the policy goals outlined above are realised.
- All current retail licence holders have been contacted by letter and preliminary information has been provided which allows the officials of the JIG to ensure the information held is up to date and accurate. JIG officials will be meeting with retailers individually over coming months.
- Transitioning retailers will be required to ensure that information on current licence details, corporate identity and the scope of current retail operations is kept updated with the JIG officials during the NECF implementation phase.
- Existing retailers continue to have obligations under current licensing regimes to provide up to date information to Jurisdictional Regulators and licensing bodies and to the Australian Energy Market Operator (as applicable), throughout the NECF implementation phase.
- If there are outstanding issues, a transitioning retailer may be subject to transitional requirements which the AER would administer from NECF start.

¹ The “NECF implementation phase” refers to the period from 17 March 2011 (when the legislation for the NECF received the Royal Assent in South Australia) to the date on which the NECF commences (MCE agreed target date is 1 July 2012).

Processes for managing transition - new entrant retailers

SCO wishes to advise parties who may be new entrant retailers about the process for managing the change to the NECF. A new entrant retailer is an entity who is granted a State or Territory retail licence of a NECF participating jurisdiction after 12 April 2011 (including where the entity applied for that retail licence before 12 April 2011).

New entrant wishing to sell energy post NECF start

For a new entrant applicant not intending to sell energy until the NECF commences, that person will be required to apply to the AER during the NECF implementation phase for a national retailer authorisation under Part 5 of the NERL. A full application, consultation and assessment process would be undertaken by the AER. The authorisation would, if approved, take effect on or after the NECF commences.

New entrant wishing to sell energy prior to NECF start

If a new entrant wishes to sell energy prior to NECF start, they must apply to the relevant jurisdictional retail licensing body. Any retail licences granted after the 12 April 2011 (irrespective of when the application was lodged) will not be transitioned to a national retailer authorisation. That person must also apply to the AER for a national retailer authorisation during the NECF implementation phase to be able to sell to customers post NECF start.

This document is also available at www.mce.gov.au.

MCE Standing Committee of Officials
12 April 2011