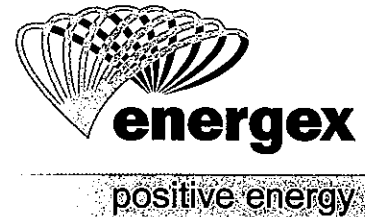


28 July 2008

Manager, MCE Secretariat
Department of Resources, Energy and Tourism
GPO Box 9839
Canberra ACT 2601



Dear Sir / Madam

Submission on National Energy Customer Framework

ENERGEX Limited (ENERGEX) welcomes the opportunity to respond to the MCE Standing Committee of Officials (SCO) Policy Response Paper: *A National Framework for Regulating Electricity and Gas (Energy) Distribution and Retail Services to Customers* (Policy Response Paper).

In providing a response, ENERGEX has focused on the issues that are directly relevant to its activities as an electricity Distribution Network Service Provider (DNSP) and to retail electricity issues where they have the potential to impact on ENERGEX as a DNSP.

Detailed comments in response to recommendations are provided in the attached table. However, ENERGEX does wish to highlight the following areas for which there are particular concerns.

Defining 'distribution services'

ENERGEX is concerned about the potential for a separate 'legal definition' of 'distribution services' to that currently applied under Chapter 6 for the purposes of economic regulation. Using a variety of terms interchangeably within a range of instruments may lead to unintended interpretations. Clear definitions and distinctions between the types of services are required to ensure appropriate allocation of responsibilities and liabilities.

In addition, the document appears to be unclear in regard to support for the triangular customer-distributor-retailer relationship. There are sections in the document that reinforce a linear relationship, for example, references to the retailers' customers, and distributors' obligations to retailers for the provision of connection services.

Responsibility for the provision of metering services also needs to be clearly defined. ENERGEX believes that responsibility for such services should be aligned to the national smart meter policy.



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Liability Regime

It is important that there are clear and unambiguous distinctions regarding the allocation of liability between retailers, customers and distributors.

There are a range of factors outside of the distributor's control that can influence the quality and quantity of supply. ENERGEX is of the view that Guaranteed Service Levels and the AER's Service Target Performance Incentive Scheme, provides effective mechanisms to address service standard failures within a DNSP's control. ENERGEX believes, therefore, it is not appropriate for DNSPs to be liable for economic loss and does not support such a suggestion.

Enforcement Action

ENERGEX is supportive of enforcement mechanisms that provide for an incentive compliance culture. The compliance monitoring framework should be based on a graduated risk-based reporting regime, reflecting the scale and importance of the breach in question. The enforcement mechanisms available to the regulator, as well as their utilisation, should be proportionate to the level of impact on customers, the market and / or the frequency of and intent behind the breach.

ENERGEX has the view that there should be adequate provisions and avenues to protect contractual rights of all parties. As such, ENERGEX supports the introduction of 'conduct provisions' and in particular that certain obligations arising between distributors and retailers be enforceable as 'conduct provisions'.

A number of significant issues that are outside the scope of this Policy Response Paper are to be addressed by the Network Policy Working Group. ENERGEX is particularly interested in the recommendations to be made with respect to ring fencing, service order timeframes, connection service obligations, new connection charges, capital work contributions and embedded generation. ENERGEX considers that these issues together with the Policy Response Paper recommendations should be addressed through a single coordinated consultation process to ensure an effective transition to a national regime.

A further important issue that ENERGEX wishes to raise is the impact of smart metering on customer demand side management. Although out of the scope of the Policy Response Paper, there needs to be recognition of the opportunity that this presents for distributors to pass on pricing signals to customers through retailers.

ENERGEX refers the MCE SCO to the Queensland Electricity Industry Code and deemed contractual arrangements. This regulatory framework has recently been drafted for the purposes of Full Retail Competition in Queensland and followed extensive public consultation and would provide a starting point for draft purposes.

Comprehensive transitional arrangements will be an important factor to the success of the transition to a single national regime. Careful drafting needs to accommodate the different requirements of DNSPs due to structural, geographic and customer expectations. In particular, ENERGEX believes that the national framework needs to be flexible enough to permit different initiation and delivery timeframes to reflect geographic and customer considerations.

In conclusion, ENERGEX looks forward to further commenting on the substantive detail of these issues as outlined in the Exposure Draft of Laws and Rules. ENERGEX would

also welcome the opportunity to participate in the drafting of the Retail Support Contract and Customer Distribution Contract.

Please do not hesitate to contact either Rachel Leaver – Network Regulation Manager on (07) 3405 2924 or myself should you wish to discuss any aspect of ENERGEX's submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'L. Dwyer', written in a cursive style.

Louise Dwyer
Group Manager Regulatory Affairs

Attachment – Table of Comments

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
Contractual model for customer distribution services			
1.21	Default model	The Law will provide for a contractual model incorporating deemed contractual arrangements between parties.	<p>The services dealt with under the national energy customer framework will need to be accommodated within the economic regulatory framework (i.e in accordance with Chapter 6). The result may be a different service classification to that which is currently applied by ENERGEX.</p> <p>ENERGEX is in the process of developing its Regulatory Proposals for the next regulatory control period. If the nature, scope and operation of distribution services under the national energy customer framework are not finalised well prior to May 2009, then the cost implications of changes to the classification of services or the obligations associated with those services should be claimed as a cost pass through.</p> <p>ENERGEX believes that the NECF should explicitly recognise this as a “pass through event” for the purposes of a distributor making adjustments to its determination during a regulatory control period.</p>
1.22	Preferred model	The Rules will describe the obligations to be imposed through the contractual model.	<p>This preferred model seems to refer to a ‘triangular’ model but the wording of some of the recommendations below infers a linear</p>

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		<p>A contractual model is proposed as the default model to apply in both the electricity and gas sectors to provide a framework for the development of the distributor-customer interface and the distributor-retailer interface arrangements.</p> <p>This model involves:</p> <ul style="list-style-type: none"> • a "deemed" contract between a distributor and each customer connected to the distributor's infrastructure governing the physical and operational aspects of the provision of customer distribution services to the customer, including liability issues; • a contract between the retailer and each of its customers which includes provisions governing the financial aspects of the provision of customer distribution services to the customer; and • a contract between a distributor and each retailer which sells energy to customers connected to the distributor's infrastructure governing relevant financial and coordination arrangements between the distributor and the retailer. <p>The national customer framework will not prevent negotiated distribution contracts but will also not prescribe the terms and conditions of any negotiated distribution contract.</p>	<p>approach, for example, obligations to retailers in the areas of provision of connections and fault information. Further, the term 'retail customer premises' is used throughout the document.</p> <p>In addition there is a requirement for clear and consistent definitions of services and activities to which the instrument applies.</p>
1.23	Small embedded generators	At this stage, SCO does not propose dealing with possible contractual arrangements between distributors and embedded generators. This is subject to implementation of arrangements for distributed generation in the economic regulation work	ENERGEX believes that there should be separate and distinct 'default' arrangements developed for small embedded generators and supports the decision for further consideration in the

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		<p>streams of the MCE being managed by the Network Policy Working Group (NPWG).</p> <p>The SCO intends to revisit the issue of contractual arrangements for embedded generation closer to the implementation of the new national customer framework to take account of progress in related work streams, with a view to making provision for deemed standard arrangements for small embedded generators.</p> <p>The intention is to facilitate ongoing efforts to promote distributed generation in the national energy market.</p>	<p>economic regulation stream of the MCE.</p> <p>ENERGEX seeks clarification about the classification of Inverter Energy Systems or generators (e.g. solar cell or PV generator). Are these to be classified as small embedded generators?</p>

No.	Subject	SCO RECOMMENDATION	COMMENT
Distributor obligation to provide customer distribution services			
1.24	Scope of obligation	<p>The Law will provide that distributors must, in accordance with the Rules, provide customer distribution services in respect of a retail customer's premises.</p> <p>A “distributor” will be defined in Law to mean:</p> <ul style="list-style-type: none"> • a distributor whose network services are subject to access regulation under the Rules; or • any other distributors identified by jurisdictional instruments under and for the purposes of the definition. <p>The reference to a retail customer's premises limits the obligation to customers acquiring (or intending to acquire) energy through a retailer, as distinct from a customer acquiring energy directly from a wholesale market.</p> <p>SCO has also decided to enable the inclusion of distributors who are not subject to access regulation within the national customer framework where appropriate and where jurisdictions elect to do so. The details of this will be further developed in the drafting stages.</p>	<p>ENERGEX assumes that the obligation to supply applies to all customers, not just small customers. Clarification is required on this matter.</p> <p>ENERGEX also queries how a distributor will be able to determine whether a customer ‘intends to acquire’ energy through a retailer? This is not clear and can lead to ambiguities.</p>
1.25	Definition of customer distribution services	<p>Customer distribution services will be defined in the Law, for the purposes of the new national customer framework. These may include:</p> <ul style="list-style-type: none"> • the connection of the premises to the distribution network to allow the flow of energy between the network and the premises; 	<p>ENERGEX believes that the definitions of distribution services in the legislative instruments need to be consistent.</p> <p>In this context the description of ‘customer distribution services’ is unclear. For example,</p>

No.	Subject	SCO RECOMMENDATION	COMMENT
		<ul style="list-style-type: none"> • where a physical connection already exists, activating or opening the connection in order to allow the flow of energy between the network and the premises (this is referred to throughout as '<i>energisation</i>' of the connection); • maintaining the capability of the network to allow the flow of energy between the network and the premises through the connection; and • services relating to the delivery of energy to the customer's premises. <p>The nature, scope and content of initial customer connection services are being dealt with concurrently, as part of the distribution connection & planning requirements work stream of the Network Policy Working Group (NPWG).</p>	<p>ENERGEX is interested in whether the term extends to demand management initiatives.</p> <p>These issues create a great degree of uncertainty for distributors who are in the process of preparing proposals for the AER for the next regulatory control period.</p> <p>The impact on the regulatory proposal and costs should be explicitly recognised as constituting a pass thru event.</p>
	<p>Rules may further define customer distribution services</p>	<p>The Law will enable the Rules to supplement the definition of customer distribution services for various purposes of the new national customer framework. For example, services relating to metering-related responsibilities.</p> <p>The Rules may distinguish between different components of customer distribution services including:</p> <ul style="list-style-type: none"> • initial customer connection services: comprising those services provided leading up to, but not including, the establishment of a physical connection of a customer's premises; and • ongoing customer distribution services; comprising those services provided once a 	<p>ENERGEX believes that energisation of the connection point should be captured.</p>

No.	Subject	SCO RECOMMENDATION	COMMENT
			geographical, necessitate different timeframes.
	Distributor information requirements	<p>Distributor information requirements, requiring the distributor to provide to a customer:</p> <ul style="list-style-type: none"> • the deemed standard terms and conditions ("deemed customer distribution contract") applicable to that customer; • details of applicable GSL payments and service standards; • details of applicable connection, energisation and re-energisation timeframes; and • notice of the customer's rights in respect of the negotiation of different terms. <p>This information must be provided in circumstances specified in the Rules, including:</p> <ul style="list-style-type: none"> • on application for connection of the customer's premises; • on energisation of the customer's premises (if information not already supplied); • on request; • following any changes to the approved terms and conditions; and • on a request by the distributor or the customer to negotiate different terms <p>While the specific details of service level and timeframes may vary from jurisdiction to jurisdiction (and hence cannot be specified within the standard model terms and conditions), customers</p>	ENERGEX supports this recommendation

No.	Subject	SCO RECOMMENDATION	COMMENT
		<p>should still be provided with the relevant information for their circumstances. The Rules will therefore require distributors to provide information about the applicable regulatory requirements</p>	
Distributor obligation to offer customer distribution services: customer connection			
1.26A	Scope of obligation to offer customer distribution services	<p>The Rules will provide that distributors must, as part of the requirement under the Law to offer customer distribution services, offer to connect a retail customer's premises to its network.</p> <p>This obligation will be expressed to be subject to the requirements of applicable Rules.</p> <p>Issues relating to standard connection types and associated timeframes will be dealt with and addressed through the MCE's network planning and connection arrangements work stream in relation to the electricity sector.</p> <p>The various connection scenarios may be specified in economic regulatory instruments pertaining to that distributor (eg. distribution determinations and access arrangements) or may be specified in applicable Rules.</p> <p>Regulated distribution services which are provided for in the instruments governing economic regulation include "customer distribution services" to be provided to retail customers under the new national customer framework.</p>	<p>It should be clarified that the offer to connect may include a precondition for the customer to satisfy the distributor's reasonable technical and financial requirements.</p>
1.26B	Connection requirements	<p>The Rules will provide that the distributor is not obliged to make a connection until the customer has met any connection requirements that apply, namely:</p>	<p>Agree – but the list should not be considered exhaustive.</p>

No.	Subject	SCO RECOMMENDATION	COMMENT
	Right to offer of customer distribution services once physical connection established	<ul style="list-style-type: none"> • payment for any augmentation, extension or other capital works to the distribution system if required to effect the connection; • completion of any works required for connection which are not part of the distribution system; • compliance with technical and safety requirements in relation to the customer's installation or equipment; and • provision of safe and unhindered access to meters and other equipment of the distributor on the customer's premises. <p>This rule will make the obligation to connect subject to the reasonable requirements which are provided for elsewhere in the applicable rules, whether jurisdictional or national.</p> <p>The NPWG will contribute further to these provisions in the context of the NER.</p> <p>For the avoidance of doubt, once a physical connection is established with a customer's premises, that customer will have the benefit of the distributor's obligation to provide customer distribution services to those premises, irrespective of the type of connection or contractual arrangements entered into concerning the initial establishment of that connection.</p>	<p>It should be noted that any pre-connection activity and contractual arrangement is relevant to the obligation to supply.</p>
Distributor interface with customers			
1.27	Establishment of deemed customer distribution contract	The Law will provide that upon connection of a retail customer's premises to a distribution system, or on the date a customer moves in to premises that are already connected, a contract is deemed to arise between the customer and the	

No.	Subject	SCO RECOMMENDATION	COMMENT
		<p>Where a small customer enters into a negotiated customer distribution contract, a retailer's obligation to offer supply in respect of that customer may be modified to the extent that the negotiated customer distribution contract terms and conditions differ from the standard retail contract terms and conditions.</p> <p>Coordination between distributors and retailers will be required where a negotiated customer distribution contract applies. This will be managed by communication and coordination requirements in the Retail Support Contract.</p>	<p>This clause is unclear as to the application and should be clarified.</p>
	<p>Access regime still applies</p>	<p>The deemed customer distribution contract provisions do not affect the rights of a customer to negotiate for the direct provision of distribution services in accordance with Chapter 5 and 6 of the NER or under an access arrangement in accordance with the NGR.</p>	<p>'Do not affect the rights of a customer to negotiate for the direct provision of distribution services' is unclear and should be clarified to ascertain if SCO intends the process in Chapter 5 to be applied to all customers.</p>
<p>1.28</p>	<p>Deemed customer distribution contract terms and conditions</p>	<p>The Law will authorise Rules to be made for the model terms and conditions of a deemed customer distribution contract.</p>	
<p>1.29</p>	<p>Rules provisions</p> <p>Model terms for deemed customer distribution contracts</p>	<p>The Rules will include the following provisions in relation to the distributor - customer relationship:</p> <ul style="list-style-type: none"> • Model terms for the deemed customer distribution contract applicable to small customers and all other retail customers (unless approved standard terms apply, or a negotiated contract applies). • The model terms of the deemed customer distribution contract will be in a separate schedule of the Rules so that it can operate for distributors as a contract 	<p>This clause is unclear as to the application and should be clarified.</p>

No.	Subject	SCO RECOMMENDATION	COMMENT
	<p>Small customer definition</p> <p>Publishing of customer distribution contracts</p> <p>AER approval</p> <p>Variations during</p>	<p>Model terms will be developed for the customer distribution contract. These model terms will form the basis for any other deemed distribution contracts which may be made under the Rules.</p> <p>Part 4 of this Table sets out model terms and conditions for the development of the initial Rules.</p> <ul style="list-style-type: none"> • Small customers will be defined in the same way as for the retailer obligation to supply. • Distributors must adopt and publish a customer distribution contract. <p>The AER will not be required to approve deemed customer distribution contracts applicable to small customers.</p> <p>SCO considers that as model terms will be drafted to allow adoption as the customer distribution contract, that further approval by the AER is unnecessary.</p> <p>Customer service and network performance standards as in force from time to time will be referred to but not specified in the model customer distribution contracts. The need for amendment and approval by the AER on this basis is therefore not necessary.</p> <p>Amendment of the customer distribution contracts will be</p>	<p>Disagree. The distributor is not in the same position as a retailer to identify whether a customer is residential or otherwise. The classification of customers for the purposes of the distribution contract should consider other factors in the control of distribution.</p> <p>ENERGEX agrees and considers that publishing on the company’s website would be a cost effective and sufficient form of publication.</p> <p>ENERGEX supports this recommendation.</p> <p>Disagree. Distributors require certainty when</p>

No.	Subject	SCO RECOMMENDATION	COMMENT
	<p>Dispute resolution</p> <p>Information provision</p> <p>Fault reporting and correction</p> <p>Small customer negotiated customer distribution contracts</p> <p>Distributor compliance with deemed customer distribution contracts</p>	<ul style="list-style-type: none"> • A requirement that distributors must comply with any applicable jurisdictional dispute resolution requirements • Requirements for distributors to provide information to a customer or its retailer on request about the customer's consumption, network tariff or connection. • Requirements concerning the maintenance by distributors of a 24-hour fault information and reporting line. • Protections for small customers in relation to negotiated customer distribution contracts, including protected terms and cooling-off periods. <p>SCO notes that the substantive obligations on distributors and protections relating to small customer contracts are to be contained in Rules and as such, cannot be negotiated away from. Customers are entitled to the provision of information as outlined in 1.27 regarding the implications of entering into a negotiated customer distribution contract. As such, SCO sees no need to provide further specific obligations on distributors in relation to negotiated customer distribution contracts.</p> <p>There is to be an express requirement in Law and Rules that a distributor must comply with the terms of the applicable deemed customer distribution contract in respect of customers</p>	<p>if the customer's retailer has raised a B2B service order request.</p> <p>Currently in Qld certain disputes are handled by the Queensland Competition Authority. This responsibility may transfer to the AER. Therefore, the application of this clause will need to be clarified.</p> <p>ENERGEX supports a charge to customers for information which would be considered onerous for the business to supply.</p>

No.	Subject	SCO RECOMMENDATION	COMMENT
		<p>connected to the distribution system.</p> <p>SCO considers it important that compliance with the terms of customer distribution contracts and AER-approved distribution contracts and RSCs are regulatory obligations. Compliance with the terms of these agreements by distributors is important to deliver the new national customer framework. Therefore, breaches of the terms of a distribution contract should be subject to regulatory oversight and where appropriate, enforcement action.</p>	
Distributor interface with retailers			
1.32	Nature of Retail Support Contract (RSC)	<p>The Law will include provision for a Retail Support Contract between each distributor and retailer that provides energy services to customers connected to the distributor's infrastructure.</p> <p>Both a RSC for electricity and a gas RSC must regulate the respective obligations consistently with the existing national access regimes applicable in each sector.</p> <p>For example, the new RSC will be designed to work consistently within the relevant access regimes under the NEL and the NER (for electricity) and the NGL and the NGR (in gas).</p> <p>The electricity and gas RSCs will otherwise cover the same subject matter, regulating the arrangements between distributors and retailers in relation to the provision of services to their joint customers.</p> <p>Firstly, to distinguish between the various existing UoS and</p>	<p>ENERGEX considers that the Queensland Standard Co-ordination Agreement is a sound foundation for the starting point for the drafting of a national agreement - it was introduced as part of the Full Retail Competition process in 2007 and after full consultation with the distributors and retailers in Queensland.</p> <p>However, ENERGEX's preference would be for the term 'Co-ordination Agreement' to remain rather than the term 'Retail Support Contract'.</p> <p>The agreement should apply to all common customers not just small customers.</p>

No.	Subject	SCO RECOMMENDATION	COMMENT
		<p>coordination contracts which cover considerably different ground, and to reinforce the goal of regulation in this space, SCO uses the term "Retail Support Contract" to denote the contractual relationship between distributors and retailers.</p> <p>In both electricity and gas, a RSC will be deemed to arise between a distributor and a retailer in respect of customers of the retailer connected to that distributor's network.</p>	
1.33	<p>Establishment of default Retail Support Contracts</p> <p>Negotiated Retail Support Contracts</p> <p>Customer variations</p>	<p>The Law will provide that except where a negotiated RSC exists, an RSC is deemed to be entered into by each distributor and each retailer where the retailer sells energy to customers connected to the distributor's infrastructure.</p> <p>The Law will not preclude a distributor and retailer negotiating different terms and conditions of their RSCs. However, the default RSC will apply in the absence of any such agreement between the parties and will effectively operate as the starting point for any negotiated arrangements.</p> <p>The default RSC will provide that it does not apply in respect of particular customers to the extent that they have negotiated arrangements (in relation to the provision of customer connection and distribution services) with the distributor that require different arrangements.</p> <p>Distributors and retailers will need to reach agreement where necessary to do so for such specific circumstances.</p>	<p>ENERGEX supports this recommendation.</p> <p>ENERGEX supports this recommendation.</p>

No.	Subject	SCO RECOMMENDATION	COMMENT
		<p>namely:</p> <ul style="list-style-type: none"> • Customer service and network performance standards applicable to the distributor; • Any specific characteristics of the distributor's network; • Consistency with the regulatory obligations of retailers to customers; and • The statutory objectives of the NEL and the NGL. <p>Where a distributor applies to the AER to vary the model terms of the default RSC, a consultation process in relation to the proposed variations will occur.</p> <p>SCO considers that a 'rubber stamping' process is not required where the default RSC model terms and conditions as set out in the Rules are relied upon.</p> <p>Distributors would only be able to seek variation to deal with the unique characteristics of their network.</p>	
1.36	Regulatory requirements	<p>The Rules will include an obligation on distributors and retailers to comply with the terms of the relevant RSC, whether this is:</p> <ul style="list-style-type: none"> • a default RSC; • an AER approved RSC; or • a negotiated RSC. <p>Compliance will therefore be both a contractual obligation</p>	<p>ENERGEX strongly supports compliance with the agreement to be both a contractual and regulatory obligation, particularly enforcement of terms and conditions such as credit support.</p>

No.	Subject	SCO RECOMMENDATION	COMMENT
		<p>enforceable between the parties and a regulatory obligation enforceable by the AER.</p> <p>The terms and conditions of the RSC between a distributor and a retailer will not be subject to variation by the AER as an outcome of an access dispute.</p>	
Distributor interface with embedded generators			
1.37	Process for new Rules for embedded generation	<p>Having regard to the NPWG policy process adopted in relation to this issue, policy outcomes should be capable of being implemented by a Ministerial order or, where appropriate, by the normal Rule change process.</p> <p>Accordingly, the amendments to the Laws for the new national customer framework will authorise Rules relating to the connection and operation of embedded generation to be made by Ministerial order.</p>	<p>Refer to comments above in relation to embedded generators. In addition, the Rules need to distinguish and define between large and small embedded generation customers.</p> <p>ENERGEX has the view that embedded generators should have a connection agreement in place with the local network service provider.</p> <p>ENERGEX supports a comprehensive process of public consultation in developing policy recommendations in this matter.</p>
Enforcement mechanisms			
1.78	Compliance monitoring and enforcement functions of the AER	<p>The NEL and NGL will include provisions to support the AER's compliance monitoring and enforcement functions as follows:</p> <ul style="list-style-type: none"> a requirement for regulated entities¹ to establish systems and procedures to monitor regulatory compliance, in accordance with reporting 	<p>ENERGEX generally supports the proposed compliance monitoring and enforcement functions and anticipates participating in the public consultation process in developing the guidelines.</p>

¹ References to 'regulated entities' in the paper are to distributors and retailers under the national customer framework.

No.	Subject	SCO RECOMMENDATION	COMMENT
		<p>requirements issued by the AER;</p> <ul style="list-style-type: none"> • a requirement for regulated entities to notify the AER of breaches of regulatory obligations, in accordance with guidelines issued by the AER; • a requirement for regulated entities to undertake compliance audits, and to co-operate with such audits being undertaken by the AER or an independent auditor, in accordance with guidelines issued by the AER; and • a requirement for the AER to report on its compliance monitoring and enforcement functions. <p>The regulatory reporting regime adopted by the AER would be modelled on current jurisdictional reporting requirements and are to be developed through a public consultation process. Any regulatory regime developed by the AER should reflect the relative importance of particular breaches of the Law or Rules.</p> <p>Consideration will be given to the extent to which regulatory information instruments will be used for these purposes.</p>	
1.79	Court based enforcement mechanisms	<p>The court-based enforcement mechanisms provided for in sections 61, 63 and 68 of the NEL (and the equivalent provisions to be included in the NGL) should apply to the obligations to be included in the national customer framework. Compliance with these requirements should be designated as civil penalty provisions.</p>	

No.	Subject	SCO RECOMMENDATION	COMMENT
		<p>The identification of which provisions will be nominated as civil penalty provisions will be determined as part of the drafting of the legislative and rules package.</p>	
1.80	Additional powers for courts to make orders	<p>No longer required.</p> <p>AAR recommended that consideration be given to expanding the description of orders available to the Court.</p> <p>SCO has decided not to expand Court powers to compensatory or other orders for the following reasons:</p> <ul style="list-style-type: none"> • It is inappropriate for the regulator, as prosecutor, to decide if third parties affected by the conduct should be allowed to recover losses or damages; • The regulator is not in a position to know or plead the quantum damage allegedly suffered by a third party; and <p>There may be undue pressure from third parties on the regulator because of the possible financial advantage they may get from the proceedings.</p>	
1.81	Infringement notices	<p>The provisions currently contained in the NEL (and to be included in the NGL) giving the AER the power to issue infringement notices where the AER believes that there has been a breach of a civil penalty provision will apply to the new national customer framework.</p>	
1.82	Administrative remedies	<p>The NEL and NGL will include provisions that enable the AER to accept enforceable undertakings modeled on section 87B of the <i>Trade Practices Act 1974</i> (C'th).</p>	

No.	Subject	SCO RECOMMENDATION	COMMENT
1.83	Revocation of business authorisation	The AER's power to revoke a business authorisation is only to be used as a last resort after all other enforcement mechanisms have been exhausted, and not as an enforcement mechanism to address one-off breaches.	
1.84	Additional enforcement issues – conduct provisions	<p>Certain obligations arising from the distribution and retail regulatory functions will be enforceable as between the affected parties (distributors and retailers) for a specified and limited list of provisions that are identified as 'conduct provisions'.</p> <p>The new NGL includes a regime by which certain obligations may be nominated as conduct provisions which allows enforceability as between the two parties. This type of regime will be introduced into the NEL.</p> <p>Generally, SCO considers that provisions imposing an obligation on a party for the purpose of conferring a benefit on distributors, retailers and/or large end users would be the type of provision best suited to being a prescribed conduct provision. However, which provisions are identified as conduct provisions will be the subject of further consultation in the drafting of the package.</p>	<p>ENERGEX would strongly support that certain obligations between distributors and retailers be identified as 'conduct provisions'. In particular, ENERGEX considers that obligations by retailers to provide credit support should be classified as a conduct provision.</p>
	Other dispute resolution issues	<p>The dispute resolution provisions in Chapter 8 of the NER will apply in respect of the National Energy Customer Rules between NEM registered participants. Accordingly it will <i>not</i> apply to:</p> <ul style="list-style-type: none"> • disputes between regulated businesses and 	<p>ENERGEX supports this recommendation.</p>

No.	Subject	SCO RECOMMENDATION	COMMENT
		<p>small customers; and</p> <ul style="list-style-type: none"> disputes between gas distributors and retailers. <p>Where court based remedies are to be used, enforcement in the lower courts, including the Federal Magistrates Court, is to be allowed within the current court jurisdictions rather than (as at present) only in the Federal Court and Supreme Courts.</p> <p>SCO notes that chapter 8 of the NER dispute resolution process is not designed for disputes between regulated businesses and small customers, and therefore chapter 8 dispute resolutions will not be available for these disputes.</p> <p>In relation to disputes between gas distributors and retailers, SCO considers that there are adequate mechanisms in place under the national gas access arrangements for resolving disputes between gas distributors and retailers.</p>	
Statutory objectives			
1.85	Statutory Objectives of the NEL and NGL	The current statutory objectives in the NEL and NGL are adequate to accommodate the transfer to the new national customer framework.	
1.86	Supplementary objectives	No supplementary objectives will be introduced for the new national customer framework.	

Part 2 – Regulation of standard retail and market retail contract terms

The recommended requirements as set out in this Part 2 of the Table will apply to both standard retail contracts and market retail contracts. The Table sets out the terms and conditions of the standard retail contract, some of which are also minimum terms and conditions that must be included in market retail contracts. Where the terms and conditions of market contracts can be varied, this is indicated by a 'Market Retail Contract Annotation' in the Table.

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
Calculation of Charges			
2.1	Tariffs and charges	<p>Charges under the standard retail contract are to be made on the basis of a published standing offer tariff that must be referred to in the contract.</p> <p>The standing offer tariff must be published by the retailer on its website and provided to the AER for publication on its website.</p> <p>Any variation to standing offer tariffs and charges must be published 20 business days in advance of the variation taking effect.</p> <p>A retailer is limited to varying a standing offer tariff to 6 monthly.</p> <p>Upon request, a retailer must provide a customer with information reasonably available to the retailer on network charges, retail charges and any other charges relating to the sale or supply of energy.</p> <p>Market Retail Contract Annotation</p> <p>Publication requirements do not apply to market retail contracts. Market retail contract tariffs must be included in the contract and variations must be notified to the customer in accordance with requirements set out in the contract.</p>	

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		SCO notes that separate transitional provision will be made for jurisdictions where a regulated tariff continues.	
2.2	Use of meter data	<p>Unless otherwise permitted, a retailer must base the calculation of charges for a small customer's bill on metering data provided by the distributor or other responsible person in accordance with the Rules.</p> <p>A retailer may base the calculation of charges under a bill on an estimation of a small customer's consumption of energy in the following circumstances:</p> <ul style="list-style-type: none"> • where the customer consents to the use of estimates by the retailer; • where the retailer is not able to reasonably or reliably base the bill on a meter reading; or • where metering data is not provided to the retailer by the distributor or other responsible person. <p>Market Retail Contract Annotation</p> <p>May be varied by agreement in market retail contracts.</p>	
2.3	Meter reads	A standard retail contract will inform the customer who is responsible to ensure that a meter reading takes place, and that this must take place at least once in each 12 month period.	This recommendation should refer to a retail entity ensuring that an actual meter reading is obtained at least once every 12 months for billing purposes. An 'actual meter read' should be clarified to refer to a scheduled meter reading or a special meter reading.
2.4	Estimations	Where estimations are permitted to be used as the basis for the calculation of energy charges under a bill for a small customer, the estimations may be based on:	

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		<ul style="list-style-type: none"> • the customer's reading of the relevant meter; • historical meter data for the relevant customer reasonably available to the retailer; or • where there is no historical meter data for the relevant customer, the average usage of energy by a comparable customer over the corresponding period. <p>Market Retail Contract Annotation</p> <p>Where estimation is the basis for the calculation of charges under a market retail contract, the above standard requirements in relation to the basis of estimation are to be included as a minimum term for that contract.</p>	
2.5	Bill smoothing	<p>Where a retailer is entitled to use estimations as the basis for the calculation of charges under an energy bill, estimated bills may be provided under a smoothing arrangement if:</p> <ul style="list-style-type: none"> • the amount payable each month is initially the same; • the retailer's estimate is based on the customer's historical billing data or, if no such data exists, the average consumption of a similar customer; • the retailer re-estimates consumption after 6 months on the basis of a meter read; and • the difference between the initial estimate and the re-estimate is greater than 10%, the retailer resets the amount payable under each of the remaining bills to reflect the difference. <p>Market Retail contract Annotation</p>	<p>A point to note generally is that bill smoothing may not allow for effective signals to customers associated with demand management initiatives such as smart metering and the introduction of demand side tariffs.</p>

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		May be varied by agreement in market retail contracts.	
2.6	Meter access	<p>The standard retail contract will state that the customer must allow safe and unhindered access to the supply address for the purposes of reading the meter.</p> <p>If a failure to provide access results in a charge being based on estimation and the customer subsequently requests an actual read, the retailer may charge the customer its reasonable costs of complying with the request.</p>	Meter access must be in the Customer Distribution Contract as well.
Disconnection			
2.26	Grounds for disconnection	<p>A retailer may arrange to disconnect or discontinue supply where a small customer:</p> <ul style="list-style-type: none"> • has not paid a bill for energy services; • has failed to provide security requested by the retailer (which it is entitled to request); • has denied access to a meter for three consecutive scheduled readings without reasonable excuse; • has refused to provide acceptable identification; • has acquired energy illegally; • has obstructed an authorised person in relation to acts to be done under the contract; and/or • (in the case of a market retail contract) the contract has been terminated in accordance with the terms of the contract, and the customer has not entered into another retail contract. 	<p>In Queensland the <i>Community Ambulance Cover Act 2003</i> must be applied where a small customer does not pay the entire amount owing.</p> <p>How would the proposed arrangement cater for this requirement?</p>
2.27	Limitations on disconnection	Other limitations will apply to the right to discontinue supply in circumstances where a small customer has not paid a bill	

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		<p>on account of having insufficient income.</p> <p>In these circumstances, the retailer is (where the customer is a hardship customer) required to comply with its obligations under its Customer Hardship Policy before proceeding to disconnect a customer.</p> <p>Retailers are not entitled to disconnect while an application for Government assistance or a payment plan is pending or there is an unresolved complaint relating to the outstanding bill being dealt with by the relevant ombudsman.</p> <p>In addition, premises registered as containing life support or other critical medical equipment may not be disconnected.</p> <p>Retailers may only arrange for disconnections to occur before times of the day and on days as specified in the Rules (see recommendation 1.31).</p>	
2.28	Notice	<p>Disconnection may not be effected until the retailer has provided the customer with:</p> <ul style="list-style-type: none"> • a reminder notice; and • a combined (second) reminder and disconnection notice, <p>containing minimum information and at minimum specified intervals.</p> <p>In addition, where the reason is non-payment of a bill, the retailer must make a reasonable attempt to contact the customer by telephone or other specified means.</p> <p>The notice given for disconnection will inform the customer of the due date for payment of any bills or remediation of any</p>	

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		<p>other ground for disconnection before disconnection is enacted.</p>	
2.29	Reconnection	<p>A retailer must notify a small customer of the arrangements which the customer will need to make in respect of reconnection, including any costs payable by the customer. Any payment arrangements for reconnection must allow for fair and reasonable payments at fair and reasonable intervals.</p> <p>A retailer must reconnect premises if the breaches described above are remedied within 10 business days. Retailers must make appropriate arrangements with the relevant distributor to ensure that reconnection occurs as soon as possible for the customer.</p>	

Part 4 – Regulation of distributor-customer contract terms

The following terms and conditions would be included in the model terms for deemed customer distribution contracts to be included in the Rules. Note that negotiated customer distribution contracts may be entered into where both parties agree, subject to requirements specified in the Law and Rules for small customers.

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
4.1	Commencement of contract (as between the distributor and the customer at particular premises)	The customer distribution contract will apply in relation to a particular customer and premises on the date the premises are connected to the network (for new connections) or date on which the customer first took supply of energy at the premises.	
4.2	Collection of charges	An explanatory term is to be included noting that charges for customer distribution services (network charges) are paid to the retailer and that the distributor may not charge the customer directly for services unless it has a separate agreement with the customer.	<p>A clear definition for ‘customer distribution services’ is required.</p> <p>The last part of the recommendation should read ‘separate arrangement’ not agreement – some arrangements that a distributor has with customers for direct billing may not be formally documented as agreements. The direct billing of customers for distribution services should be at the absolute discretion of the distributor.</p>
4.3	Termination of customer distribution services	<p>The customer distribution contract will provide that the contract ends in relation to a particular customer and premises, on the earlier of:</p> <ul style="list-style-type: none"> • the date the customer is disconnected in accordance with the disconnection procedures and any right of reconnection has expired; 	<p>The Queensland Standard Connection Contract provides the following under clause 4.2:</p> <ul style="list-style-type: none"> • when the customer or retail entity notify the distributor that the customer connection services are to be terminated • when a negotiated connection contract

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		<ul style="list-style-type: none"> • the customer ceasing to be responsible for energy consumption at those premises following a specified period of notice to its retailer; • the effective date of a negotiated distribution contract for the premises; or • the date otherwise agreed between the customer and the distributor. 	<p>commences</p> <ul style="list-style-type: none"> • 10 business days after the distributor disconnects and the customer has not met the requirements for reconnection or made a request to the retailer for reconnection. • If the customer does not give the distributor safe access to the premises to conduct a final meter read, then the contract will not end until the earlier of the end of the notice period commencing on safe access being given or when the meter is read.
4.4	Interruptions to supply	The contract will refer to the provisions of the Rules in relation to interruptions and curtailments to supply.	
4.5	Service standards/Guaranteed service levels	<p>The customer distribution contract will require that the distributor comply with any applicable service standards and guaranteed service level schemes.</p> <p>The following is an indicative list of the types of requirements that are dealt with via GSL/Service Standards:</p> <ul style="list-style-type: none"> • frequency and duration of supply interruptions; • timely notice of planned interruptions; • quality of supply (excluding frequency) for electricity (this could include voltage variations); • wrongful disconnection; 	<p>The AER’s Service Target Performance Incentive Scheme provides that where jurisdictional legislation imposes an obligation on a DNSP to operate a Guaranteed Service Level (GSL) scheme, the GSL component of the national scheme does not apply. Consideration needs to be given to:</p> <ul style="list-style-type: none"> • Future management of applicable service standards and GSLs; • Avoiding regulatory duplication; and • Transitional arrangements associated with

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		<ul style="list-style-type: none"> • timeframes for reconnection; • being on time for appointments; • response times for fault calls; and • provision of fault information. <p>Due to ongoing jurisdictional regulation in this space, explicit provision for GSL/Service Standards in the model terms cannot be included in the Rules. Appropriate customer information requirements will be put in place through the Rules to ensure that customers are made aware of what their particular entitlements are in this respect.</p>	<p>service standards and GSLs currently contained in Queensland Electricity Industry Code</p> <ul style="list-style-type: none"> • The extent to which GSL / Service Standard requirements under the Queensland Electricity Industry Code will continue to apply as ‘applicable service standards and guaranteed service level schemes’. This includes implications of differences between what is currently provided for under the Electricity Industry Code and the indicative list. For example Queensland has GSLs for: <ul style="list-style-type: none"> • Hot water supply – if a customer makes an enquiry about a loss of hot water supply and the distributor fails to attend the premises within a specified time then the customer is eligible for a GSL payment of \$40 for each day it is late; and • Connections – if a customer is entitled and has taken all necessary steps to have its premises connected and the distributor does not connect the premises on the day agreed then the customer is eligible for a GSL payment of \$40 for each day it is late. <p>However, the Queensland Code does not provide GSLs for the following:</p>

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
			<ul style="list-style-type: none"> • Response times for fault calls; and • Provision of fault information. <p>The Queensland Code does provide service standards for SAIDI and SAIFI.</p> <p>Other considerations should include jurisdictional differences in regards to size of GSL payment, payment methods and variations in existing agreements. Some examples are outlined below:</p> <ul style="list-style-type: none"> • In most cases the distributor must use best endeavours to automatically provide a GSL payment under the Queensland Code. Payment may be by cheque, electronic funds transfer or other means agreed with the customer. • The Queensland Standard Coordination Agreement between the distributor and retailers provides that a retailer must reimburse the Distributor for a GSL payment which is attributable to the retailer’s delay, failure or wrongful action. <p>ENERGEX notes that no complementary retailer standards apply to ensure timely responses and accurate processing of customer requests.</p>
4.6	Liability and warranties	The following limitations of liability may be included:	Agree with the recommended limitations of liability. In particular, provisions should

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		<ul style="list-style-type: none"> • implied terms and warranties may be excluded to the extent permitted by law; • no liability for supply interruption or disconnection to the extent the distributor is entitled to do so under Law, Rules or contract; • no liability for reliability or quality of supply, except to the extent caused or contributed to by the distributor's default or negligence; and • contractual force majeure. <p>The contract should state that none of these limitations will limit any obligation to make a GSL/compensation payment.</p> <p>The SCO notes that the provision dealing with liabilities as between distributors and customers is a key means for appropriately allocating risks and of critical importance to the overall contractual model.</p> <p>Interested parties may wish to give particular attention to providing feedback to SCO in this area as the detailed provisions are developed during the drafting of the initial Rules for the new national customer framework.</p>	<p>acknowledge that the GSL payment by a distributor does not constitute an admission of legal liability or a breach of the Rules. The GSL scheme is an appropriate mechanism to address failures to meet specified service standards, rather than contractual or legal liability measures.</p>
4.7	Provision of information	<p>The customer distribution contract may include an obligation on the distributor to provide information to a customer or its retailer on request about that customer's consumption, connection or applicable network tariff.</p>	<p>There should be a limit on the historic period over which this information is required to be provided and distributors should be permitted to charge a reasonable fee for data provided beyond a specific timeframe.</p>
4.8	Disconnections and reconnections	<p>The customer distribution contract will adopt the provisions of the Rules in relation to the circumstances in which a</p>	<p>Clause 12 of the Queensland Standard Connection Contract provides a foundation for</p>

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
	(excluding temporary supply interruptions)	<p>distributor may, or must, disconnect. The contract will restate when a distributor must not disconnect.</p> <p>The circumstances in which a distributor must not disconnect customer premises are:</p> <ul style="list-style-type: none"> • after 3pm on a weekday, and on weekends and public holidays (for small customers only); • for electricity, if the address has a registered life support system; • where required notices have not been given; • where a complaint remains unresolved; or • if a distributor reasonably considers that disconnection would immediately endanger health or safety. <p>Reconnection should be effected:</p> <ul style="list-style-type: none"> • as soon as practical and within one business day after the reason for disconnection has been removed and the customer requests; and 	<p>drafting on this issue.</p> <p>Issues that need to be addressed in the drafting include:</p> <ul style="list-style-type: none"> • Flexibility for customer requiring a weekend disconnection. The clause should state ‘unless otherwise requested by the customer’. • Distributor should be able to disconnect if customer fails to pay DNSP in those particular arrangements. • Distributor should be able to disconnect after 3pm if reasonably believe the premises to be vacant. <p>In regards to the situation ‘where a complaint remains unresolved’ (point 4) This is unable to be applied in practice as distributors are not in a position to know of unresolved complaints with a retailer.</p> <p>In relation to ‘required notices’, the distributor is not in a position to ascertain whether a customer’s retailer has provided any required notices.</p> <p>ENERGEX would recommend that for drafting purposes that reference be made to the Queensland Standard Connection Contract – clause 13 in regards to reconnection after</p>

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		<ul style="list-style-type: none"> if a retailer requested disconnection, as soon as practical and within one business day* after the retailer requests reconnection, subject to payment of the reconnection fee. <p>A time limit for reconnection will be included (10 business days) If reconnection has not occurred within that time, a request for connection will be treated as a new request for connection.</p> <p>Reconnection within one business day will be the standard timeframe for metropolitan customers. Arrangements may be put in place by jurisdictions to vary this for designated remote areas.</p>	<p>disconnection.</p> <p>A distributor will only be able to reconnect the customer if the customer’s retailer has raised a service order request. A request for reconnection will not be accepted directly from the customer.</p> <p>ENERGEX seeks clarification of meaning of the paragraph ‘a time limit for reconnection will be included (10 business days).’</p> <p>Reference to and issues associated with excluded or remote locations must be included.</p>
4.9	Fault reporting and correction	Provision of 24-hour fault information and reporting line.	
4.10	Dispute resolution	<p>The customer distribution contract will specify that customers are entitled to make a complaint in writing or by telephone to a representative of the distribution company, to have that complaint addressed-</p> <p>The customer distribution contract will specify that the customer has the right, and will be informed of their right, to take their complaint to the relevant jurisdictional ombudsman scheme if they are dissatisfied with the distributor’s response.</p> <p>SCO will review the requirements of the jurisdictional ombudsman schemes to ensure that they include obligations for distributors to have robust complaint handling requirements to support the new national customer</p>	<p>ENERGEX supports complaint resolution at a local level in the first instance with referral to the jurisdictional ombudsman only for escalation purposes.</p>

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		framework.	
4.11	Customer obligations	<p>To be clearly expressed in the customer distribution contract, together with the consequences of non-compliance (eg disconnection) and provision for appropriate notice of non-compliance and an opportunity to remedy if applicable.</p> <p>Customer obligations may include matters relating to:</p> <ul style="list-style-type: none"> • theft/unauthorised supply; • provision of safe and unhindered access to meters and other equipment of the distributor; • protection of/tampering with distributor equipment on premises; • safety of customer installation; • compliance with any restrictions on consumption or use of energy; and • requirements to notify certain events (eg faults, leaks, change of use, safety requirements). 	ENERGEX supports this recommendation.

Part 5 – Regulation of distributor-retailer contract terms

The following subject matters will be included in the model terms for Retail Support Contracts (RSC) to be included in the Rules. In general, the same terms and conditions apply to both electricity and gas RSCs. However, where necessary, the electricity and gas RSCs may be implemented with differences to accommodate the different national access regimes in electricity and gas. Note that negotiated RSCs may be entered into where the parties agree.

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
5.1	Connections at request of retailer or end customer	The RSC will require the retailer to pass on to the distributor connection requests within one business day of receipt.	ENERGEX supports the requirement for a retailer to pass on to the distributor connection requests within 1 business day of receipt. However, it is probably not appropriate for timeframes to be contained in the RSC, whereas timeframes for completion are specified in the national B2B Procedures.
5.2	Obligation to provide customer distribution services	<p>The distributor will be required to provide customer distribution services in respect of a connection point for the retailer's customers connected to the distributor's infrastructure.</p> <p>SCO considers that the obligations and responsibilities of distributors and retailers under the RSC should be aligned as closely as possible with the respective responsibilities of each in the provision of services.</p> <p>Therefore, SCO considers that the RSC should provide that the retailer must pay the distributor all network charges in respect of the provision of customer distribution services to the premises of the retailer's customers.</p>	The obligation to provide customer distribution services should be reflected in the Rules and the distribution contract, not the Retail Support Contract.

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		<p>This can achieve greater consistency of approach between both the electricity and gas frameworks, and further detail on implementation will be developed in the drafting stage.</p>	
5.3	Customers covered by the RSC	<p>The RSC will define mutual customers of the distributor and retailer by reference to:</p> <ul style="list-style-type: none"> • customers that are connected or seeking to be connected to the distributor's infrastructure; and • customers in respect of which the retailer has financial responsibility. 	<p>ENERGEX assumes that the reference to 'mutual customers' includes all customer types not just small customers. This needs clarification.</p>
5.4	Collection and on-payment of network charges by retailer*	<p>The RSC will provide for the retailer to pay the distributor for customer distribution services regardless of whether the retailer receives payment from its customers. This makes it explicit that retailers bear the customer credit risk in relation to collection of network charges.</p> <p>However, the retailer will not be liable for charges, or a component of charge, where a distributor fails to provide correct billing data within the prescribed period (i.e. 12 months) within which the retailer would be permitted to recover such charges from a customer.</p> <p>The default RSC will not include payment for connections negotiated between the customer and the distributor, which may be paid directly by the customer (this is intended to refer to the cost of connection or augmentation works, rather than ongoing network service charges).</p>	<p>ENERGEX is uncertain as to what 'network charges' is intended to encompass. This term should include:</p> <ul style="list-style-type: none"> • distributor charges for services provided under the customer's contract with the distributor and services arranged at the customer's request; and • any interest or other charges that the distributor may legitimately recover from the customer. <p>ENERGEX believes that the RSC should also provide that if the meter data is incorrect due to a fault by a third party then the distributor should not be liable for charges.</p>

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		<p>Payment provisions will cover matters such as:</p> <ul style="list-style-type: none"> • invoicing; • use of meter data/estimates; • adjustment of accounts for changes to meter data or correction of errors; • over/under charging; • interest on late payments; and • disputes. <p>Provisions in the default RSC will be consistent with and support the related requirements applying between the retailer and customer as set out in Part 2 of this Table.</p> <p>The RSC will also provide for arrangements relating to passing on of any credits or miscellaneous charges (such as GSL payments or reconnection charges) that the customer may incur or be entitled to, with the exception of 'capital contribution' payments and other matters negotiated directly with the distributor.</p>	<p>The RSC should be drafted at a high level to recognise the detailed B2B Network Billing Specification that exists in each jurisdiction.</p> <p>To what extent will provisions cover alternative control services?</p> <p>Refer to page 34 above with regards to GSL payments.</p>
5.5	Changes in network tariffs or customer distribution services	<p>The RSC will cover:</p> <ul style="list-style-type: none"> • interaction between the retailer and distributor in relation to the network tariff applicable to a particular customer, in particular, for the distributor to respond to retailer requests to change a customer's applicable network tariff and for the retailer to inform the distributor of changes to the use of customer premises which may alter the 	

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		<p>applicable network tariff; and</p> <ul style="list-style-type: none"> notification by the distributor to the retailer of general changes in its network tariffs or other relevant charges. 	
5.6	Information sharing to facilitate single billing, billing disputes	<p>The RSC will require:</p> <ul style="list-style-type: none"> the distributor to provide certain information to the retailer to facilitate customer billing by the retailer; and the parties to cooperate in relation to customer billing disputes. 	<p>As above – 5.4. The drafting should be high level and refer to the B2B Network Billing Specifications.</p>
5.7	Credit support	<p>A distributor will be able to require a retailer to provide credit support in certain circumstances (e.g. in response to evidence of past poor credit, default events or market suspension) and the RSC will set out the approach to determining the amount and nature of the credit support, when it may be drawn and other matters.</p> <p>Where the existing national regulatory regimes deal with credit support arrangements (e.g. under the NER or under the gas access arrangements), the RSC will adopt, refer to or incorporate these existing requirements as appropriate to support the new national customer framework.</p> <p>The SCO believes that the credit support arrangements should provide an appropriate balance between minimising the risk exposure of distributors to the non-payment of distribution charges and the costs that the arrangements impose upon retailers. This may be achieved through</p>	<p>ENERGEX agrees that the credit support arrangements should provide an appropriate balance between minimising the risk exposure of distributors to the non-payment of distribution charges and the costs that the arrangements impose upon retailers.</p> <p>ENERGEX is investigating the viability of alternative credit support requirements. It is essential that where alternatives to a bank statement may be acceptable, it is necessary that it is obtained from a reputable broker.</p> <p>However, it should be recognised that distributors have limited options available to them for failure of retailers to provide credit support – distributors are not in a position to easily terminate services.</p>

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		<p>providing the option to retailers of meeting credit support requirements through alternative means to bank guarantees</p>	
5.8	Termination	<p>The RSC will make provision for termination rights for the distributor and retailer respectively.</p> <p>However, to protect customers in these circumstances, the relevant provisions would require a distributor to continue to provide services until the RSC has ceased to apply to all of the retailer's customers (for example, because they have transferred to a retailer of last resort).</p>	<p>Agree that the RSC should provide for termination by either party. However, the RSC should not require the continued provision of services to the customer, as under the triangular model the provision of such services will be through the distribution contract. It is not appropriate for the RSC to seek to establish rights or obligations in this regard.</p> <p>Termination is a very limited option to distributors if a retailer fails to perform their obligations under the contract.</p>
5.9	Interruptions to supply	<p>The RSC will contain an acknowledgement of the distributor's right to interrupt supply in accordance with the relevant Laws and Rules.</p> <p>The RSC will work consistently with existing national access framework arrangements in electricity and gas.</p>	
5.10	Allocation of liability between retailer, distributor and customer	<p>The RSC will provide for the liability of the distributor and the retailer and, in particular, for:</p> <ul style="list-style-type: none"> • the distributor to indemnify the retailer for customer claims for which the distributor would have been liable if the customer had made the claim under its contract with the distributor; • mutual indemnities, for example, in relation to customer claims for unlawful disconnection caused 	

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		<p>by the respective parties;</p> <ul style="list-style-type: none"> • third party claims procedures; and • liability caps, exclusion of warranties and implied terms, preservation of statutory instruments. <p>The SCO notes that the provision dealing with liabilities of distributors, retailers and customers is a key means for appropriately allocating risks and of critical importance to the overall contractual model.</p> <p>Interested parties may wish to give particular attention to providing feedback to SCO in this area as the detailed provisions are developed during the drafting of the initial Rules for the new national customer framework.</p>	
5.11	Disconnections at request of retailer, distributor or end customer	<p>The RSC contract will provide for:</p> <ul style="list-style-type: none"> • disconnections at the request of the retailer (by which the retailer is taken to warrant that it is entitled to disconnect under the Rules), which may include a requirement for the distributor to compensate the retailer where it fails to action such a request (subject to carve outs, eg. where the failure is due to health and safety reasons); • disconnections at the request of a customer (parties obliged to inform each other if they receive such a request); • acknowledgement by the retailer of other circumstances where the distributor is entitled to disconnect; 	<p>Procedural requirements regarding reconnection are contained in the B2B Procedures: Service Order Process and should not be supplemented through the RSC.</p>

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		<ul style="list-style-type: none"> the procedural requirements for reconnection. 	
5.12	Enforcement of distributor's rights	<p>The RSC may provide for the distributor to notify or consult with the retailer before enforcing its rights against a customer (including disconnection), and to indemnify the retailer for any assistance provided by the retailer.</p> <p>AAR suggests this as an optional component of the RSC. SCO intends to adopt this provision.</p>	<p>The RSC needs to be clear regarding enforcement of distributor's rights against the retailer.</p> <p>The obligation to notify should not apply in strict circumstances such as emergency, safety or at the direction of a law enforcement officer.</p>
5.13	Information sharing to facilitate connection, disconnection	See comments in relation to connection and disconnection above.	
5.14	Handling of fault complaints	<p>The RSC will provide for:</p> <ul style="list-style-type: none"> the retailer to transfer or (if transfer is not technically possible) refer to the distributor customer calls in relation to faults or emergencies; and the information to be provided by the distributor to the retailer in this regard, and what information the retailer may provide to the customer. 	
5.15	Handling of complaints (including re billing)	The RSC will provide for each party to otherwise transfer or refer to the other any customer complaints received that relate to the other party, and should also include provisions requiring the parties to cooperate in addressing such complaints.	
5.16	Other customer inquiries and claims	The RSC will similarly provide for the transfer or referral of customer inquiries and may also include provisions requiring the parties to cooperate in relation to addressing such	

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		<p>inquiries/claims. Such provisions may specifically relate to cooperation in relation to disputes referred to the Ombudsman.</p> <p>See also above in relation to allocation of liability.</p>	
5.17	Metering	<p>See comments above in relation to billing. Other relevant provisions in relation to metering would be:</p> <ul style="list-style-type: none"> • obligations imposed on the party responsible for metering to use best endeavours to read meters at a particular frequency and to provide metering data to the other party; • obligations on both parties to notify the other if they become aware of any change to access conditions to a customer premises. <p>The purpose of these obligations is to ensure that distributors and retailers mutually support each other in the provision of their respective regulatory obligations to customers.</p>	<p>Obligations regarding frequency of meter reads is not appropriate for the RSC.</p>
5.18	Information sharing in relation to customer information and planned and unplanned outages	<p>The RSC will include additional obligations for the parties to share information such as:</p> <ul style="list-style-type: none"> • the provision of customer details by the retailer to the distributor and of any customer details held by the distributor (eg. in relation to registered life support systems) to the retailer; • the provision of information in relation to planned and unplanned outages by the distributor to the retailer, consistent with obligations to provide the 	<p>ENERGEX refers the MCE SCO to the Queensland Standard Coordination Agreement as ENERGEX has recently negotiated this agreement with retailers.</p> <p>Distributors should not be required to provide information on planned and unplanned outages on a customer-specific basis to retailers.</p> <p>B2B Procedure: Customer and Site Details Notification Process addresses the obligations</p>

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		<p>same information to the customer (and associated referral provisions, similar to faults, as discussed above); and</p> <ul style="list-style-type: none"> a general obligation to provide information required by the other party to carry out its obligations under the RSC. 	<p>and processes for notification of customer and premises information and changes.</p>
5.19	Information to be provided to the customer	The RSC would require each party to refer to the other customer requests for information relating to the other party, but may also provide for the retailer to provide information to customers on behalf of the distributor in some circumstances.	
5.20	Information sharing to facilitate churn	See comments above in relation to sharing customer information.	<p>MSATS and CATS Procedures already detail a range of rights and obligations for the purposes of facilitating customer churn.</p>
5.21	Communications generally	The RSC may provide for the parties to develop communications protocols.	
5.22	Cooperation generally	The RSC would require the parties to provide information to, and generally cooperate with, the other to enable the other party to carry out its obligations under the agreement and under its agreements with customers.	
5.23	Dispute resolution	<p>Dispute resolution procedure to be included.</p> <p>SCO notes that compliance with the terms of the RSC is a regulatory obligation and thus distributors and retailers as the parties can bring disputes concerning alleged breaches to the regulator's attention. Further, electricity distributors and retailers have recourse to the dispute resolution</p>	

NO.	SUBJECT	SCO RECOMMENDATION	COMMENT
		<p>procedure under Chapter 8 of the National Electricity Rules in the electricity sector.</p> <p>SCO is not intending to introduce any additional dispute resolution procedure to apply between retailers and distributors at this time, but the obligation to comply with the requirements of a RSC will be nominated as a "conduct provision" in both gas and electricity which permits enforcement as between the parties.</p>	

Part 6 – Ring-fencing, ROLR, customer transfer and metering

The following recommendations were presented to SCO by AAR as relevant to the National Energy Customer Framework. These areas are the subject of concurrent work streams but will be co-ordinated with the finalisation of the National Energy Customer Framework. The numbering of the recommendations below retains the AAR numbering of the Principal Recommendations numbered 49-76.

NO.	SUBJECT	AAR RECOMMENDATION	COMMENT
Ring-fencing			
1.49	Provisions to be included in the NEL	<p>Electricity ring-fencing requirements should be included primarily in the NEL, modelled on the equivalent requirements included in the new NGL. This would include requirements relating to:</p> <ul style="list-style-type: none"> • legal separation of the entity conducting a <u>distribution business</u> from other related businesses; • keeping separate and consolidated accounts for distribution services and other services; • cost allocation principles and methodologies in relation to the allocation of costs between distribution services and other services; • limitations on sharing of staff between the network service provider and related businesses; and • measures to ensure the network service provider's dealings with related parties are not on preferential 	<p>ENERGEX welcomes the opportunity to participate in the public consultation and drafting process for Ring Fencing requirements.</p> <p>In particular, focus needs to be on the principles behind ring fencing and how they fit within the 'new' national arrangements and industry structure.</p> <p>Arrangements currently in place with regards to staff may need to be grandfathered to ensure minimal impact on businesses.</p>

NO.	SUBJECT	AAR RECOMMENDATION	COMMENT
		<p>terms.</p> <p>Requirements relating to the use and disclosure of confidential information obtained by the network service provider should be dealt with in the NER.</p>	<p>Businesses must already comply with the <i>Privacy Act</i> with respect to customer confidential information and ENERGEX would argue that the ring fencing rules should only apply to the extent that there are any gaps.</p>
1.50	Additional ring-fencing requirements	The NEL should authorise the AER to impose additional ring-fencing requirements on individual network service providers or their associates in equivalent terms to the AER's power under section 120 of the exposure draft of the NGL.	
1.51	Waiver of ring-fencing requirements	The NEL should authorise the AER to grant waivers from the ring-fencing requirements in equivalent terms to section 121 of the exposure draft of the NGL (but incorporating criteria to be applied by the AER in granting waivers).	
1.52	Regulatory information instruments	The NEL should authorise the AER to issue Regulatory Information Instruments in equivalent terms to the AER's powers under Division 4 of Part 2.1 of the exposure draft of NGL.	
1.53	Alternative approach to legal separation	The requirement for legal separation would require transitional arrangements in those jurisdictions where operational separation is currently permitted and exists in practice. As an alternative to including a requirement for legal separation in the NEL, the NEL could authorise the making of Rules in respect of the operational separation of the business of providing network services from related businesses conducted by the same entity.	

NO.	SUBJECT	AAR RECOMMENDATION	COMMENT
Retailer failure arrangements			
1.54	Statutory framework for RoLR scheme	<p>The NEL and NGL should authorise the AEMC to make Rules in relation to the establishment and operation of a scheme to address the risks and consequences of retailer failure (<i>ROLR scheme</i>) and set out the objectives of the scheme. The objectives could be expressed as being, as far as practicable:</p> <ul style="list-style-type: none"> • to ensure that customers of the failed retailer continue to receive energy services; • to manage the risks and costs of retailer failure; and • to ensure the integrity of the wholesale market settlements and network balancing arrangements in the relevant market. 	
1.55	Description of matters to be included in the Rules	<p>The Law should set out the matters to be addressed in the Rules by way of general description along the following lines:</p> <ul style="list-style-type: none"> • provisions authorising the AER to appoint one or more entities to act as ROLR, with such appointments to be made on a basis which the AER considers will contribute to the achievement of the objectives of the scheme; • provisions specifying the process for and method of appointment; • provisions defining the events that trigger the ROLR's supply obligations; 	

NO.	SUBJECT	AAR RECOMMENDATION	COMMENT
		<ul style="list-style-type: none"> • provisions setting out the ROLR's obligations in terms of preparing for the occurrence of a trigger event, including the submission of plans and proposed supply prices, terms and conditions to the AER; and • provisions establishing the basis for determining the prices and terms and conditions of supply, and defining the duration of the ROLR's supply obligation. 	
1.56	Consequences of a RoLR event	<p>The Law should describe the legal consequences that can arise as a result of the occurrence of a trigger event and permit the Rules to define the manner in which those legal consequences occur. This would include provisions to the effect that, in circumstances described in the Rules:</p> <ul style="list-style-type: none"> • a contract may be deemed to exist between the ROLR and the customers of a failed retailer; and • contracts between the failed retailer and its customers may be deemed to be terminated or varied. 	
1.57	Obligations on other market participants	<p>The Law should also authorise the Rules to impose obligations on other market participants in connection with the operation of the scheme, including the failed retailer, distributors and market operators.</p>	
1.58	Insolvency issues	<p>Further consideration should be given to provisions imposing obligations on insolvency administrators or dealing with the use and application of funds of the failed retailer. Such provisions would need to be included in the Law rather than the Rules and may require complementary Commonwealth legislation.</p>	
1.59	Process for making	<p>The Law should allow for the MCE to either make initial Rules</p>	

NO.	SUBJECT	AAR RECOMMENDATION	COMMENT
	initial Rules	<p>for ROLR arrangements or direct the AEMC to make Rules for a ROLR scheme by a date specified in the Law. If a direction to the AEMC is used, it should enable the AEMC to make different Rules as between the electricity and gas sectors, and to assess the need for such Rules as between sectors and jurisdictions. This is intended to enable, as one possible outcome, that a ROLR scheme might not be considered necessary in the gas sector in particular jurisdictions.</p> <p>The SCO has engaged AAR and NERA to examine ROLR arrangements within Australian jurisdictions and overseas and to prepare a document outlining possible national arrangements. This document may then provide the basis of a direction to the AEMC or, preferably, will be capable of being turned into drafting instructions.</p> <p>AAR and NERA will be conducting public consultation on ROLR arrangements.</p>	
Customer registration and transfer			
1.60	Electricity registration and transfer framework	<p>The NEL will authorise the Rules to provide for:</p> <ul style="list-style-type: none"> • the establishment and maintenance of a registry of information relating to each NMI that is eligible for contestability, and for access to and disclosure of that information; and • procedures for the efficient transfer of consumers between retailers subject to all applicable laws, 	

NO.	SUBJECT	AAR RECOMMENDATION	COMMENT
		<p>for the purposes of facilitating the efficient and effective billing of retail and network tariffs and charges and wholesale market settlement.</p>	
1.61	MSATS Procedures	<p>The NER will provide guidance on the purpose and scope of the MSATS procedures and require them to include processes for implementing the functions and requirements set out in the Rules, including the form and manner in which those functions and requirements must be carried out.</p> <p>The MSATS procedures will require amendment to remove jurisdictional variations and reflect a consistent national approach to customer registration and transfer, subject to appropriate transitional arrangements. The subject matter addressed in the MSATS procedures would be consistent with the proposed amendments to the NER (as described below), and would not change significantly.</p> <p>NEMMCO proposed that the provision of guidance in the rules on the purpose and scope of the MSATS procedures would assist in the development of the procedures. NEMMCO has proposed that it could progress the rule changes when developing further MSATS procedure changes.</p>	
1.62	<p>Electricity connection point registration</p> <p>NMI standing data</p>	<p>The NER will include provisions:</p> <ul style="list-style-type: none"> defining NMI standing data, and requiring distributors, or the appropriate participants, to maintain and provide NMI standing data to NEMMCO and notify changes to that data; 	

NO.	SUBJECT	AAR RECOMMENDATION	COMMENT
		<ul style="list-style-type: none"> • limiting disclosure of NMI standing data by NEMMCO to the FRR and (on a limited basis to be defined in the NER) to retailers (Market Customers) who specify the NMI or supply address and to ombudsmen for dispute resolution purposes; • specifying the purposes for which a retailer may access and use NMI standing data; and • requiring distributors to provide NMI standing data to Market Customers on request within a prescribed time (eg 1 business day), if they specify the NMI, supply address, or other unique meter number, provided the data is not available through MSATS systems. <p>NEMMCO is already addressing the harmonisation of jurisdictional rules in MSATS as part of the Business and Data Process Improvement Programme sponsored by the Retail Market Executive Committee (RMEC). This work will be assisted by the development of a national policy on customer protection.</p> <p>The changes reflect the information provided in submissions regarding current practice. The issues associated with which matters should be included in the NER and the NEM procedures are to be addressed through the AEMO implementation program.</p>	
1.63	Electricity consumer transfers Initiation of transfers	The NER will include provisions: <ul style="list-style-type: none"> • requiring transfer requests to be initiated only by an 	

NO.	SUBJECT	AAR RECOMMENDATION	COMMENT
	Transfer requests and process	<p>incoming retailer submitting a request in accordance with the MSATS procedures;</p> <ul style="list-style-type: none"> • requiring a transfer request to be accepted as valid if: <ul style="list-style-type: none"> ▪ it contains all the prescribed information; ▪ the connection point details in the request are consistent with the NMI standing data; ▪ there is no outstanding transfer request in relation to the same connection point; ▪ the metering installation complies with applicable requirements for contestability; and ▪ the incoming retailer is registered with NEMMCO as a market participant; • prohibiting a retailer from submitting a transfer request unless: <ul style="list-style-type: none"> • it has obtained any applicable consents from the customer (account holder) to enter into the retail contract; and • it has all necessary agreements in place to enable the sale of energy to the customer at that connection point; • requiring the retailer to take into account applicable cooling-off periods by ensuring that transfers are not completed before expiry of the cooling-off period; • permitting a retailer to withdraw a transfer request submitted by it at any time before the transfer has 	

NO.	SUBJECT	AAR RECOMMENDATION	COMMENT
	<p>Objections</p> <p>Transfer period</p> <p>Meter reading</p> <p>Notice to customer</p>	<p>been registered by NEMMCO;</p> <ul style="list-style-type: none"> • requiring the provision of notice of a valid transfer request within one business day to prescribed persons (likely to be the distributor, existing retailer and any other person registered as a metering provider or metering data provider for the connection point); • permitting a transfer objection to be lodged within a prescribed time (e.g. 5 business days from the date of the transfer request) in accordance with the MSATS procedures; • requiring the incoming retailer and the objecting party to use best endeavours to resolve the objection, within a prescribed time, or the transfer request is deemed to have been withdrawn; • specifying the period within which a transfer must be completed (being within 65 business days after a transfer request); • the circumstances in which transfers may be made retrospectively effective and the applicable retrospective periods; • requiring a transfer to be based on an actual meter reading (with the Rules to specify whether this will be based on a scheduled or special reading), obtained within a timeframe prescribed in the MSATS procedures; • requiring notice to be provided by the new retailer to 	

NO.	SUBJECT	AAR RECOMMENDATION	COMMENT
		the customer within 10 days after the transfer is completed.	
Metering – electricity			
1.68	Principal regulation of electricity metering	<p>The NEL already contemplates in Schedule 1 that the NER may contain rules in relation to:</p> <ul style="list-style-type: none"> • the metering of electricity to record the production or consumption of electricity; • the registration of metering installations used to meter electricity; and • the regulation of persons providing metering services relating to the metering of electricity. <p>The NEL does not distinguish between metering for wholesale or retail purposes and it is therefore not necessary to make any amendment for the purpose of bringing retail metering within the NER.</p> <p>The principal regulation of metering will be contained in the NER / NEM Metrology Procedure regime.</p> <p>This issue is to be progressed through NEMMCO rule change and metrology procedure change processes.</p>	<p>Agree with this recommendation with the understanding that the NEM Metrology Procedure will contain tables of jurisdictional differences where appropriate.</p>
1.69	Provisions to be included in the NER	<p>The amendments to the NER and NEM Metrology Procedure currently being developed by NEMMCO as part of its NEM Metrology Programme will be implemented. In addition, these amendments will include certain provisions which are currently omitted from the NEMMCO process but which could be adequately addressed within the NER/NEM Metrology Procedure framework (as set out in Part B of Attachment 9 to</p>	

NO.	SUBJECT	AAR RECOMMENDATION	COMMENT
		Working Paper 4).	
1.70	Process	<p>These amendments could be implemented through the normal change procedures for the NER and NEM Metrology Procedure or, alternatively, by Ministerial order as part of the legislative package for the national energy customer framework. The appropriate option will be determined based on an assessment of the relative timing of each process, but a mechanism which avoids the need for complex transitional arrangements is preferred.</p>	<p>Would prefer the implementation through the normal change processes of the NER and NEM Metrology procedure for consistency of approach and adequacy of industry consultation. Additional amendments can be scheduled into NEMMCO's metrology program of staged releases of NER and MP.</p>
1.71	<p>Supplementary regulation of electricity metering</p> <p>Contractual/regulatory interface provisions</p> <p>Transfer code provisions</p>	<p>Provisions relevant to metering are included in retail contracts (see Part 2 of this document), customer distribution contracts, Retail Support Contracts (see Parts 4 and 5 of this document). These provisions are in some cases repeated in existing metering regulatory instruments. The amendments proposed to be made to the NER/NEM Metrology Procedure will be reviewed as part of this exercise to avoid unnecessary overlap.</p> <p>It is anticipated that the process for the jurisdictions to transition to the national framework will include the repeal of duplicate provisions in jurisdictional instruments and procedures.</p> <p>Transfer code provisions relevant to metering will be harmonised within the national framework, as described in the customer registration and transfer recommendations set out above. The amendments proposed to be made to the NER/NEM Metrology Procedure will also be reviewed as part of this exercise to avoid unnecessary overlap.</p>	

NO.	SUBJECT	AAR RECOMMENDATION	COMMENT
	Incidental jurisdictional legislative provisions	<p>Current jurisdictional legislative provisions incidental to metering (in relation to access to premises and theft/diversion of electricity) should not be included in the NEL. Rather, these matters should continue to be regulated as part of the ongoing jurisdictional legislative regimes.</p> <p>Although some submissions consider that there would be benefit in incorporating a national approach to these issues, the responsibility for these issues is to remain with the jurisdictions.</p>	
1.72	Regulation of metering in non NEM jurisdictions	The non-NEM jurisdictions should continue to regulate metering under their current instruments.	