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Manager, MCE Secretariat  
Department of Resources, Energy and Tourism  
GPO Box 1564  
Canberra ACT 2601

Email: [MCETMarketReform@ret.gov.au](mailto:MCETMarketReform@ret.gov.au)

### **National Energy Customer Framework – Second Exposure Draft**

ENERGEX Limited (ENERGEX) welcomes the opportunity to respond to the Ministerial Council on Energy (MCE) Standing Committee of Officials' (SCO) consultation on the second exposure draft of the National Energy Customer Framework (NECF). ENERGEX provides this response as a Distribution Network Service Provider (DNSP) operating in South East Queensland.

ENERGEX welcomes the majority of improvements that the MCE SCO has made since the first exposure draft, particularly with regards to the legal architecture and services definition. However, ENERGEX has ongoing concerns, which are outlined in the attached submission, together with proposed drafting amendments.

In accordance with ENERGEX's response to the first exposure draft, ENERGEX continues to support the development of a national framework for regulating the sale and supply of energy to retail customers. However, it is important that the new framework is flexible enough to facilitate the introduction of new services to customers in the future.

In the meantime, should the MCE SCO wish to discuss any aspect of this submission, please do not hesitate to contact Rachel Leaver, Network Regulation Manager on (07) 3405 2924.

A handwritten signature in black ink, appearing to read "m. r. Ryan", followed by a horizontal line.

**Mick Ryan**  
**A/Group Manager Regulatory Affairs**

*Attach.*

**Enquiries**  
Rachel Leaver  
**Telephone**  
(07) 3405 2924  
**Facsimile**  
(07) 3407 4499  
**Email**  
rachelleaver  
@energex.com.au

**Corporate Office**  
150 Charlotte Street  
Brisbane Qld 4000  
GPO Box 1461  
Brisbane Qld 4001  
Telephone (07) 3407 4000  
Facsimile (07) 3407 4609  
[www.energex.com.au](http://www.energex.com.au)

**ENERGEX Limited**  
ABN 40 078 849 055

# **National Energy Customer Framework**

## **Second Exposure Draft**

**26 February 2010**

**ENERGEX LIMITED**  
ABN 40 078 849 055



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# 1 Introduction

## 1.1 About ENERGEX

ENERGEX operates in South East Queensland and is one of Australia's largest and fastest-growing Distribution Network Service Provider, supplying electricity to a population of around 2.8 million people or 1.2 million customers. ENERGEX own assets worth more than \$8.0 billion including almost 50,000 kilometres of underground and overhead electricity lines and cables, more than 600,000 power poles and some 44,000 transformers. Our services are provided by around 3,700 employees.

ENERGEX is a member of the Energy Networks Association (ENA) and supports the submission made by the ENA on behalf of its members.

## 1.2 This Submission

This submission sets out ENERGEX's response to the Second Exposure Draft of the National Energy Customer Framework (NECF2) legislative package released by the Ministerial Council on Energy Standing Committee of Officials (MCE SCO) in late November 2009.

ENERGEX's submission to the NECF2 legislative package includes comments to key issues, which are outlined in the Executive Summary followed by suggested drafting changes outlined in Attachment A. These drafting changes relate to the following:

- National Energy Retail Law (NERL);
- National Energy Retail Rules (NERR);
- Schedule 2 Model Terms and Conditions for Deemed Standard Connection Contracts;
- Draft National Electricity (Retail Support) Amendment Rule 2010; and
- National Electricity (Retail Connection) Amendment Rules 2010.

## 2 Executive Summary

### 2.1 Credit Support

ENERGEX welcomes the changes made to the first exposure draft to include credit support into a new Chapter 6B of the National Electricity Rules (NER) rather than in Credit Support Guidelines. However, ENERGEX has a number of overarching concerns with the proposed credit support arrangements.

ENERGEX believes that credit support is not only a fundamental part of the retailer / distributor relationship but also a fundamental part of a credible and long-term National Electricity Market (NEM). Importantly, the proposed credit support arrangements should recognise the risk of systemic market collapse posed by a lack of appropriate credit security, governance and enforceability.

The services that distributors provide are similar to those provided by Australian Energy Market Operator (AEMO), because like distributors, AEMO is providing a monopoly service to ensure the integrity and security of the NEM. However, unlike distributors, AEMO has effective prudential safeguards in place to help manage the risk of a retailer falling over and can act quickly to limit its exposure. Essentially, the credit risk faced by distributors is no different to that faced by AEMO with potentially similar consequences for the NEM.

Some market participants have previously argued that credit support is a barrier to entry, and as such ENERGEX is concerned that the MCE SCO have given weight to this argument when developing the national policy on credit support. However, ENERGEX strongly disagrees with this argument and refers the MCE SCO to the AEMC's recent reviews into retail competition in Victoria and South Australia<sup>1</sup> and the AEMC's conclusion that credit support was not an impediment to effective competition in those states but rather provided a safeguard to the financial integrity of the energy market<sup>2</sup>. In effect, credit support is a justified cost to conducting business within the NEM, as is any other entry cost in other markets.

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<sup>1</sup> AEMC Review of the Effectiveness of Competition in Electricity and Gas Retail Markets in Victoria. 19 December 2007. AEMC Review of the Effectiveness of Competition in Electricity and Gas Retail Markets in South Australia. 19 September 2008.

<sup>2</sup> Ibid. Page177

With regards to the trigger to provide credit support, ENERGEX proposes the application of a zero credit allowance percentage for retailers with a credit rating of less than BBB-. This is because a retailer with a credit rating below BBB- (unsupported by a full level of credit support covering all of the retailer's 90 day network charges exposure) poses too great a credit risk for distributors and the NEM. This would broadly align the trigger to provide credit support under the NECF with current arrangements in Queensland (under the Standard Coordination Agreement) and the majority of other jurisdictions.

With regards the quantum of credit support, ENERGEX believes that the credit support calculation as it is currently drafted is unnecessarily complex and difficult to consistently apply, which will increase the regulatory burden for market participants and potentially lead to disputes regarding the correct level of credit support. The method of calculating a retailer's credit support liability should be straightforward, transparent and capture the relative risk to the distributor. ENERGEX believes that the credit support amount should be determined with reference to a reasonable forward estimate of **all** charges payable by the retailer to the distributor for the next 90 days rather than the complicated calculation specified in the credit support rules (i.e. the difference between distribution services charges liability and the credit allowance). The credit exposure which a distributor has with each retailer (which could lead to retailer payment defaults and un-recovered charges passed on to the market and consumers) is not limited to retailer payment of distribution charges. It extends to all charges payable by the retailer to the distributor.

Secondly, ENERGEX is concerned that the proposed credit support rules lack effective enforcement mechanisms, as distributors are required to provide distribution services whether or not they are compensated by the retailer. So the distributor therefore has no means of controlling or limiting the continued accrual of unpaid network charges by a defaulting retailer, short of pursuing debt recovery proceedings then winding the retailer up, resulting in the triggering of a RoLR Event. All of that can take a very long time, with the unpaid network charges of the retailer continuing to grow in the meantime. Recent experience has shown that had effective credit support enforcement mechanisms been in place then distributors may have avoided unnecessary financial exposure and eventually bad debt.

This concern is exacerbated by the substantial risk distributors face should a large retailer, who represents a substantial part of the distribution business' overall customer base, not pay its distribution charges and is not required to pay credit support (should it have a suitable credit rating).

To remedy this concern, ENERGEX proposes that the credit support rules should be structured in the following manner to include the necessary protection to distributors and the NEM:

- Should a distributor request initial credit support, a new retailer must provide the requested credit support as a condition precedent to that retailer obtaining a retail authorisation;

- The NERL should impose a strict condition on all retailer authorisations that retailers must comply with all applicable energy laws including the Retail Support Rules;
- distributors should be able to object to the transfer of new customers to a retailer who has consistently failed to provide the requested credit support or pay network charges. This will prevent defaulting retailers from increasing their level of indebtedness and credit risk to distributors and (ultimately) to end use customers;
- distributors should be entitled to request that the AER review or revoke a retailer's authorisation where the retailer continually fails to pay distributor charges or provide adequate credit support; and
- certain credit support rules under Chapter 6B of the NER should be classified as a conduct provision. As such, the NEL needs to accommodate such conduct provisions.

And finally, ENERGEX does not believe that credit support disputes should be treated as an access dispute to be heard under Part 10 of the National Electricity Law. ENERGEX supports the ENA's submission that such disputes should be resolved under Chapter 8 of the NER.

## **2.2 Liability**

The proposed framework provides that both small and large customers will have an unlimited direct contractual right to recover from distributors the losses suffered as a result of negligence and acts of bad faith. However, ENERGEX has concerns that the NECF framework is inconsistent with the current statutory immunity liability provisions stated in sections 119 and 120 of the National Electricity Law (NEL).

ENERGEX notes that the extent of such a regime is largely untested in Australia and potentially exposes distributors to a significant level of financial risk, which has the potential to destabilise the energy market should a distributor collapse. Rather than providing for unlimited liability, ENERGEX believes that an appropriate cap should be allowed in the NECF legislative package.

Furthermore, ENERGEX disagrees with the policy rationale being relied on by the MCE SCO to support unlimited liability. That is, unlimited liability will not provide incentives to distributors to deliver a higher level of network reliability than is already imposed via the Australian Energy Regulator under the Service Target Performance Incentive Scheme, Efficiency Benefits Sharing Scheme and minimum service standards.

Even though ENERGEX operates under the current unlimited liability regime in Queensland, this regime is to a certain extent largely untested. ENERGEX cannot obtain uncapped insurance for the unlimited liability that it is exposed to and the AER has only allowed a minimal amount for self insurance purposes in ENERGEX's Draft Determination.

## **2.3 National Electricity (Retail Connection) Amendment Rule 2010**

### **2.4.1 Suggested Improvements**

ENERGEX has a number of concerns with the proposed amendment Rule, particularly as the objective of streamlining the connection process was to reduce complexity and regulatory burden. ENERGEX is particularly concerned that the proposed Chapter 5A is administratively inefficient and will introduce complexity and delays, particularly for basic connection services, that are currently completed within a matter of days<sup>3</sup>.

ENERGEX has recently spent considerable resources and effort in an attempt to streamline its connection process for small customers to ensure that connections are completed within the required five business days and stakeholders (electrical contractors and retailers) are fully aware of the progress of a connection application. The current process does not generally involve the customer contacting the distributor directly.

To address these concerns, ENERGEX suggests that the following simple improvements to Chapter 5A be made, to ensure customer service is maintained and that there is minimal disruption to small business. ENERGEX strongly suggests that for basic and standard connection services, the customer should not elect for an expedited connection, but rather this should be the default position. As such, unless the connection applicant specifically requests not to be expedited then the connection applicant will always be assumed to have accepted the offer on the date of the offer and in effect the contract will be deemed to apply.

Otherwise, if the expedited process is not the default position then it is assumed that when the connection applicant accepts the distributor's offer that a signed contract will be entered into between the distributor and the customer. If this is to remain, then the regulatory burden proposed under Chapter 5A will negatively impact ENERGEX's operations and will require significantly more resources to manually process approximately 2,500 new connections, which are currently being completed each month<sup>4</sup>.

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<sup>3</sup> Clause 5.7.3 of the Queensland Electricity Industry Code requires ENERGEX to complete a request for a new connection within 5 business days of receipt of a valid service order request unless another timeframe is agreed.

<sup>4</sup> This figure does not take into consideration new connections for large customers such as commercial and industrial customers, nor the connection of small embedded generators.

Ultimately, ENERGEX has serious concerns for the increased costs to small businesses such as electrical contractors and the repercussions from increased complaints, as small customers incur unnecessary inconvenience.

## 2.4.2 Connection Related Definitions

ENERGEX is concerned that the terminology that has been adopted in the NECF2 package will confuse not only industry participants, but electrical contractors and customers. The NERL provides for:

- deemed standard connection contracts;
- AER approved standard connection contracts; and
- negotiated connection contracts,

whilst Chapter 5A of the NER provides for:

- connection contracts for basic connection services;
- connection contracts for standard connection services; and
- negotiated connection contracts (which may be for basic, standard, or other connection services).

The way the NERL is drafted at present, the connection contracts are to cover new connections, connection alterations and ongoing energisation services. However, apart from a brief mention in section 306(1) of the NERL and Rule 5A.F.4(b), there are no provisions which clearly interconnect the NERL's connection contracts to the terms of the connection contracts under Chapter 5A. ENERGEX considers that it is too risky to have two different "sets" of connection contracts, one purportedly covering a subset of the other, without a clear indication of how these interrelate.

ENERGEX believes that the connection service related definitions used in the NERL and the new Chapter 5A for electricity need to be clear in their scope and consistent in their application. In addition, the terminology and definitions used in Chapter 5A should align with the terminology already applied in Chapter 5 of the NER (definitions under Chapter 10).

In particular, it is necessary that the services and assets for which distributors are responsible for and how those services and assets are priced is both clear and consistent across all the regulatory regimes. For example, the following are defined differently to how they are currently defined in Chapter 10 of the NER:

- Connection point (only defined in Schedule 2 of Deemed Standard Connection Contract);
- Connection; and
- Connection Service.

ENERGEX also notes that the AER's Connection Charge Guidelines may establish principles for defining the connection point. ENERGEX does not believe that this is appropriate and may conflict with existing definitions under Chapter 10 of the NER.

## **2.4 AER Approval of Connection Contracts**

ENERGEX notes that the NECF2 legislative package provides for an increased regulatory oversight and approval role for the AER, particularly with regards to connection contracts.

Section 311 of NERL provides that a distributor may submit to the AER one or more proposed forms of standard connection contracts, which will be applicable to one or more classes of large customers. In addition, Rule 5A.B.2 of the National Electricity (Retail Connection) Amendment Rules, provides that a distributor must submit for the AER's approval the proposed standing offer to provide basic connection services.

ENERGEX supports the industry's position that AER approval is not necessary, particularly for large customers. ENERGEX appreciates that this policy decision may have been made due to the fact that distributors are monopolies; but large customers currently negotiate connection contracts without AER protection and the AER could conduct audits if it believed necessary. As such, ENERGEX does not believe that the costs of such a regulatory burden are outweighed by the public benefit.

## **2.5 Transitional Issues**

ENERGEX notes that sections 91(3), 91(5) and 91(6) of the NEL support a mechanism for participant and jurisdictional derogations. As such, ENERGEX requests that similar provisions should be inserted into Part 10 of the NERL to enable entities and jurisdictions to seek appropriate derogations from the NECF2 legislative package.

## **2.6 Retailer of Last Resort**

In a Retailer of Last Resort (ROLR) event, distributors play an important role in the timely transfer of customers to the designated ROLR. Therefore, the ROLR procedures outlined in the NERR need to expressly refer to the role of distributors and ensure adequate notice of a ROLR event is provided to distributors.

The new Retail Support Rules also amend the current pass through provision to expressly provide for an avenue for distributors to apply to the AER for approval to pass through relevant costs from a ROLR event. ENERGEX submits that no threshold should be applied by the AER for such a pass through application as the occurrence of a ROLR event is something which a distributor has no control over but nonetheless incurs unavoidable costs for the benefit of the customers affected.

Furthermore, due to recent experience, ENERGEX submits that the scope of the ROLR pass through should be expanded to include *"the writing off of unrecovered network charges in accordance with applicable accounting standards"*. A specific provision should be included to require the AER to allow a pass through of all such properly written off amounts, including bad debt.

And finally, ENERGEX has some concerns with the proposed ROLR cost recovery scheme whereby the distributor or distributors are required to make payments in accordance with their liability under an AER *ROLR cost recovery scheme distributor payment determination*. Not only is the application of section 649 of the NERL complicated and ambiguous, it is not clear to ENERGEX why distributors are the most appropriate "debt collector" for recovery of a ROLR's approved costs. In addition, ENERGEX seeks further guidance on what costs should be recoverable by registered ROLRs.

## **2.7 Taxation Issues**

ENERGEX strongly recommends that the NECF2 legislative package is reviewed by tax experts prior to being submitted to the South Australian parliament, to ensure that the arrangements are compliant with applicable tax law.

The MCE SCO may already be aware that an amendment to the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) is currently before parliament to amend the provisions of subdivision 153-B. Under the current arrangements the retailer is not liable to the Australian Taxation Office for the GST on the distribution charges included in the customer's invoice. This is the responsibility of the distributor. As such, existing retailers and distributors operating under a triangular relationship (e.g. in Queensland), have set up their systems to account for GST in the manner required under current taxation legislation. However, a 153-B arrangement allows a 'triangular' relationship to be treated as a 'straight-line' relationship for GST purposes.

The NECF legislative package will need to have the flexibility to allow retailers and distributors to meet their GST obligations under both current and future GST legislation. Furthermore, ENERGEX notes that the proposed billing rules under the new Chapter 6B do not define whether the charges are GST-inclusive. It needs to be clear that the payment made by the retailer to the distributor is not consideration for a taxable supply made by the distributor to the retailer.

ENERGEX notes that a variety of different terminology is used throughout the NECF legislative package with respect to distribution or network charges. As such, ENERGEX believes that a consistent definition is required and that the term 'network charges' should be adopted across the entire NECF legislative package. ENERGEX believes that the definition should be broad enough to capture all charges and suggests the following definition:

*'network charges means GST inclusive charges that a distributor may recover under applicable law or the relevant connection contract, in relation to a customer for the provision of customer connection services. Network charges exclude any amount payable by the customer to the distributor on account of augmentations or extensions. Network charges may include:*

- *TUOS charges;*
- *DUOS charges;*
- *Negotiated service charges;*
- *Alternative control service charges; and*
- *Unregulated charges (where appropriate).*

ENERGEX recommends that the Deemed Standard Connection Contract should make it clear that the single tariff amount recovered by the retailer is intended to represent a bundled consideration for two separate supplies rather than merely recognising that the tariff will include an amount representing the network charges.

## 3 Attachment A – Table of Comments

### 3.1 National Energy Retail Law

Section	Subject Matter	Comment
Part 1 – Preliminary		
103	Interpretation	<p>ENERGEX believes that the following changes need to be made:</p> <ul style="list-style-type: none"> <li>• There is no defined term for “connection point” but it is referred to in Notes in the Law and in the Deemed Standard Connection Contract. ENERGEX proposes the following definition: <i>connection point has the meaning given to that term in the National Electricity Rules</i>. However, the definition of “connection point” currently in the Deemed Standard Connection Contract differs to the one in Chapter 10 of the National Electricity Rules</li> <li>• ‘de-energisation’ is defined in terms of the opening of a connection (in the case of electricity). It is noted that in some jurisdictions de-energisation of the connection may not be physical, e.g. it may occur by way of the application of a meter seal without physical de-energisation (refer to B2B Procedures: Service Order Process). ENERGEX queries whether this definition is broad enough to capture these alternative forms of de-energisation.</li> <li>• ‘GSL Scheme’ – the definition should be amended to reflect that GSL schemes will be determined by the jurisdiction and that GSLs may be payable not only due to distributor failure to meet standards but also the retailer. As such the definition should not just refer to distributor service standards. ENERGEX recommends the following changes to the definition: “a scheme set out in <b>jurisdictional</b> energy laws to which an associated payment (a <i>Guaranteed Service Level payment or GSL payment</i>) is payable by a distributor to the customer where the distributor <b>or retailer</b> fails to meet a service standard.”</li> <li>• There is no definition of “metering data”, despite frequent use in the Law and Rules. ENERGEX proposes the following: <i>metering data means “metering data” within the meaning of the National Electricity Rules</i>.</li> <li>• The definition of “<i>public holiday</i>” should be amended to provide certainty that the public holiday attaches to the</li> </ul>



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### 3.1 National Energy Retail Law

Section	Subject Matter	Comment
		<p>premises rather than the area concerned. As such, the definition should read: <i>means a day that is observed as a public holiday in the area in which the customer's premises is located (including the whole of the State or Territory in which the customer's premises is located).</i></p>
105 and 106	Meaning of Customer	<p><b><u>Definition of 'small' customer</u></b></p> <p>The classification of residential customers as 'small' who would otherwise currently in Queensland be classified as 'large' based on their annual consumption, may impact the components, characteristics and service requirements for the customer's metering installation.</p> <p>For example the NEM Metrology Procedures provide that in Queensland, a market customer consuming <math>\geq 100</math> MWhs per annum is required to have a type 4 metering installation installed. For Queensland, this raises issues as to whether, as a consequence of the NECF:</p> <ul style="list-style-type: none"> <li>• It is necessary to revert existing customers from a type 4 metering installation to a type 6 metering installation, including how the costs of meter replacement will be managed and what this may mean for existing customer contracts;</li> <li>• Whether new 'large' residential customers will be permitted to remain on a type 6 metering installation or must transfer to a type 4 metering installation consistent with current practice; and</li> <li>• If reversion is to occur or a distinction is to be drawn between existing and new customers, how will the costs of metering and data collection be managed for those customers who are required to retain a type 4 metering installation.</li> </ul> <p>ENERGEX supports an alignment of the NMI classification codes in the <i>MSATS Procedures: CATS Procedures</i> with the new customer thresholds proposed under NECF.</p> <p>This is an issue that should be clarified by MCE-SCO as a matter of urgency as there is currently a lack of clarity as to what will constitute the database supporting NECF upon which retailers and distributors will rely for their customer</p>



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### 3.1 National Energy Retail Law

Section	Subject Matter	Comment
		dealings. A failure to align these thresholds will create significant data management issues for industry by either requiring the introduction of multiple thresholds in MSATS or the need to create a separate database/s.
106(4)	Meaning of Customer	Sub-section (4) should be clarified to provide that a small market offer customer is a "...business customer who consumes energy at or above the lower consumption threshold <i>and at less than the upper consumption threshold.</i> "
<b>Part 2 – Relationship between retailers and small customers</b>		
213(2)	Satisfaction of Designated Retailer's Obligation	It is unclear whether this section is intended to cover all small market offer customers, regardless of whether they have an existing contract with the designated retailer, or only new small market offer customers. For example, in circumstances where the offer of a market contract is refused but supply is already occurring (such as for a move-in) will the retailer be permitted to proceed to de-energise the customer or will the carry-over arrangements simply apply? ENERGEX believes that some form of default contractual arrangement will need to apply between the distributor and the customer for any intervening period, to ensure that distributors can continue to recover distribution charges via the customer's retailer.
<b>Part 3 – Relationship between distributors and customers</b>		
303(b)	Kinds of Customer Connection Contracts	ENERGEX queries whether it is intended that the approved standard connection contract for large customers will be a deemed contract. If so, then this needs to be explicitly stated.  It is important to ensure that there is no 'gap' in contract coverage, i.e. given that the deemed standard connection contract would not apply to large customers where an AER approved contract exists, what would apply in circumstances of contract termination, expiry, or move-in?
305	Adoption of form of standard connection contract	ENERGEX questions the overlap between section 305(4) and section 308. ENERGEX requests that these sections be reviewed to avoid confusion.

### 3.1 National Energy Retail Law

Section	Subject Matter	Comment
306	Formation of deemed standard connection contract	(3) Refers to 'negotiated connection contract' – is this the negotiated connection contract under Chapter 5A or NERL? (6) should refer to standard connection contract rather than standard distribution contract.
306	Formation of deemed standard connection contract	ENERGEX believes that a “grandfathering” provision is required to ensure that all pre-existing “standard customer connection contracts” under jurisdictional legislation are transferred to the “deemed standard connection contracts” under NECF.
306	Formation of deemed standard connection contract	Section 306 provides for when a deemed standard connection contract takes effect. ENERGEX notes that Rule 110 permits distributors to reclassify customers (eg between small market offer, small and large customers), and as such this section needs to provide that the deemed standard connection contract will also take effect when a customer is reclassified from a large customer to a small customer (and was previously under an applicable AER approved standard connection contract).  However, a provision is also required to provide that the AER approved standard connection contract terminate if a deemed standard customer connection contract applies. Note that section 306(3) permits negotiated contracts to continue.
311	Submission and approval of form of standard connection contracts for large customers	This provision allows a distributor the discretion to prepare and submit to the AER one or more forms of standard connection contracts that are applicable to large customers.  ENERGEX notes that the policy reasoning behind this decision is primarily due to the fact that distributors are monopolies; however ENERGEX does not believe that this warrants the extra regulatory burden, particularly for large customers. Rather, as these are only for large customers, distributors should be able to publish standard connection contracts without AER approval and the AER can then choose to monitor such contracts as and when they believe necessary.
311	Submission and approval of form of standard connection contracts for large customers	Should section 311 remain unchanged, then it should provide reasonable time limits within which the AER is to make a determination as to whether or not to approve an AER approved standard connection contract. ENERGEX recommends that the AER be required to make such determination within 20 business days to avoid any undue delay to distributors and customers.

### 3.1 National Energy Retail Law

Section	Subject Matter	Comment
312	Formation of AER approved standard connection contract	This section provides for when an AER approved standard connection contract is to take effect. As Rule 110 permits distributors to reclassify customers (eg between small market offer, small and large customers), this section needs to provide that, where there is an applicable AER approved standard connection contract, this AER approved standard connection contract will also take effect between a customer and a distributor when a customer is reclassified from being a small customer to being a large customer (of the relevant class to which the AER approved standard connection contract applies). If this is done, then the previous deemed standard connection contract will automatically terminate under section 310(a).
313(4)	Amendment and replacement of form of AER approved standard connection contract	ENERGEX queries why this particular provision is more onerous than the requirements under section 308(5). ENERGEX does not support the requirement to provide notice to each affected large customer regarding a replacement or amended AER approved standard connection contract.
314(2)	Negotiated Connection Contracts	(b)(ii) should be removed or limited to provide that the distributor is only required to identify any implications “within the distributor’s reasonable knowledge”, i.e. it should remain incumbent upon the customer to obtain its own independent advice regarding the relative application of the standard and negotiated contracts to the customer’s specific circumstances.
<b>Part 5 – Authorisation of retailers and exempt seller regime</b>		
501 (1)	Requirement for Authorisation	The reference to ‘activity of selling energy’ should be amended to “activity of providing or seeking to provide customer retail services” (which is defined in terms of the sale of energy). This would also assist in capturing pre-sale and customer acquisition activities.
503 (1) (b)	Entry criteria	With respect the financial resources criterion – the retail applicant must demonstrate that it has resources or access to resources so that it will be financially viable and should demonstrate that it has an acceptable credit rating and has complied with the credit support rules under Chapter 6B.  Further to the comment above, the applicant should provide such information to the AER as is reasonably required on an <i>ongoing</i> basis to demonstrate its continued ability to satisfy the entry criteria.

### 3.1 National Energy Retail Law

Section	Subject Matter	Comment
506(1)	Conditions	This section permits the AER to impose conditions relating to the satisfaction of the entry criteria. As it is essential that the entry criteria are met (both from a customer and a distributor standpoint), these conditions should be framed as conditions precedent, so that the retailer authorisation does not come into effect until the entry criteria (e.g. credit support and financial resources) have been fully complied with.
512(1)	Variation of Retailer Authorisation	<p>The AER should be permitted to initiate an amendment of the retailer's authorisation, e.g. to impose conditions associated with compliance issues and to account for changes in circumstance over time.</p> <p>This power should include, in appropriate circumstances, the imposition of a condition that the retailer is only authorised to acquire new customers on or after the condition is satisfied, i.e. similar to section 506(2).</p>
516(1)	Deciding Transfer Application	An application to transfer a retail authorisation should be accompanied by a public notification process to ensure that impacted parties are appropriately identified and provided with an opportunity to respond to the proposed management of customers and settlement of accrued and prospective obligations (e.g. outstanding network charges and credit support arrangements).
520	Power to revoke	<p>ENERGEX believes that this section should be amended to expressly include circumstances where the AER is satisfied that the retailer has failed to meet the requirements of issue of the authorisation, on an ongoing basis. ENERGEX is concerned that currently, once an authorisation has been granted, there is limited consideration as to whether the retailer continues to satisfy the criteria for its issue and believes that the criteria for holding a retail licence should be satisfied at market entry and on an ongoing basis.</p> <p>Failure to pay top up credit support and distribution charges should be included in the grounds for revocation of a retailer's authorisation.</p>
521	Commencement of Revocation Process	<p>ENERGEX believes that the NERL should be amended to explicitly provide that the acquisition and transfer of customers by the retailer should cease immediately upon the AER commencing the revocation process.</p> <p>This should be facilitated by:</p>

### 3.1 National Energy Retail Law

Section	Subject Matter	Comment
		<ul style="list-style-type: none"> <li>• Notification by the AER to the distributor that a revocation process has commenced; and</li> <li>• An obligation on the distributor to commence objecting to customers transfers by the retailer, supported by appropriate objection codes in MSATS. It should be noted that an objection in itself does not cancel the customer transfer request unless the reason for the objection remains unresolved after 20 days – in this way, a reasonable period of time would be permitted for the retailer and the AER to seek to resolve the basis of the revocation process, before a pending transfer is cancelled.</li> </ul>
522	Revocation process (of retailer authorisation)	ENERGEX believes that section 522(9) should be amended to read as follows: “The AER must advise AEMO and <i>relevant distributors</i> where a retailer authorisation is revoked.”
<b>Part 6 – Retailer of Last Resort Scheme</b>		
602	Definitions	<p>The definition of “<b>network charges</b>” only includes (in relation to electricity) transmission and distribution use of system charges. As mentioned throughout this submission, the term should refer to all charges which are passed through to the customer via a bill from the retailer.</p> <p>In addition, the following terminology is used interchangeably throughout the NECF2 package – network charges, distribution charges and distribution service charges. ENERGEX requests that only the terminology “network charges” is used consistently and should be defined as:</p> <p><i>‘Network charges means GST inclusive charges that a distributor may recover under applicable law or the relevant connection contract, in relation to a customer for the provision of customer connection services. Network charges exclude any amount payable by the customer to the distributor on account of augmentations or extensions. Network charges may include:</i></p> <ul style="list-style-type: none"> <li>• <i>TUOS charges;</i></li> <li>• <i>DUOS charges;</i></li> <li>• <i>Negotiated services charges;</i></li> </ul>



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### 3.1 National Energy Retail Law

Section	Subject Matter	Comment
		<ul style="list-style-type: none"> <li>• <i>Alternative control services charges; and</i></li> <li>• <i>Unregulated charges (where appropriate).</i></li> </ul>
612 (1)	Issue of RoLR notice	This section should remove the reference to the AER 'may' and instead should read "...the AER <b>must</b> issue a notice (a RoLR notice) <b>as soon as practicable</b> declaring that the RoLR event has occurred."
613	Service and Publication of RoLR notice	Distributors who operate in the areas serviced by the failed retailer will need to be provided with information about the RoLR event in order to properly perform their functions. Accordingly, please amend section 613(1)(a) to specifically include distributors.
614 (b)	Transfer of customers	<p>While ENERGEX acknowledges that in principle, a customer of the relevant designated RoLR transfers immediately, in reality, the distributor may take days to effect the transfer in MSATS depending on the size of the failed retailer and the number of customers that need to be transferred.</p> <p>In addition, the process set out in section 614 does not recognise that for certain customers, transfers may already be in progress from the failed retailer to another retailer. There is an opportunity here for the transfer of such customers to be accelerated to that other retailer.</p>
615	Termination of customer retail contracts	<p>The allocation of financial responsibility for service orders between the suspended retailer, the RoLR, and the customer should be clarified through the Law/Rules as follows:</p> <ul style="list-style-type: none"> <li>• The suspended retailer should be responsible for the distributor's charges for any service order activity that it has initiated (either on its own behalf or on behalf of the customer), prior to the RoLR event;</li> <li>• The customer should be responsible for the distributor's charges for any service order activity that has been initiated by the customer and for which it has been agreed that the distributor will bill the customer directly, e.g. tiger tails and relocate point of attachment; and</li> <li>• The RoLR should be responsible for the distributor's charges for any service order activity that has been initiated by the customer and for which the distributor is permitted to bill the retailer, e.g. loss of supply, the cause of which is</li> </ul>

### 3.1 National Energy Retail Law

Section	Subject Matter	Comment
		determined not to be network-related. Recovery via the RoLR in these limited circumstances should be permitted regardless of whether the service activity was initiated prior to, or after, the RoLR event.
625 (2)	Information to be provided to AER by AEMO and retailers	This section should also be widened in scope to allow distributors to notify the AER of any event or circumstance (e.g. failure to pay credit support or distribution charges) that may give rise to an apprehended RoLR event.
649	RoLR cost recovery scheme distributor payment determination	<p>The drafting of this section could be greatly improved for clarity and interpretation. For example:</p> <ul style="list-style-type: none"> <li>As a distributor, ENERGEX seeks clarification on the practicalities of the RoLR cost recovery and billing arrangements. That is, would the distributor recover the RoLR's costs by billing the retailer on a lump sum or NMI basis? ENERGEX would require this detail before a RoLR event to ensure adequate systems are in place for billing purposes.</li> <li>The time factor of when the payments are to be made is not specified. This needs to be clarified to enable the distributor to properly manage its financial flows.</li> <li>ENERGEX believes that a general principle should be included in section 649 which provides that distributors should be able to fully recover any payments or associated costs incurred pursuant to the operation of a RoLR cost recovery scheme distributor payment determination.</li> <li>Section 649(1) does not require the AER to consult with any impacted distributors prior to making a RoLR cost recovery scheme distributor payment determination. This should be rectified.</li> </ul>
<b>Part 7 – Small Compensation Claims Regime</b>		
General	Cost recovery	A key issue for distributors is the ability to recover costs paid to customers and costs associated with administering this scheme, particularly given that the payment is not an admission of fault, negligence or bad faith. Currently, there is no provision by which the distributor could recover any such amounts. Nor could these costs be accurately estimated (particularly those relating to catastrophic disasters) – accordingly, under the current system,



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### 3.1 National Energy Retail Law

Section	Subject Matter	Comment
		these costs would be borne by the distributor as a component of its O&M costs. This does not appear to be consistent with the principle on which distribution determinations are based.
702	Definitions	ENERGEX recommends that a new definition for qualified person be included, as follows: <b>qualified person</b> means a person with a recognised degree or professional certificate, and with sufficient post-qualification experience, in the field of the specific claimable incident in order to authoritatively identify consequences of that claimable incident.
703	Claimable incident	No guidance is given as to what may constitute a claimable incident. In the absence of this information, it is very difficult to assess the potential impact of this scheme and provide substantive and relevant commentary.
703(1)(a)	Claimable incident	Section 703(1)(a) permits claimable incidents to be defined in the National Regulations. This appears to be inconsistent with statements in the Explanatory Material that the circumstances for which the compensation regime will apply will be specified in State or Territory instruments. ENERGEX queries who would have responsibility for determining and prescribing the event or circumstance under the Regulations.  Also, it is not clear how any inconsistencies between State or Territory instruments and the National Regulations would be resolved. Accordingly, section 703(1)(a) should be deleted.
711(2)(a)	Duty of distributor to provide information and advice	This section contains the wording “may be entitled to compensation”. This wording may unnecessarily raise a customer’s expectation and is vague and as such should be reworded to more specifically relate to the small claims compensation regime.  ENERGEX suggests that this section be reworded as follows: “inform the person of the existence of the small compensation claims regime and that the small compensation claims regime provides small customers affected by certain events to recover compensation;”
712(5)	Making of claims	This section permits a claim for property damage where the property is not owned by the small customer. ENERGEX is concerned by the broad wording of this provision as it could potentially include major items of infrastructure that happen to be located on a small customer’s premises.  As such, ENERGEX does not support the application of the scheme to the property of third parties where that property

### 3.1 National Energy Retail Law

Section	Subject Matter	Comment
		<p>is not under the control of the customer. Consequently, we recommend that section 712(5) be amended to read as follows:</p> <p>“A claim for property damage may relate to property not owned by the small customer, provided that such property was within the possession and control of the small customer or another resident of the premises at the relevant time, as well as to property owned by the customer.”</p> <p>An amendment along these lines will ensure that the provisions around property damage are consistent with the intention of the small compensation claims regime applies to “affected” customers (see section 711(2)(a)).</p>
<b>Part 9 – Functions and Powers of the Australian Energy Market Commission</b>		
901	Functions and powers of the AEMC	<p>ENERGEX requests that Part 9 of the NERL be expanded along the lines of section 91 of the <i>National Electricity (South Australia) Act 1996</i> to allow the Minister of a participating jurisdiction to request the AEMC to make a jurisdictional derogation in respect of that particular jurisdiction.</p> <p>Also, a regulated entity that is conferred an obligation under the NECF package should be entitled to request the AEMC to make a jurisdictional derogation.</p>
906	Rule making powers	ENERGEX questions whether this clause reads correctly as it states that the rule making functions and powers of the AEMC are set out in Part 8. However, Part 8 refers to the functions and powers of the AER.
<b>Part 12 – Compliance and Performance</b>		
1210(3)	AER Compliance Procedures and Guidelines	This section provides that the AER Compliance Procedures and Guidelines must provide for the manner and form in which regulated entities must submit information and data to the AER. This section should not only refer to section 1203 but also 1205, to provide certainty to regulated entities as to when the results of compliance audits must be provided to the AER.
1211	Obligation of regulated entities to provide	This section will require distributors to provide information and data relating to activities of the entity in relation <b>to any other matters</b> that are required by the Rules to be included in a retail market performance report.



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### 3.1 National Energy Retail Law

Section	Subject Matter	Comment
	information and data about performance	<p>Section 1214 requires the AER to include in a retail market performance report the performance of distributors by reference to distributor service standards and associated GSL schemes.</p> <p>It is ENERGEX's understanding that reporting of performance against GSL schemes will remain at jurisdictional level; however it is most likely that the AER will require service quality reporting on distributors performance against GSLs to satisfy section 1214 of the Law. ENERGEX is concerned that duplication of reporting will eventuate and as such increase the regulatory burden placed on distributors. As such, ENERGEX queries whether it is appropriate that jurisdictional service standards be included in this process, and suggests that the distributor service standards only be those imposed under the NEL/NER or this Law and Rules.</p>
1214(d)	Contents of retail market performance reports	See comment above.
1214(e)	Contents of retail market performance reports	Section 1214(e) requires information on the small compensation claims regime to be included in retail market performance reports. As the small compensation claims regime is to be applied at the discretion of the relevant jurisdiction, section 1214(e) should be amended to clarify that it only applies where the relevant jurisdiction has, in fact, "opted in" to the regime.
<b>Part 13 – Enforcement</b>		
1306	Actions for damages by persons for breach of conduct provision	<p>Section 1306 provides that a person (other than the AER) who suffers loss or damage due to a breach of a conduct provision can recover the amount of that loss or damage in court.</p> <p>As discussed below in relation to the <i>National Electricity (Retail Support) Amendment Rule</i>, ENERGEX considers that a breach of that Rule (Chapter 6B) is likely to lead to loss being experienced by distributors. Accordingly, ENERGEX believes that certain provisions under the proposed Chapter 6B should be made conduct provisions. Consequently, relevant provisions of the Law which relate to conduct provisions will need to be incorporated within the NEL.</p> <p>This section 1306 is a provision which relates to conduct provisions, and which is directly relevant to the retail support provisions under the proposed Chapter 6B. Accordingly, ENERGEX recommends that a provision which corresponds to this section 1306 be included in the NEL.</p>



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### 3.1 National Energy Retail Law

Section	Subject Matter	Comment
1307	Matters for Which There Must be Regard	ENERGEX believes that in determining the amount of civil penalty, regard should also be had to the existence of a compliance program within the organisation.
1320 (3)	Costs in a Review	<p>ENERGEX is concerned to ensure that the phrase in sub-section (2) “conducted their case in the review” does not result in a scenario where costs cannot be awarded if the AER is found not to have made its decision in accordance with the law but has otherwise conducted its case with due regard to the factors identified in (a) – (c).</p> <p>This would provide increased parity with the power for the Tribunal to award costs against other parties to the review.</p>
<b>Part 15 – General</b>		
1501	Immunity and definitions	The reference to an “ <i>electricity distributor distribution network service provider</i> ” is ambiguous and ENERGEX believes should be rephrased to electricity distribution network service provider.
1502	Distributor – retailer mutual indemnity	<p>ENERGEX does not support this provision and recommends that it is removed for the following reasons:</p> <ul style="list-style-type: none"> <li>• It requires one party to fully indemnify the other party for all damages arising from certain acts / omissions, which does not provide an onus on the second party to consider the actual extent of the first party to be directly liable; and</li> <li>• Due to the contractual arrangements stipulated under the NECF package, customers will have a direct contractual relationship with both the distributor and retailer, thereby making such a clause redundant.</li> </ul>



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## 3.2 National Energy Retail Rules

Section	Subject Matter	Comment
<b>Part 1 – Preliminary</b>		
103	Meter	<p>It is suggested that, rather than introduce a new (and potentially different) definition into the NERR, ‘meter’ should be defined consistently with the NER, i.e.:</p> <p><i>A device complying with Australian Standards which measures and records the production or consumption of electrical energy.</i></p>
110	Distributor reclassification of business customers	<p>With respect to sub-Rules (3) and (5), ENERGEX does not believe that the distributor should be responsible for notifying the business customer of the reclassification. Rather, the distributor should only be required to notify the retailer and then retailer should notify the customer as the retailer has the customer’s contact details.</p>
111	Distributor classification and reclassification	<p>Sub-rule 3(a) refers to the distributor estimating the likely annual consumption at the “supply point”. However, the Law and Rules do not provide a definition of “supply point” but the Deemed Standard Connection Contract refers to “connection point”.</p> <p>ENERGEX believes that conformity should be applied across not only the NECF legislative package but also the National Electricity Rules, which has a different definition of “connection point” to the one applied in the Deemed Standard Connection Contract.</p>
<b>Part 2 – Customer Retail Contracts</b>		
216	Historical Billing Information	<p>Sub-rule 3 requires a distributor to provide historical billing information at no cost if a retailer requests the billing information. ENERGEX is concerned that this provision may result in retailers unnecessarily making requests on distributors for historical billing information when the retailer can provide this information. If a retailer does make such a request, then distributors should be entitled to charge a reasonable fee.</p>
<b>Part 4 – Relationship between distributors and customers</b>		
403(3)	Application for Customer Distribution Services	<p>An express obligation on the retailer to notify the distributor of the formation of a contract is unnecessary (refer sub-rule (3)(a)). The retailer, in raising a service order request for connection, energisation or re-energisation, should</p>



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## 3.2 National Energy Retail Rules

Section	Subject Matter	Comment
		<p>effectively be warranting to the distributor that a valid contractual relationship exists between it and the customer.</p> <p>It is unclear how this information would be efficiently communicated to the distributor as this information is not currently provided for as fields within the <i>B2B Procedures: Customer and Site Details Notification Process</i>. Given that it should not be the distributor's role to 'police' the existence of a contract, it is also unclear what would be the practical value of the information.</p> <p>This sub-rule should be amended to a requirement for the retailer to provide the distributor with updated customer and premises data in accordance with the <i>B2B Procedures: Customer and Site Details Notification Process</i>. This requirement would reflect what is currently proposed in Rule 208(2) whereby the retailer must, by the end of the next business day after the request for the sale and supply of energy is properly made, forward relevant details of the customer to the distributor for the purpose of updating the distributor's records.</p>
403(4)	Application for Customer Distribution Services	<p>The trigger for the provision of customer distribution services in sub-rule (4) should not be the receipt of advice from the retailer that the relevant retail contract has been entered into. Service order completion timeframes will be triggered once the retailer has raised the service order request with the distributor – these are established through the <i>B2B Procedures: Service Order Process</i> and jurisdictional instruments.</p> <p>On this basis, the value of the clause is questioned. If it is to be retained, the trigger should be receipt of the request from the retailer for the provision of customer distribution services, not notification of formation of the retail contract.</p>
410	Provision of Information	<p>As customer's should be directed to their retailer for enquiries about their bill, ENERGEX suggests the following wording change:</p> <p><i>"If a retailer cannot provide the customer with the requested information in the first instance, then a distributor may, on request by a customer or a customer's retailer, provide information about the customer's metering data or the distributor's charges. A distributor may charge a reasonable fee for providing such information."</i></p>
412	Distributor's Right to Interrupt Supply	<p>This rule should be amended to include a general acknowledgement that the distributor can interrupt service in accordance with not only requirements of energy laws but also relevant tariff conditions applying to the customer (e.g. load curtailment).</p>

## 3.2 National Energy Retail Rules

Section	Subject Matter	Comment
413(1)	Planned Interruptions	<p>ENERGEX has concerns with the four business days notification requirement. In particular, unless a planned interruption is to occur on a Friday, the distribution entity will effectively have to provide one week's notice (over a weekend), and by the time the planned interruption is scheduled to occur the customer may have forgotten that they received such a notice or events outside the control of the distribution entity (e.g weather) may result in scheduling changes. ENERGEX recommends that 2 business days is adopted.</p> <p>This rule should also be amended to include a provision which provides that:</p> <p><i>...for work required to be undertaken without delay to prevent, rectify or mitigate an emergency, the notice provided should be reasonable in the circumstances.</i></p>
413(2)	Planned Interruptions	The contact number included on the notification should be the general enquiry line, not the 24 hour telephone line for emergencies and faults.
413(3)	Planned Interruptions	<p>Sub-rule (3) should be amended to read, consistent with clause 9.5(b) of the Standard Connection Contract:</p> <p><i>...use all reasonable endeavours to restore each affected customer's supply as soon as possible.</i></p>
414	Unplanned Interruptions	<p>Sub-rule (c) should be amended to read, consistent with clause 9.5(b) of the Standard Connection Contract:</p> <p><i>...use all reasonable endeavours to restore each affected customer's supply as soon as possible.</i></p>
<b>Part 5 – Relationship between distributors and retailers</b>		
502	Definitions	<p>The terminology “distribution charges” does not align with the terminology used elsewhere in the NECF2 package. ENERGEX would prefer the term “network charges”, to be defined as:</p> <p><i>Network charges means GST inclusive charges that a distributor may recover under applicable law or the relevant connection contract, in relation to a customer for the provision of customer connection services. Network charges exclude any amount payable by the customer to the distributor on account of</i></p>



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## 3.2 National Energy Retail Rules

Section	Subject Matter	Comment
		<p><i>augmentations or extensions. Network charges may include:</i></p> <ul style="list-style-type: none"> <li>• <i>TUOS charges;</i></li> <li>• <i>DUOS charges;</i></li> <li>• <i>Negotiated services charges;</i></li> <li>• <i>Alternative control services charges; and</i></li> <li>• <i>Unregulated charges (where appropriate).</i></li> </ul>
508	Information on planned interruptions	<p>ENERGEX believes that the notification to the retailer of planned interruptions should be made available on the company's website and not an individual notification basis.</p> <p>If ENERGEX was to provide each retailer with specific premises affected by each planned interruption this would require significant system changes.</p>
512	De-energisation of premises by the distributor	<p>ENERGEX requests that the NECF package provides protection to distributors who are unable to complete a retailer's request for de-energisation where the distributor cannot gain access to the premises.</p>
514	Liability of retailer for ongoing charges	<p>Firstly, ENERGEX questions whether the title of this section should read 'Liability of distributor for ongoing charges'.</p> <p>Secondly, ENERGEX believes that the liability of distributors for ongoing charges should be subject to the ability of a distributor to perform the de-energisation, particularly if the distributor has made all attempts but access was prevented etc.</p> <p>Thirdly, a distributor can only waiver DUOS charges and should not be put into the position to waiver TUOS or charges for services that a customer has requested.</p>

## 3.2 National Energy Retail Rules

Section	Subject Matter	Comment
<b>Part 6 – De-energisation (or disconnection) of premises</b>		
General	Application	As this Part refers both to “customers” and “small customers”, it is not clear which preconditions apply to de-energisation of a small or large customer’s premises.
604	Disconnection warning notices – retailers and distributors	Currently this clause could be interpreted to read that the responsibility to issue a warning notice is on either the distributor or the retailer. ENERGEX requests that this clause be clarified that the distributor is only required to issue a warning notice for disconnection should the distributor initiate the disconnection.
610 (2)	When retailer must not arrange de-energisation	This provision provides that a retailer may arrange de-energisation if the customer has requested de-energisation. ENERGEX notes that a customer very rarely actually requests that a retailer disconnect their premises – rather a customer will notify the retailer that they are moving out, which only requires a final meter read to satisfy the customer’s requirement for a final bill.
613(1)	Grounds for De-energisation	The grounds for de-energisation in sub-rule (1) should be expanded to include circumstances where a capital contribution or similar financial contribution has not been paid to the distributor.  ENERGEX currently has this protection / ground for de-energisation under clause 3.6.1(b) of the Queensland Electricity Industry Code.
613(3)	Disconnection warning notice required in certain circumstances	This section provides that a distributor may de-energise the premises in situations where the customer has tampered with the meter only if the distributor has given the customer a disconnection warning and the customer has not rectified the matter that gave rise to the right to de-energise the premises.  ENERGEX notes that in some instances, the police or other authority may request that a distributor de-energise the premises due to illegal activity that involves tampering with the meter. In these instances, ENERGEX cannot notify the customer of the de-energisation.



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## 3.2 National Energy Retail Rules

Section	Subject Matter	Comment
614	When Distributor Must not De-energise	ENERGEX believes that a rule should be inserted which permits the distributor to recover an attendance fee for de-energisation in circumstances where it arrives at the premises and the matter is rectified. This would support clause 11.7 of the Standard Connection Contract.
614(1)(b)	When distributor must not de-energise premises	<p>Rule 614(1)(b) prevents a distributor from de-energising a customer's premises where a relevant complaint has been made to the energy ombudsman.</p> <p>In the situation where a retailer requests de-energisation, and the de-energisation is the subject of such a complaint by the customer (via the <b>retailer</b>), the distributor will not necessarily have any knowledge of the existence of the complaint, and should be entitled to action the de-energisation based on the information it has been given.</p> <p>ENERGEX recommends that Rule 614(1)(b) be amended so that the words "the distributor has been informed of the existence of the complaint" be inserted after the words "energy ombudsman".</p>
614(2)	Non-application of restrictions where de-energisation requested by customer	ENERGEX notes that a customer very rarely actually requests that a retailer disconnect/ de-energise their premises – rather a customer will notify the retailer that they are moving out.
<b>Part 7 – Life Support Equipment</b>		
702	Life Support Equipment	<p>It is extremely important that a sense of urgency is interpreted into sub-Rules 1(b) and (c). To do this, ENERGEX suggests that the words 'within 24 hours' be inserted after the words 'advise the distributor' and 'give the distributor'.</p> <p>And with respect to 702(2) it should also read that: '...the retailer must inform the distributor of the advice received from the customer within 24 hours'.</p> <p>ENERGEX also assumes that the communication from the retailer to the distributor will be via B2B.</p>



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## 3.2 National Energy Retail Rules

Section	Subject Matter	Comment
703(1)	Distributor Obligations	<p>Sub-rule (1)(b) is inconsistent with the Standard Retail Contract (clause 6.4) and Standard Connection Contract (clause 6.4) both of which provide that the customer must register the premises as requiring life support with the customer's retailer (i.e. not the distributor).</p> <p>Although both the retailer and the distributor will maintain records regarding the existence of life support equipment at a premises, it is appropriate for the retailer, as the customer's primary contact point for communications, to provide this information (and information regarding subsequent change) to the distributor (usually via a combination of direct contact and a B2B communication through the <i>B2B Procedures: Customer and Site Details Notification Process</i>).</p> <p>As such, the customer should not be providing the distributor with confirmation from a registered medical practitioner.</p>
703(2)	Distributor Obligations	<p>In relation to sub-rule (2):</p> <ul style="list-style-type: none"> <li>Sub-rule (b) should be qualified to permit de-energisation in circumstances of an emergency. This is supported by clauses 9.6 and 11.4 of the Standard Connection Contract that the customer should be provided with information to assist in the preparation of a plan of action in case of interruptions. It is queried why this requirement is not mirrored in Rule 703;</li> </ul> <p>ENERGEX seeks guidance as to whether emergency situations override premises with life support equipment.</p>
704(1)	Registration Details Kept by Distributor	<p>The primary obligation should be imposed on the retailer not the distributor to ensure that registration details regarding life support premises are kept up to date. This would be consistent with the requirement for the customer's and retailer's obligations regarding registration contained in Rule 702 and the Standard Retail Contract.</p>
<b>Part 11 – Retailer of Last Resort Scheme</b>		
1108	Matters about which	In addition to referring to the transfer of customers from failed retailers, this Rule should also refer to the transfer of



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## 3.2 National Energy Retail Rules

Section	Subject Matter	Comment
	RoLR procedures may be made	other responsibilities of a failed retailer (for example, responsible person, local retailer, RoLR etc).
1122(2)(c)	Decision	<p>Rule 1122(2)(c) refers to the setting of tariffs for the recovery of costs under the cost recovery scheme. It is ENERGEX's understanding that the tariff impact will be for distributor/s who will in fact recover the costs. How will this be managed in an application that is made by the RoLR?</p> <p>It needs to be clear that distributors should be able to fully recover any payments or associated costs incurred pursuant to the operation of a RoLR cost recovery scheme distributor payment determination.</p>
<b>Part 12 - Consultation for the National Energy Retail Framework</b>		
1201	Customer Consultative Group	It should be clarified that the AER is not bound by the advice provided to it by the Customer Consultative Group and that the Customer Consultative Group will be comprised of a mix of consumer and industry representatives.

### 3.3 Model Standard Connection Contract

Clause	Subject Matter	Comment
4.2(a)	When Does this Contract End	Sub-clause (a)(i) refers to a 'termination notice'. However, ENERGEX queries as to what a 'termination notice' actually looks like or entails. For example, is this a request for a final read, disconnection notice etc.
5.1(a)	What services do we provide under this contract?	This clause should be reworded to reflect that distributors provide customer connection services <i>to</i> the premises rather than <i>at</i> the premises.
5.1(d)	What services do we provide under this contract?	<p>This clause assumes that a distributor will charge a customer directly for a connection alteration. Currently, ENERGEX's Tariff Schedule includes a category for 'additions and alterations', which we presume is in accordance with the proposed definition of 'connection alteration' (found in the proposed Chapter 5A).</p> <p>ENERGEX has defined an addition or alteration to include:</p> <ul style="list-style-type: none"> <li>• Alteration and additions to whole current metering equipment</li> <li>• Overhead service replacement, single phase</li> <li>• Overhead service replacement, multiple phase</li> </ul> <p>These additions and alteration services are currently billed via the retailer rather than direct to the customer. As such, ENERGEX seeks clarification as to whether the current 'additions and alterations' that ENERGEX charges via the retailer are the same as the 'connection alterations' that are contemplated by the NECF package.</p>
5.3	Services and your connection point	<ul style="list-style-type: none"> <li>• Sub-clause (a) should be reworded to reflect that distributors provide customer connection services <i>to</i> the premises rather than <i>at</i> the premises</li> <li>• Sub-clause (b) states "<i>Our obligations extend to the connection point for energy to be supplied to your premises (as defined by us) and not beyond.</i>" ENERGEX questions what <i>(as defined by us)</i> refers to.</li> </ul>
5.4	Guaranteed Service Levels	<p>The definition of 'small customer' under jurisdictional GSL schemes may be different to that applied under the NECF. For example, in Queensland, residential customers consuming 100MWh or more of electricity per annum are not classified as 'small' for the purposes of the GSL scheme contained in the Queensland Electricity Industry Code.</p> <p>However, this clause will require us to make GSL payments to "small customers", which are defined under the NECF</p>



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### 3.3 Model Standard Connection Contract

Clause	Subject Matter	Comment
		legislative package as all residential customers or business customers consuming at or below 100 MWh per annum.  It is suggested that the reference to “if you are a small customer” in clause 5.4(a) of the Standard Connection Contract be removed.
6.4(b)	Life Support Equipment	Changes to life support details should be notified by the customer to their retailer. Accordingly, the words ‘unless you have already notified us’ should be removed.  Although both the retailer and the distributor will maintain records regarding the existence of life support equipment at a premises, it is appropriate for the retailer, as the customer’s primary contact point for communications, to provide this information (and information regarding subsequent change) to their retailer who will in turn communicate this to the distributor (for life support this is usually via a combination of direct contact and a B2B communication through the <i>B2B Procedures: Customer and Site Details Notification Process</i> . As noted above with respect to clause 6.2(a), there is no corresponding B2B transaction that can be used by the distributor to notify the retailer.
9.3(a)	Interruptions	ENERGEX queries why four business days was adopted. In particular, unless a planned interruption is to occur on a Friday, the distribution entity will effectively have to provide one week’s notice (over a weekend), and by the time the planned interruption is scheduled to occur the customer may have forgotten that they received such a notice or events outside the control of the distribution entity (e.g weather) may result in scheduling changes. ENERGEX recommends that a more realistic notice of 2 business days is adopted.
9.5(a)	Emergencies	The reference to ‘other urgent circumstances’ is too broad and open to interpretation. It is suggested that this phrase should be removed and for the reference to emergency (which is a defined term) to be retained.
9.6	Life Support Equipment	The requirement to register the premises ‘with us or your retailer’ is inconsistent with clause 6.4 which requires the premises to be registered with the retailer. The words ‘with us or’ should be removed.
10.1	Payment	ENERGEX believes that, as currently drafted, it is unclear whether the distributor would be able to include charges that are referable to a specific request by the customers but are billed to the customer via the retailer, e.g. event

### 3.3 Model Standard Connection Contract

Clause	Subject Matter	
		<p>charges.</p> <p>ENERGEX also suggests the following clause should be inserted under Standard Connection Contract to clarify that the single tariff amount recovered by the retailer is intended to represent a bundled consideration for two separate supplies rather than merely recognising that the tariff will include an amount representing the network charges.</p> <p><i>You must pay the network charges, owed to us for the services we provide to you, to your retailer in accordance with your customer retail contract. If you pay the network charges to your retailer you are taken to have paid that amount to us.</i></p>
10.2	Determination of distribution charges	<p>ENERGEX suggests that clause 10.2 should read as follows:</p> <p><i>The network charges for a billing cycle will be the amount determined by us from time to time in accordance with the energy laws. We will prepare and submit a bill to your retailer, for network charges supplied to you.</i></p>
11.2	Our Rights to De-energise	<p>Consistent with the comment on rule 613(1), the grounds for de-energisation should be expanded to include circumstances where a capital contribution or similar financial contribution has not been paid.</p>
11.5	Times when the Premises Must Not be De-energised	<p>Consistent with ENERGEX's comments on rule 610, the times at which a premises may be de-energised should be expanded to include:</p> <ul style="list-style-type: none"> <li>• In circumstances of illegal use as provided for under rule 610 (3) of the NERR – i.e. the fraudulent acquisition or intentional consumption of energy otherwise than in accordance with the energy laws.</li> </ul>
Sched	Dictionary	<p>The Title "Schedule 1 – Dictionary" should read "Schedule 2 – Dictionary"</p> <p>ENERGEX believes that:</p> <ul style="list-style-type: none"> <li>• Definition of "connection point" should align or mirror the definition of "connection point" under Chapter 10 of the National Electricity Rules.</li> </ul>

### 3.3 Model Standard Connection Contract

Clause	Subject Matter	Comment
		<ul style="list-style-type: none"> <li>• The definition of customer should be reworded to read: <i>“a person who receives, or wants to receive a supply of energy from a distributor”</i></li> <li>• A definition of “customer connection services” should be inserted.</li> </ul> <p>A definition of “network charges” should be inserted to read:</p> <p><i>‘means GST inclusive charges that a distributor may recover under applicable law or the relevant connection contract, in relation to a customer for the provision of customer connection services. Network charges exclude any amount payable by the customer to the distributor on account of augmentations or extensions. Network charges may include:</i></p> <ul style="list-style-type: none"> <li>• <i>TUOS charges;</i></li> <li>• <i>DUOS charges;</i></li> <li>• <i>Negotiated services charges;</i></li> <li>• <i>Alternative control services charges; and</i></li> <li>• <i>Unregulated charges (where appropriate)</i></li> </ul> <ul style="list-style-type: none"> <li>• Consistent with the comment on section 411 of the rules, the phrase ‘temporary curtailment’ must be removed from the definition of ‘interruption’. As currently drafted, this definition would capture a distributor’s load curtailment activities undertaken either pursuant to network or retail tariff conditions within the relevant jurisdiction.</li> </ul> <p>It is suggested that the definition should be amended to read:</p> <p><i>...means a temporary unavailability of the supply of energy from a distribution system to a customer associated with an outage, but does not include...</i></p>



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### 3.3 Model Standard Connection Contract

Clause	Subject Matter	Comment
		A definition of "small generator" should be inserted for the purposes of clause 6.8

### 3.4 National Electricity (Retail Support) Amendment Rule 2010

Clause	Subject Matter	Comment
6B.1.2	Definitions	<p>References to 'Distribution service charges' should align with the rest of the NECF legislative package and ENERGEX believes that the term should be changed to '<b>network charges</b>' to accurately reflect the nature of the charges. ENERGEX also strongly suggests that the definition should be amended to read:</p> <p><i>'means GST inclusive charges that a distributor may recover under applicable law or the relevant connection contract, in relation to a customer for the provision of customer connection services. Network charges exclude any amount payable by the customer to the distributor on account of augmentations or extensions. Network charges may include:</i></p> <ul style="list-style-type: none"> <li>• <i>TUOS charges;</i></li> <li>• <i>DUOS charges;</i></li> <li>• <i>Negotiated services charges;</i></li> <li>• <i>Alternative control services charges; and</i></li> <li>• <i>Unregulated charges (where appropriate)</i></li> </ul> <p>Subdivision 153-B Agreement', 'Tax Invoice' and 'Adjustment Note' should all be defined in clause 6B.1.2 to read as follows:</p> <p><i>'have the same meaning as in the GST Act'. GST Act should be defined to be 'A New Tax System (Goods &amp; Services Tax) Act 1999 (Cth), as amended, or any replacement legislation.</i></p>
6B.2.1	Obligation to Pay	<p>ENERGEX suggests that the following sentence be inserted: <i>This obligation will be not affected by any failure of a customer to pay the charges payable by that customer to the retailer.</i></p> <p>ENERGEX suggests that this provision, requiring a retailer to pay to a distributor the distribution service charges should be a conduct provision.</p>

### 3.4 National Electricity (Retail Support) Amendment Rule 2010

Clause	Subject Matter	Comment
6B.2.3	Calculating distribution service charges	<p>ENERGEX questions the value in including this clause, when distributors prepare approved pricing in accordance with Chapter 6 of the NER.</p> <p>In addition, as mentioned above, ENERGEX believes that any reference to 'Distribution service charges' should be changed to 'network charges' to accurately reflect the nature of the charges that distributors can charge retailers.</p>
6B.2.4	Statement of Charges	<p>ENERGEX suggests the following changes to the wording of sub-rule (a) to read:</p> <p><b><i>'Unless otherwise agreed between the parties, the Distributor must provide a statement of charges ("statement of charges") to a retailer by no later than the 10<sup>th</sup> business day of each retail billing period for network charges for the previous retail billing period. Unless otherwise agreed between the parties, the statement must include:</i></b></p> <ol style="list-style-type: none"> <li><i>(1) the network charges, separately identified, in respect of each shared customer's premises for which an actual or estimated meter reading occurred</i></li> <li><i>(2) the distribution service charges for any service request incurred during that retail billing period</i></li> <li><b><i>(3) any interest or other charges that the distributor may recover</i></b></li> <li><i>(4) the distributor's nominated bank account for payment</i></li> <li><i>(5) where <b>available and</b> applicable, the consumption data for each shared customer's premises</i></li> <li><i>(6) any adjustments to distribution service charges from previous retail billing periods; and</i></li> <li><i>(7) where applicable, any <b>debits</b> for GSL payments that the distributor was required to pay due to an error by the retailer, in respect of a shared customer's premises.</i></li> </ol> <p>The distributor should also be permitted to render a statement of charges with respect to service requests that the distributor was unable to complete as a result of any act or omission of the customer or the retailer.</p>
6B.2.4(a)(2)	Statement of charges	ENERGEX wishes to highlight that if the statement of charges must include the distributor's nominated bank account for payment then amendments to the Queensland Network Billing Specification will be required.
6B.2.4(a)(5)	Statement of charges	Currently in Queensland the Standard Coordination Agreement make allowance for any GSL payments that

### 3.4 National Electricity (Retail Support) Amendment Rule 2010

Clause	Subject Matter	Comment
		<p>were made by the distributor to the customer, but were due to retailer error, to be debited against the retailer in the statement of charges.</p> <p>As such, ENERGEX believes that this clause should be amended and the suggested wording is provided above under 6B.2.4.</p>
Suggested new clause 6B.2.4(a) (6)	Statement of charges	<p>Clause 6B.2.4 should prescribe a minimum level of information required in respect of the Statement of Charges. It is recommended that new subparagraph 6B.2.4(a)(6) be included as follows:</p> <p><i>'sufficient information to allow the retailer to accurately ascertain its GST liability and issue valid tax invoices (for GST purposes) to customers on behalf of the distributor.'</i></p>
6B.2.4(b)	Statement of charges	<p>ENERGEX recommends that the format and content of the statement of charges be in accordance with the relevant B2B Network Billing Specification applying in the relevant jurisdiction. This should be agreed on an industry basis, failing which it should be as reasonably determined by the relevant distributor.</p> <p>This will reduce the administrative costs associated with requiring multiple formats and contents for different retailers.</p>
6B.2.4(c)	GSL Payments	<p>For noting – not all GSL payments are due to a distributor not complying with distributor service standards and as such, provision should be made for retailers to reimburse distributors for GSL payments made to customers which are attributable to the retailer's delay, failure or wrongful action in making a service order request (e.g. disconnection).</p>
Suggested new clause 6B.2.4 (d)	Arrangements under s153-B Agreement	<p>To cover the situations where a retailer and distributor have entered into a Subdivision 153-B agreement, a new subclause 6B.2.4(d) needs to be inserted as follows:</p> <p><i>Where the retailer and distributor have entered into a Subdivision 153-B Agreement the statement of charges must contain sufficient information to satisfy the Tax Invoice and Adjustment Note requirements set out in Sections 29-70 and 29-75 of the GST Act.</i></p>



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### 3.4 National Electricity (Retail Support) Amendment Rule 2010

Clause	Subject Matter	Comment
6B.2.5	Time and Manner of Payment	<p>ENERGEX suggests that the following should be included into this Rule:  <i>Subject to clause 6B.3.3, the retailer must make payments without set off or counterclaim. All payments due by the retailer to the distributor must be made in cleared funds to a bank account nominated in writing by the distributor to the retailer.</i></p> <p>ENERGEX strongly believes that this Rule should be a conduct provision.</p>
Suggest new 6B.2.6	Supply of money	<p>To reduce the risk of the payment from the retailer being seen to be consideration for a supply where a Subdivision 153-B arrangement is <b>not</b> entered into, an additional clause should be added, possibly after Clause 6B.2.5. Further, a new clause to ensure that this does not impact on situations where Subdivision 153-B arrangements are entered into should also be added. The new clauses would read:</p> <ul style="list-style-type: none"> <li><i>The parties acknowledge their mutual understanding that because a payment by the retailer to the distributor under this clause is a supply of money, and is not consideration for any Taxable Supply by the distributor to the retailer, clause 6B.3.6 does not apply to any such payment.</i></li> <li><i>Clause 6B.2.6 does not apply where the retailer and distributor enter into a Subdivision 153-B Agreement under clause 6B.3.6.</i></li> </ul> <p>Note that the above reference to clause 6B.3.6 is in relation to the proposed new GST clause discussed below.</p>
6B.3.1	Adjustment of Distribution Service Charges	<p>Distributors should be able to recover amounts from retailers where the undercharge was caused by a retailer or customer error or omission, regardless of whether the retailer can recover this amount from the customer. For example, a distributor should be able to recover undercharges where the customer has not provided access to the meter for a substantial period of time.</p>
6B.3.2	Tariff Reassignment	<p>The references to 'tariff' should be amended to "network tariff".</p> <p>The request for tariff review by the retailer should be in a form approved by the distributor.</p>
6B.3.3	Disputed Statements of	<p>ENERGEX suggests that the following words be inserted to the beginning of this Rule:</p>

### 3.4 National Electricity (Retail Support) Amendment Rule 2010

Clause	Subject Matter	Comment
	Charges	<p><i>Unless protocols for the management of network billing disputes are otherwise provided for through a business to business network billing process specification agreed between the distributor and retailer, the following shall apply.</i></p> <p>Sub-rule (a) should read: <i>A retailer must give written notice to the distributor of the amount of the disputed amount and the reasons for disputing payment <b>before the due date for payment</b></i></p> <p>Sub-rule (c) should require that the retailer pay the distributor by the due date for payment of that statement of charges.</p> <p>ENERGEX suggests that sub-clauses (e)(1) and (2) should have civil penalties attached.</p> <p>And finally, a limitation period should apply to this provision to prevent retailers raising disputes after a reasonable period of time (e.g. 1 year).</p>
6B.3.4	Interest	The charging of interest should be discretionary, not mandatory. There may be reasons why a party does not wish to charge interest on an outstanding amount (for example, practical issues associated with the calculation and identification of interest charges at NMI level).
6B.3.5(a)(1)	Notification of changes to distributor charges	ENERGEX does not support this sub-Rule and requests that this provision be removed. A distributor should not be required to provide its distribution network tariffs ("preliminary information" as it is referred to) to a retailer prior to those tariffs being approved formally by the AER. This information is highly confidential and should be provided until they are approved (as per sub-Rule (2)).
Suggested new clause 6B.3.6	GST	<p>ENERGEX suggests that a GST clause similar to clause 23 in the current Queensland Default Coordination Agreement should be included. The clauses should cover the following areas :</p> <ul style="list-style-type: none"> <li>• Effect of GST on indemnities and similar payments</li> <li>• GST charge for taxable supplies</li> <li>• Non monetary consideration</li> <li>• Time for payment of GST charge</li> <li>• Tax invoices and adjustment notes</li> </ul>



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### 3.4 National Electricity (Retail Support) Amendment Rule 2010

Clause	Subject Matter	Comment
		<ul style="list-style-type: none"> <li>• GST Registration requirements</li> <li>• Agency arrangements for GST purposes</li> <li>• Scope of Subdivision 153B</li> </ul>
6B.5	Requirements for Credit Support	ENERGEX has serious concerns with the proposed calculation of the credit support amount as it is overly complex and difficult to apply on an individual and daily basis. Clarification is required on the calculation of the Distribution Service Charges Liability.
6B.6	Determining credit allowance for a retailer	<p>The formula proposed is overly complex and should be replaced by a method of calculating required credit support as follows as per the three months' estimated distribution service charges to be incurred by the retailer's customers during the 3 months or 90 days following the request.</p> <p>The credit ratings specified in the table in Schedule 1 should not go below BBB- as a retailer with a credit rating any lower than this would not meet the required financial resources criterion stipulated in section 503 of the National Energy Retail Law.</p>
6B.6.2	Distributor's Maximum Credit Allowance	ENERGEX does not agree with the Credit Allowance being based on the total annual amount of distribution service charges billed by the distributor to all retailers. ENERGEX does not support the principle that credit allowance being based on the revenue earned by the distributor. Rather, credit support triggers should be based on the credit rating of a particular retailer and payment history.
6B.6.4	Calculating credit allowance where guarantor	<p>Rule 6B.6.4 provides that in determining a retailer's credit allowance, a distributor <i>must</i> use a credit rating advised by the retailer. Whereas, a retailer <i>may</i> advise a distributor of its guarantor's credit rating.</p> <p>As the credit rating and support system serves to protect distributors, this section should be amended to require the retailer to provide concrete evidence of the credit rating to the distributor. Failing the provision of such evidence, the distributor should be entitled to rely on its own investigations of a reasonable credit rating, particularly if a distributor has access to the Standards and Poor or Fitch ratings system.</p>
6B.7.1	Retailer to provide	ENERGEX believes that this Rule should be specified as a conduct provision.



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### 3.4 National Electricity (Retail Support) Amendment Rule 2010

Clause	Subject Matter	Comment
	credit support	
6B.7.3	Provision of Credit Support Where Dispute Arises	ENERGEX believes that this Rule should be specified as a conduct provision.
6B.7.3(c)	Provision of Credit Support Where Dispute Arises	ENERGEX believes that this provision should read: <i>(1) reimburse the retailer for any <b>reasonable and directly related</b> costs incurred to procure the credit support...</i>
6B.7.4	Credit Support Disputes	ENERGEX queries why a dispute over credit support would be considered an access dispute that would need to be resolved under Part 10 of the National Electricity Law. Rather, ENERGEX believes that such a dispute should be considered under Chapter 8 of the National Electricity Rules similar to Rule 6B.3.3(d).
6B.8.1	Top Up of Credit Support	ENERGEX believes that this Rule should be specified as a conduct provision
Schedule 1	Table	As discussed above in relation to Rule 6B.6, the percentage applied to all rating below BB+ should be 0. The retailer's financial capacity to operate in the market would be open to serious question at any level below the 'base level' and therefore no adjustment of perceived risk should be permitted.  It should also be clarified that an unrated retailer has a percentage of 0 applied.



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### 3.5 National Electricity (Retail Connection) Amendment Rules 2010

Clause	Subject Matter	Comment
5A.A.1	Definitions	<p>ENERGEX notes that the National Electricity (Retail Connection) Amendment Rules 2010 will amend the National Electricity Rules and in particular insert a new Chapter 5A after Chapter 5. As such, ENERGEX believes that there should be consistency between the current National Electricity Rule definitions contained in Chapter 10 and those proposed for Chapter 5A. As such, ENERGEX questions why Chapter 5A has its own separate definitions section, whereas the definitions for Chapter 5A should be contained in Chapter 10 of the NER.</p> <p>The following definitions in Chapter 5A are inconsistent with Chapter 10:</p> <ul style="list-style-type: none"> <li>• connection service – this definition is also slightly different to the definition of ‘customer connection service’ referred to in the National Energy Retail Law.</li> <li>• connection</li> <li>• connection applicant</li> <li>• connection assets</li> <li>• contestable – ENERGEX also notes that services may be defined as ‘alternative control service’ by the AER as part of the individual DNSP’s regulatory determination. This in effect allows the service to be provided by more than one supplier. This should be reflected in the definition.</li> <li>• customer</li> <li>• embedded generating unit</li> </ul> <p>In addition, the following definitions should either be included or reference made to the definition currently captured in Chapter 10 of the National Electricity Rules:</p> <ul style="list-style-type: none"> <li>• augmentation</li> <li>• extension</li> </ul> <p>With regards the definition of ‘large’ and ‘small customer’ the Amendment Rule refers to the definitions contained in the National Energy Retail Law. However, the connection framework operates pre-energisation of a connection point, and as such, it will not be known to the distributor or the customer what the consumption will be for that connection applicant.</p> <p>And finally, the definition of ‘micro EG connection’ refers to the connection being ‘of a kind contemplated by’ the Australian Standard. ENERGEX believes that this definition needs to be stronger and require the micro EG</p>

### 3.5 National Electricity (Retail Connection) Amendment Rules 2010

Clause	Subject Matter	Comment
		connection 'to be in accordance with the Australian Standard AS 4777.'
5A.B.2	Standing offer for basic connection services	<p>ENERGEX's preference is that the AER should not have an approval role for each class of basic connection service, but rather the AER should have a monitoring role. This would reduce the regulatory compliance burden not only for each distributor but the AER. However, should the MCE SCO pursue this form of regulatory oversight, then the following improvements should be considered:</p> <ul style="list-style-type: none"> <li>• Sub-Rule (2) should be removed as it will be impossible for the distributor to include in the terms and conditions of the standing offer "the time within which the work is to be commenced and a target date for completion" for every single possible basic connection. Particularly, if the distributor must submit for the AER's approval specific terms and conditions for basic connection services.</li> <li>• Sub-Rule (3) should only relate to those works which are contestable.</li> <li>• Sub-Rule (5)(iii) and (iv) should be removed as details of the cost of any necessary extension and augmentation are irrelevant as the definition of a basic connection service states that it involves minimal or no extension to, or augmentation of the distribution network.</li> </ul>
5A.B.3(a)	Approval of terms and conditions of standing offer to provide basic connection services	<p>ENERGEX's preference is that the AER should not have an approval role for each class of basic connection service, but rather the AER should have a monitoring role. This would reduce the regulatory compliance burden not only for each distributor but the AER.</p> <p>However, should the MCE SCO pursue this form of regulatory oversight, then the following improvements should be considered:</p> <ul style="list-style-type: none"> <li>• The AER should be required to approve a proposed standing offer if the offer satisfies the requirements stipulated under Chapter 5A. However, at the moment the wording is that the AER "may" approve a proposed standing offer.</li> </ul>
5A.B.4(c)(3)	Standard Connection Services	This provision requires the distributor to set out qualifications which are required for the work. This should only relate to those works which are contestable.



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### 3.5 National Electricity (Retail Connection) Amendment Rules 2010

Clause	Subject Matter	Comment
5A.B.5	Approval of standing offer to provide standard connection services.	<p>ENERGEX's preference is that the AER should not have an approval role for each class of standard connection service, but rather the AER should have a monitoring role. This would reduce the regulatory compliance burden not only for each distributor but the AER.</p> <p>However, should the MCE SCO pursue this form of regulatory oversight, then the following improvements should be considered:</p> <ul style="list-style-type: none"> <li>The AER should be required to approve a proposed standing offer if the offer satisfies the requirements stipulated under Chapter 5A. However, at the moment the wording is that the AER "may" approve a proposed standing offer.</li> </ul>
5A.C.1	Negotiation of connection	<p>ENERGEX does not support sub-Rule (2) for the reason being that if ENERGEX has sought and received the AER's approval for a basic or a standard connection service and the service being sought by the connection applicant is a basic or standard connection service then that customer should not be entitled to elect to negotiate the terms and conditions on which that connection service is to be provided. In addition, negotiating a connection service requires substantially more resources from within the distribution business. Obviously, ENERGEX does not wish to incur unnecessary costs by employing additional resources for the possibility of a basic or standard customer seeking to negotiate their connection service's terms and conditions.</p> <p>As such, ENERGEX believes that this sub-Rule should be deleted or otherwise, the words "at the distributor's discretion" should be inserted.</p>
5A.D.1	Publication of Information	<p>With regards to sub-Rule (a) ENERGEX supports the requirement to publish an application form for a new connection or a connection alteration – but only with regards to certain customers. ENERGEX does not support basic connection service applicants (e.g. mums and dads) having to complete an application form, whereas currently their electrical contractor completes the required form and the retailer sends a B2B to the distributor to require the energisation of the connection point.</p> <p>With regards to sub-Rule (d) – as mentioned above, ENERGEX does not support the right for a basic or standard connection applicant to request or elect to negotiate the terms and conditions of their connection service.</p>
5A.E.1	Connection Charge Principles	<p>As mentioned above, applying the connection charge principles will be difficult as the distributor will not know the consumption of the connection applicant to determine whether they are large or small. The distinction between</p>



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### 3.5 National Electricity (Retail Connection) Amendment Rules 2010

Clause	Subject Matter	Comment
		<p>large and small should not be relevant to the issue of determining who pays for the cost of an augmentation.</p> <p>The need for an augmentation and its cost is not driven by the consumption level of the particular customer seeking connection, but by the overall demand in the area and the size of the capital investment required to meet it. In determining capital contribution requirements, distributors generally take into consideration whether the connection is uneconomic and the associated impact on the network.</p>
5A.E.1	Connection Charge Principles	<p>ENERGEX notes that the AER has recently approved ENERGEX's Capital Contributions Policy that is to apply for the period 1 July 2010-30 June 2015. This Policy has not changed from previous regulatory periods and only applies to small customers. The repayment scheme being applied in Queensland is currently for five years. As such, ENERGEX does not support immediate transition to the NECF2 connection charge principles and may need to transition with the next regulatory period, particularly for a seven year repayment scheme as ENERGEX would need sufficient time to develop the systems to administer such a scheme.</p> <p>ENERGEX is also considering how the proposed NECF2 connection charging principles will impact on the classification of services that are determined by the AER for each individual distributor. There are also differing levels of connection services that may be contestable (e.g. for ENERGEX from 1 July 2010, the design and construction of large customer assets will be an alternative control service).</p> <p>And finally, under Queensland Electricity Regulations section 14 provides that distributors must provide up to 20 metres of overhead and 7 meters of underground as connection assets. Under the Capital Contributions Policy, approved by the AER, a small customer is only required to pay a capital contribution where the cost of a dedicated asset exceeds the economic cost to connect and supply that customer. ENERGEX seeks further clarification on the application of Rule 5A.E.1(2)(ii) as it is not clear whether small customers would need to pay upfront for dedicated connection assets or rather could continue to pay for such assets through DUOS.</p>
5A.E.3(c)(3)	Connection Charge Guidelines	<p>ENERGEX notes that the AER must develop and publish Connection Charge Guidelines for the determination of connection charges and refunds. This Guideline may establish principles for defining the connection point.</p> <p>ENERGEX has serious concerns if the AER will define the connection point when the term is already defined in the</p>



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### 3.5 National Electricity (Retail Connection) Amendment Rules 2010

Clause	Subject Matter	Comment
		NER and is referred to and defined in the Standard Connection Contract.
5A.F.1	Distributor's response to application	ENERGEX does not support the proposed timeframe (10 business days) to respond to basic or standard connection service as this is not in the interests of customers. Currently, ENERGEX completes a service order request for a new connection within 5 business days and any changes to this will only result in increased complaints to the distributor from customers.
5A.F.2	Acceptance of offer	<p>As mentioned above, ENERGEX does not support a formal offer / acceptance model but rather the default position should be that all basic and standard connection services are expedited unless the customer elects otherwise. This then allows for the acceptance to be deemed on the date of the offer.</p> <p>ENERGEX does not support the concept of an offer for a basic or standard connection service being open for 45 business days, particularly as negotiated connection offers remain open for 20 business days. Rather, ENERGEX believes that sub-Rule (a) should be deleted and sub-Rule (b) should be expanded to make all basic and standard connection services expedited to avoid unnecessary delays for consumers.</p>
Schedule Part A	Minimum content requirements for connection contract - Connection offer not involving embedded generation	<p>ENERGEX has the following comments:</p> <ul style="list-style-type: none"> <li>• (a)(1) should state that commencement of the connection contract is the date of offer unless the customer has not elected to expedite the application process.</li> <li>• (b) should be removed as it is duplicating what will be included in the attached Standard Connection Contract.</li> </ul>
Schedule Part B	Connection offer involving embedded generation	<p>ENERGEX has the following comments:</p> <ul style="list-style-type: none"> <li>• (a) (1) should state that commencement of the connection contract is the date of offer unless the customer has not elected to expedite the application process.</li> </ul>