

14th March 2022

Essential Services Commission  
Level 37, 2 Lonsdale Street  
Melbourne VIC 3000

**ATTN: Sugi Sivarajan,  
Acting Senior Regulatory Manager of Regulatory Operations**

**Ref: Variation of MTA Energy Pty Ltd's electricity retail licence**

**Dear Manager,**

Thank you for your letter of the 31<sup>st</sup> January 2022 in reference to the foreshadowed changes to the Victorian energy retail licences.

We broadly support reviews aimed at alignment and consistency across the issued licences, particularly in the evolving energy market. This we see as core to promoting consistency in regulation. Furthermore, we support the Commission's objectives in facilitating effective and competitive markets in the long-term interests of Victorian customers.

However, we are concerned that some of the changes may have consequences which do not support these objectives.

MTA's electricity retail model provides long term benefits to Victorian customers by providing greater competition and allowing MTA's customers to fully integrate and optimise, energy efficiency technologies, renewable generation technologies and demand management technologies across their multiple site portfolios.

This essentially means treating multiple and diverse sites as a combined "virtual" single functioning site in its integration with the energy market. This approach is also demonstrating significant benefits when it comes to carbon reduction strategies and customers are increasingly seeking a portfolio view of their carbon emissions.

Both approaches are driven by strong data gathering and data analysis of complete portfolios, which then enable the targeted deployment of emerging demand management technologies and distributed energy resources.

Our concern arises around two specific areas:

- **Embedded Networks**
- **Definition of Customer size**

Addressing each in turn as follows:

**Embedded Networks:**

It is our view that Embedded Networks are one of the most significant impediments to active retail competition currently in the National Energy Market.

We have submitted our response to the current and ongoing review into Embedded Networks being carried out by the AER.

We note the proposed removal of the special condition 3.2 in the MTA Licence, which was specifically inserted to allow customers to access their retailer of choice and MTA to supply retail electricity to customers within embedded networks.

This is important because our current customers have loads both in freestanding locations directly connected to a Supply Point and in embedded networks, where the Supply Point may be the Gate Meter and we supply through the Child Meter.

We note the proposed removal of the existing Grant of Licence clause 3.2, should act to remove the prohibition on selling to embedded network customers, but this hasn't been explicitly stated in any of the intended purposes for removal of the clause.

Can the Commission confirm that post variation MTA will be able to continue to serve its customers within embedded networks?

**Definition of Customer Size:**

The MTA retail offering is specifically targeted to business customers with diverse, multiple sites where the consolidation at the corporate level delivers a range of benefits.

Within Victoria a client load is defined at the individual Supply Point, rather than an aggregated load for a specific client.

This leads to certain inefficiencies and cost increases for customers because some sites are defined as small customers and supply is obliged to be through Legacy small customer retailers.

This limitation on the market competitiveness and/or innovation in commercial models does not seem to be addressed in the proposed Standard Licence conditions.

We currently have an application with the ESC to consider a Special Condition to our existing licence proposing the following special clause be added to our Licence Conditions.

*Licensee is permitted to supply electricity retail services to business customers with an annual consumption level of less than 40 MWh taken from a Supply Point, provided the aggregated annual consumption of that business customer's retail electricity consumption in Victoria equals or exceeds 40 MWh.*

Thank you in advance for your consideration of our points.

Yours Sincerely,

  
**Managing Director  
MTA Energy Pty Ltd**