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Thursday, 26 March 2020

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

By email: <https://engage.vic.gov.au>

RE: Changing the back-billing rules for retail energy customers – ESC Victoria Draft Decision

ERM Power Limited (ERM Power) welcomes the opportunity to respond to the Essential Services Commission's (Commission) 'Changing the back-billing rules for retail energy customers' – Draft Decision, which seeks to implement the Victorian Government's commitment to reduce the allowable back-billing period for retailers from nine to four months.

About ERM Power

ERM Power is a subsidiary of Shell Energy Australia Pty Ltd (Shell Energy). ERM Power is one of Australia's leading commercial and industrial electricity retailers, providing large businesses with end to end energy management, from electricity retailing to integrated solutions that improve energy productivity. Market-leading customer satisfaction has fuelled ERM Power's growth, and today the Company is the second largest electricity provider to commercial businesses and industrials in Australia by load. ERM Power also operates 662 megawatts of low emission, gas-fired peaking power stations in Western Australia and Queensland, supporting the industry's transition to renewables.

www.ermpower.com.au

<https://www.shell.com.au/business-customers/shell-energy-australia.html>

General comments

Given the unprecedented events that Australia is currently facing with the COVID-19 pandemic we strongly recommend that changes to back billing provisions are not introduced until the industry can fully understand the impact of the current crisis. At the very least that would be a delay until late 2021. The industry, facing considerable disruption, has committed to rule change projects (5 Minute and Global Settlements) that are significant and must be implemented by July 2021 (5 Minute Market). With the major disruption to businesses stemming from the COVID 19 pandemic, it is critical that further changes are not layered into the pipeline of IT development at this time.

With respect to the Draft Decision, we wish to make the following comments:

Draft Decision 1

We agree with the existing principle that retailers should be permitted to recoup undercharging as a result of the customer's fault or unlawful omission. We support the Commission's decision to uphold the principle that retailers should not be unfairly penalised where customers actions result in rebilling or adjustments.



Draft Decision 2

In our response to the Commission's Draft Decision paper on 'Ensuring energy contracts are clear and fair', ERM Power highlighted the complications of the proposal to reduce the allowable back-billing to 4 months and the importance of ensuring there should be no detriment to retailers who are the innocent party to a revised distribution pass through cost or updated data. In making its Draft Decision, we commend the Commission for recognising that it is unreasonable for retailers to be exposed to the financial risk associated with distributors reissuing meter data, recouping from faults in their metering assets, and failing to correct inaccurate standing data in market systems; all of which are beyond the retailer's control.

We support the view that the Commission should replicate provisions in the National Electricity Rules and the National Gas Rules that provide equivalent restrictions on back billing to distributors if retailers are unable to recoup amounts from customers. ERM Power therefore strongly supports the inclusion of 15A to the Electricity Distribution Code to affect this change.

Draft Decision 3

As mentioned above we do not support the commencement date of 1st January 2021. At this stage we suggest a commencement date to be at least the end of 2021 or a suspension of the final decision and commencement until the industry can fully understand the impact of the current pandemic crisis.

Please contact me if you wish to discuss this submission.

Yours sincerely

[signed]

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Senior Manager, Regulatory Affairs
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