



Meridian Energy Australia Pty Ltd
Level 15, 357 Collins Street
Melbourne VIC 3000

22 May 2019

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

Email: RetailEnergyReview@esc.vic.gov.au

Dear Essential Services Commission

Consequential amendments related to the Victorian Default Offer – Meridian and Powershop response to the draft decision

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (MEA Group or Powershop) thank the Essential Services Commission Victoria (ESC) for the opportunity to provide comments on the Consequential amendments related to the Victorian Default Offer (VDO) draft decision (the Decision) to apply from 1 July 2019.

The MEA Group is a vertically integrated generator and retailer focused entirely on renewable generation. We opened our portfolio of generation assets with the Mt Millar wind farm in South Australia and the Mt Mercer wind farm in Victoria. Subsequently, in early 2018, MEA Group acquired the Hume, Burrinjuck and Keepit hydroelectric power stations, further expanding our modes of generation. We have supplemented our asset portfolio by entering into a number of power purchase agreements with other renewable generators, and through this investment in new generation we have continued to support Australia's transition to renewable energy.

Powershop is an innovative retailer committed to providing lower prices for customers and which recognises the benefits to customers in transitioning to a more distributed and renewable-based energy system. Over the last five years, Powershop has introduced a number of significant, innovative and customer-centric initiatives into the Victorian market, including the first mobile app that allows customers to monitor their usage, a peer-to-peer solar trading trial and a successful customer-led demand response program. Powershop has also been active in supporting community energy initiatives, including providing operational and market services for the community-owned Hepburn Wind Farm, supporting the Warburton hydro project, and funding a large range of community and social enterprise energy projects through our Your Community Energy program.

We provide our responses to the draft decisions below.

Draft decision 1 - The deemed best offer must be the lowest cost of a generally available plan or Victorian Default Offer applicable to the customer.

MEA Group accepts that Draft decision 1 expands on the recently developed requirements of a '*deemed best offer*'; that if the VDO is a retailer's best generally available offer, then it must be presented in the bill message to customers.

Draft decision 2 - A retailer, under the clear advice entitlement, must communicate to a customer information about the retailer's other applicable generally available plans and a Victorian Default Offer that it reasonably believes may be more suitable for the customer.

MEA Group believes this Draft decision 2 is inconsistent with clause 16 of the Energy Retail Code (ERC) and the obligations applicable to a non-designated retailer. MEA Group agrees that a designated retailer under clause 16(2) of the ERC should inform the customer of the VDO as part of their clear advice entitlement, if the VDO is the best offer for that customer.

Clause 16(3) of the ERC allows for a non-designated retailer to elect whether to offer a small customer a market retail contract. If a non-designated retailer does not elect to offer a market retail contract to a customer, it must refer the customer to the relevant distributor and inform the customer that the distributor will be able to advise which retailer is their designated retailer. Consequently, the obligation to inform the customer of the VDO should sit with this designated retailer.

MEA Group believes Draft decision 2 is inconsistent with clause 16(3) of the ERC, as it does not take into account the different obligations under the ERC of a designated retailer and non-designated retailer, essentially imposing an additional requirement on a non-designated retailer to offer a generally available plan or VDO. MEA Group recommends that the Final Decision must be consistent with the requirements of clause 16 of the ERC.

Draft decision 3 - Under the clear advice entitlement, a retailer is to communicate information about the availability of the Victorian Default Offer and how the customer may access the plan from the retailer.

MEA Group believes that Draft Decision 3 is not consequential to the implementation of the VDO. Given the limited opportunity for prior consultation and the unrealistic timeframe of 1 July 2019 to implement this Draft decision, MEA Group considers that a more prudent approach would be to defer this decision and undertake a robust consultation process with the energy industry in order to mitigate any unintended consequences that could impact consumers.

More importantly, this Draft decision 3 may lead to further customer confusion and trust erosion with the energy industry. MEA Group agrees that if the VDO is the best option for the customer, then the customer should be advised of and have the option of signing up to the VDO.

The intention of the 'clear advice' entitlement is to ensure customers are appropriately informed of their choices, not to be further confused. MEA Group does not agree with the requirement of Draft decision 3 to require retailers to advise of a "fair price" VDO, even if the customer is electing a market offer which is more beneficial than the VDO.

If you have any queries or would like to discuss any aspect of this submission please do not hesitate to contact me.

Yours sincerely,



Edward McManus
CEO
Powershop Australia Pty Ltd
Meridian Energy Australia