

SCCA SUBMISSION: CHANGES TO THE BACK-BILLING RULES 2020 - APRIL 2020

We thank the ESC for the opportunity to respond to the “Changes to the back-billing rules 2020”.

As the ESC is aware, our members own and operate embedded networks (under exemption) including the sale of energy to their tenants.

We are pleased to provide the following key points as a basis for further discussion.

Timelines reconsidered

- Given the unknown and uncertain environment Shopping centres and energy companies find ourselves due to Covid-19 we propose any changes to energy rules at this time should be deferred/put on hold. Demands on resourcing to provide adequate responses and viable submissions should be taken into consideration by the ESC as we navigate an ever-changing landscape.
- The AER and state governments have made several announcements including rebates and changes to expectations on energy companies/exempt sellers which are needing to be addressed with urgency.
- We note the media statement released by the AEMC yesterday signed by the ESB Energy Security Board (AMEO, AER and AEMC) where requests to hold regulatory reforms has been requested. We ask the ESC to consider this approach to support industry stakeholders to ease pressure.
https://www.aemc.gov.au/news-centre/media-releases/energy-market-bodies-respond-covid-19?utm_medium=email&utm_campaign=New+AEMC+Update+-+2+April+2020&utm_content=aemc.gov.au%2Fnews-centre%2Fmedia-releases%2Fenergy-market-bodies-respond-covid-19&utm_source=www.vision6.com.au
- Operational impacts of Covid-19 in relation to access to meters, potentially exceeding the 4 months threshold. I.e. Without access to meters and ability to assess on site issues with metering and volume of movements this will allow minimal timeframes for back billing to be completed correctly.

Proposal

- Whilst we support and agree back billing changes should be applied to those customers who may be considered vulnerable and to avoid unnecessary bill shock. This is particularly applicable to the residential market.
- We recommend that this should not apply customers in Shopping Centres
- This could be implemented such that Exempt persons should remain as 9 months for the VR1 category. Business operations in particular Shopping centres differ from residential market operations.

Justification

- Residential and business customers should not be treated the same as previously noted.
- The sale of energy is ancillary/incidental to our member’s core business, is limited to defined sites and assets, and unlike residential embedded networks, comprises a business-to-business relationship and customers that can be large, international companies (i.e. they are not ‘vulnerable’ customers akin to residential circumstances).
- We also note that we don’t operate in the broader energy market, and have limited options and flexibility in terms of their energy (purchase) contracts.
- As a general comment, to the extent that it seems residential embedded networks continue to be the main focus of concern, we are frustrated that certain residential issues are being translated or assumed as being non-residential issues without sufficient evidence, understanding or justification.
- By applying the rule change to VR2, VR3 and VR4 we believe this will capture the fulfil the objective of building trust in the market.
- Many of our tenants are not small businesses. Usage profiles are not reflective of business operations, as such a retail store is part of a wider larger business (e.g. national chains with 100s of stores).
- Shopping Centres face different challenges comparative to stand alone shops and residential. Such as:
 - Number of changes within the centre
 - Tenant reconfigurations
 - Vacant consumption
 - Metering issues- Access, configuration issues (common in shopping centre environment)

- Unforeseen events- Bushfires, pandemics-- impact on operations.
- Development -new and existing
- Move in processes
- Does not allow for back dated costs (incorrect billing-large market) billed to exempt on sellers by energy retailer at the parent to be fairly and adequately assessed for pass through to tenants. Costs mechanisms for exempt sellers differ from energy retailers.
- Shopping centres do not normally disconnect sites. Remote connect/disconnect is not common. MP's (Meter providers) are hesitant to offer this service in EN's hence tenants can end up using power without our knowledge.
- Timelines for Greenfield and Brownfield conversions can cause data delays and handover dates. On-Market child arrangements can take a number of months for data to flow through. This process does not always occur within 4 month period and does not allow for site issues to be resolved. We can provide further examples as evidence with new sites encountering delays.
- Lack of consideration as to how this will affect on market child arrangements and transition from off-market to on-market. Does this fall under the distribution code? We would welcome further discussion.

"We propose to make equivalent obligations for energy distributors and retailers to ensure customers are not back-billed for more than four months when they are not at fault."

CONCLUSION

We would welcome an opportunity to discuss this issue with the ESC.