

Draft Decision: Register of non-licensed
electricity providers: registration guideline
(information for registration and public
register)

Draft decision

30 January 2018

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Introduction

Victoria is introducing a new system requiring ‘exempt persons’ – which are most people and businesses that on-sell¹ and/or supply electricity within the limits of a site that they own, occupy or operate – to register with us as an electricity seller or supplier.²

In addition, solar power purchase agreement providers and some community energy projects will also need to register with the commission.

From here in, we refer to exempt persons as ‘non-licensed electricity providers’.

Non-licensed electricity sellers provide some of the services usually provided by licensed electricity retailers (such as billing). This may require a retail registration.

Non-licensed electricity suppliers provide some of the services usually provided by licensed electricity distribution companies (the non-licensed supplier owns and/or operates the electricity network – wires, meters and other infrastructure – required to distribute the electricity from the main meter connected to the national electricity market (NEM) to the individual end user customers). This may require a network registration.

Most providers who do not have an electricity licence, and supply or sell electricity to other people, must register with the commission by 1 April 2018. If a single provider is responsible for both the billing (the on-selling of electricity and other associated retail services) and the supply of electricity through the network and other distribution associated services, it must register with the commission twice – once as a seller (retail) and once as a supplier (network).

An electricity network is the infrastructure required to deliver electricity from the provider’s meter to end user customers.

Legislation requires us to establish a public register of non-licensed electricity providers. It specifies information we are required to collect and publish, and allows us to include any other information we consider appropriate.³

Once a non-licensed provider registers with the commission, its details will be included on the public register which will be located on the commission’s website.

¹ The electricity that is on-sold must have been purchased from a licensed electricity retailer.

² General Exemption Order 2017.

³ Section 33C Electricity Industry Act 2000.

The new registration system is designed to provide clearer and stronger protections for customers of non-licensed electricity providers – protections that are similar to those of other customers but proportional to the services provided and the type of provider selling or supplying the electricity.⁴ It will also provide the community and commission with a better understanding of the scale and scope of these segments of the electricity market. Having this information will help the commission identify appropriate consumer protections, and monitor and enforce compliance with those protections.

The commission will consult separately on the protections to be extended to customers of non-licensed electricity providers. This draft decision is about the operation of the register only.

Purpose of this document

The purposes of this document are to provide information on the upcoming obligation for most non-licensed electricity providers to enter their details on a register operated by the commission by 1 April 2018, and to consult on the information non-licensed electricity providers will need to provide when registering. The final document will be published as a guideline made under section 13 of the Essential Services Commission Act 2001 (ESCA).

⁴ Victorian Government, Department of Environment, Land, Water and Planning 2017, Review of the Victorian Electricity Licence Exemptions Framework – Final Position Paper, August 2017, p.9.

Who needs to register?

Providers that buy electricity from a licensed retailer and then on-sell it to other people may need to register with the commission. This is called a retail registration and refers to selling electricity.

Providers that own or operate the wires and network between the electricity meter connected to the national electricity market (NEM) and the individual customers may need to register with the commission. This is called a network registration and refers to distributing electricity.

The legislation refers to this as supplying electricity. For clarity, when we refer to 'supply', it is used interchangeably with 'distribute'.

If a provider both supplies and sells electricity, it needs to register both activities.

If a provider only sells electricity, the electricity sold must be separately metered. If the electricity sold is not separately metered the provider is required to have a licence and this registration system does not apply to it.

If a provider only supplies electricity, the electricity supplied may be metered or unmetered.

Non-licensed providers are required to register⁵ if they sell or supply electricity to:

- 10 or more small commercial/retail customers within the limits of a site that they own, occupy or operate (for example, a shopping centre)
- 10 or more residential customers within the limits of a site they own, occupy or operate (for example, an apartment building)
- residents in retirement villages
- anyone in caravan parks, holiday parks, residential land lease parks, and manufactured home estates
- large customers (both selling and supplying of electricity must be metered for these types of customers).

Solar power purchase agreement providers and some community energy projects will also need to register with the commission.

A solar power purchase agreement (SPPA) is an arrangement where a solar photovoltaic (PV) system is installed at a house or business without the customer paying upfront. The SPPA provider installs, owns, operates, and maintains the system. The customer buys the electricity generated by

⁵ As required by the General Exemption Order 2017.

the system from the SPPA provider for an agreed price and period of time. Under a SPPA, a customer maintains a connection to the grid so that they can access electricity when the solar system does not generate enough power. The customer can also sell electricity generated but not used to a licensed retailer.

A community energy project is where a community group develops, establishes, and operates a renewable energy or energy efficiency project from which the community will benefit. For the purposes of this registration system, the project needs to be limited to a single site. Therefore, the electricity generated on a site can only be supplied within the site. An example would be a cooperative that raises funds to construct a small wind farm that would power households located on the same lot as the wind power station/s.

Solar power purchase agreement providers and community energy projects need to register:

- if they generate or distribute electricity on a site that they neither own nor occupy, or
- they only occupy (but do not own) a portion of the site for the purpose of generating or distributing the electricity (they do not occupy the remainder of the site).

And, they supply or sell the electricity generated on the site:

- to the owner or occupier of the site, or
- to a licensed electricity retailer.

Who does not need to register?

There are some non-licensed providers of electricity who supply and sell electricity to other people but are not required to register.

The electricity sold must be separately metered otherwise they are required to have an electricity licence.

Non-licensed providers are not required to register if they sell or supply electricity:

- to fewer than 10 small commercial/retail customers within the limits of site they own, occupy or operate (for example, a small shopping centre)⁶

⁶ Non-licensed electricity activities are classed according to the type of service (e.g. selling) and the type of customer (e.g. small commercial/retail). This means that if a non-licensed electricity provider has, for example, six small commercial/retail customers and six residential customers at the same premises, it does not need to register. Even though it has a total of 12 customers at the same site, the types of customers are distinct. In this example, the total of each distinct type of customer is below the threshold for registration.

Who needs to register?

- to fewer than 10 residential customers within the limits of a site they own, occupy or operate (for example, a small block of apartments)⁷
- to occupants of short-term holiday accommodation (but excluding caravan parks, holiday parks, residential land lease parks and manufactured home estates. Providers supplying or selling electricity to anyone in these types of sites are required to register)
- to a related company
- on or within their premises to customers in conjunction with, or ancillary to, providing telecommunication services.⁸

Even though these non-licensed electricity providers are not required to register with the commission, their residential and small commercial/retail customers will have protections similar to those of customers of registered non-licensed electricity providers. The commission will consult separately on the protections to be extended to customers of non-licensed electricity providers.

The following non-licensed electricity activities also do not require registration with the commission:

- temporarily selling electricity on construction sites if the sale is incidental to facilitate construction and commissioning of new facilities on the same or an adjoining site
- supplying electricity via plug-in or rack mounted equipment in any premises where there is National Broadband Network (NBN) equipment with an input current rating that does not exceed 3 amps alternating current (AC).

Government agencies

Government agencies that supply and/or sell electricity to non-residential customers for purposes that are supplementary to their primary functions or objectives under the laws under which they are established, are not required to register with the commission.

⁷ This does not include selling or supplying electricity to residents of retirement villages, caravan parks, holiday parks, residential land lease parks and manufactured home estates. Providers supplying or selling electricity to anyone in these sites are required to register.

⁸ This includes internet, telephone, mobile phone, fibre optic, hybrid fibre cable, television, radio, Wi-Fi, or other communications technology. This covers situations where the sale of electricity is incidental to communications services provided by telecommunication companies to business customers using those companies' data centres. It does not cover situations where a customer chooses to buy their electricity and telecommunications services from a single business.

Who does not need to register?

Electricity generators

Someone generating electricity for supply or sale can be unlicensed if:

- the generator or generators used to generate electricity are connected to the transmission network or the distribution network at a common point; and
- the total electricity generation output is less than 30MW (megawatts); and
- the generator or group of generators is not required by the National Electricity Rules to be centrally dispatched.⁹

Generators of this type that are unlicensed are not required to register with the commission.

⁹ The General Exemption Order 2017 sets out other rules that a generator that is not required to be licensed must comply with.

Who does not need to register?

Why is there a new registration system?

The new registration system and rules are designed to provide clearer and stronger protections to customers of non-licensed electricity providers.

The registration system will provide clearer visibility of these segments of the electricity market and give customers more transparency about the providers who supply and sell them electricity.

Customers of non-licensed electricity providers will be able to search the commission's register to identify their electricity provider and obtain its contact details. Customer understanding of who is providing their electricity will be especially helpful if they need to resolve a complaint about the sale or supply of their electricity.

By when will non-licensed electricity providers need to register?

If a provider is currently supplying or selling electricity without an energy licence, and it is required to register with the commission, it needs to do so by 1 April 2018.

The online registration portal will be open on our website in mid-March 2018.

If a provider plans to start supplying or selling electricity after 1 April 2018, and is not required to hold an electricity licence, it will need to register with the commission before it begins selling or supplying electricity.

Why is there a new registration system?

Registration information requirements

What is the minimum information the commission is required to collect under legislation?

The legislation specifies that the commission is required to publish the following information on the register¹⁰:

- The name of the provider supplying or selling electricity without an electricity licence.
- The type of activity being carried out (for example, selling electricity in a caravan park).
- The date from which the registration is in force (this will be the date on which the registration is published by the commission).
- Whether the registration is current (this means whether the registered provider is currently undertaking the activity for which they are registered, or it may be a historical record and that registered entity is no longer supplying or selling electricity to that site).

What other information does the commission propose to request and publish, and why?

The legislation allows the commission to include any other information we require as part of registration.¹¹

The commission proposes requesting and publishing the following additional information:

- 1.1 the ABN/ACN of the provider supplying or selling electricity without an electricity licence
- 1.2 the provider's trading name
- 1.3 the provider's customer contact details
- 1.4 the site name where the supplying or selling activity is taking place (where relevant, for example, the name of the apartment building, caravan park or shopping centre)
- 1.5 the site address where the activity is being carried out (where relevant).

Collecting and publishing this information will promote one of the key objectives of the new registration system – to provide electricity customers of non-licensed electricity providers with transparency of who supplies and sells their electricity.

¹⁰ Section 33C(2) of the Electricity Industry Act 2000.

¹¹ Section 33C(3) of the Electricity Industry Act 2000.

Publishing this additional information will make the public register easier for customers to search for their electricity provider, particularly embedded network operators.¹² Customer understanding of who is providing their electricity will be especially helpful if they want to resolve a complaint directly with the provider or through the approved external dispute resolution body.¹³ It will also allow a customer to notify us if they believe their electricity provider should be registered but it is not published on the register.

What other information does the commission propose to request but not publish, and why?

The commission proposes requiring the following additional information, which will be kept confidential and not published on the public register¹⁴:

- 2.1 Information to ensure that the activity being undertaken does not require an electricity licence (such as whether the non-licensed provider is on-selling electricity purchased from a retailer, and whether the sale is individually metered).
- 2.2 The network owner's name and contact details if different to the operator (e.g. the owners' corporation) (where relevant).
- 2.3 The number of customers that are being supplied or sold electricity.
- 2.4 An estimate of the aggregate (total) yearly electricity consumption at the site in megawatt hours (MWh). This can be calculated by reviewing the last 12 months' worth of bills the operator received from the licensed retailer that bills it for electricity. This information requirement only applies to providers that have already been operating for at least one year.

The commission needs this information to help it better understand the scale and scope of these segments of the electricity market, and the number of Victorian electricity customers supplied and sold electricity by providers that do not require an electricity licence.

¹² An embedded network is a distribution system that is connected at a parent connection point to either a distribution system or transmission system that forms part of the national grid. The most common examples are apartment buildings, shopping centres and caravan parks. A licensed electricity distribution company does not own the infrastructure (meters, wires, cables, etc.) required to distribute electricity from the main meter (parent connection point) that is connected to the national electricity market (NEM) to individual end user customers.

¹³ Clause 11 of the General Exemption Order 2017 requires a non-licensed electricity provider to enter into a customer dispute resolution scheme approved by the commission. This clause comes into effect on 1 July 2018.

¹⁴ Section 33D(2)(b) of the Electricity Industry Act 2000 provides that an application for registration must contain the information required by the commission.

Having an understanding of the scale and scope of the market will help the commission identify appropriate customer protections, and monitor and enforce compliance with those protections, as required by the new rules.

The commission will shortly begin consulting stakeholders on the relevant protections that should apply to customers of non-licensed electricity providers.

How will the information provided to the commission be kept secure?

Data is stored in a secure environment in compliance with the Privacy and Data Protection Act 2014, and the Victorian Government cyber security strategy. The commission has internal controls to ensure that only those personnel who need to view the non-public information provided to the commission can access it.

How to register

Registration is an online process. As part of the process, the non-licensed electricity provider will need to create an online account. The registration portal will ask a series of questions to guide the applicant and ensure they have provided all the appropriate information.

The registration portal will be open from mid-March 2018.

The portal will be located on the commission's website:

<https://www.esc.vic.gov.au/energy-licensing-and-exemptions/register-electricity-licence-exemption/>

Once the online registration process has been completed, a summary of the information will be published on the public register. There may be a very limited number of instances where commission staff may need to verify the information provided before publishing it on the public register.

The non-licensed electricity provider is officially registered and able to operate without a Victorian electricity licence once its information is published on the public register.

Are there any costs for registering?

No. There are no fees for registering with the commission.

What happens after a non-licensed electricity provider registers?

If information provided during the registration process changes, a non-licensed electricity provider will need to update the relevant details. Otherwise, it will need to confirm its registration details are correct each year. An email will be sent to the non-licensed electricity provider using the contact details provided, to remind it to update the registration details. Updating details will be a straightforward process of logging into its account and following the relevant links and prompts. If a non-licensed electricity provider is required to take further action as a result of the changes, the online process will inform it of the next steps.

Solar power purchase agreement providers will only need to register once for all sites (that is, they are not required to separately register each house or business with whom they have a solar power purchase agreement). However, these providers will need to provide an annual update of the ongoing nature and scale of their supply and sale activities (number and type of customers).

What happens if a non-licensed electricity provider does not register?

If a non-licensed electricity provider is required to register and does not do so, it cannot continue supplying and/or selling electricity to other people. If it continues to do so without obtaining a licence or registering, it will be committing an offence under Victorian law.¹⁵

¹⁵ Refer to the General Exemption Order and section 16 of the Electricity Industry Act 2000.

Stakeholder feedback

We are seeking feedback about the additional information we are proposing to require from non-licensed providers:

1. Is the additional information we are proposing to request **and** publish (1.1 to 1.5) appropriate as identifiers that make it easier for customers to better search the public register to find their electricity provider? Please explain why or why not.
2. Is the additional information we are proposing to request **but not** publish (2.1 to 2.4), appropriate to help us and customers better understand the nature and scale of these segments of the electricity market and effectively regulate these sections of the market?
3. Is there additional information that should be captured to improve customers' ability to search the register or provide the commission with a better understanding of these segments of the electricity market?
4. Is this draft decision on the guideline useful for non-licensed electricity providers that are required to register with the commission, to understand the information requirements and process for registration?

How can you provide feedback?

You can contribute by making a written submission responding to the four questions above and sending it to exemptionregister@esc.vic.gov.au by 5.00 pm Monday 19 February 2018.

Please note that this consultation is only seeking feedback on whether the additional information we are proposing to request as part of the registration process is appropriate and sufficient for the objective of the new registration system, and whether the information included in the guideline is useful for non-licensed electricity providers to understand the information requirements and process for registration.

We are not consulting on any policy issues. That consultative process was finalised with the release of the Department of Environment, Land, Water, and Planning's Review of the Victorian Electricity Licence Exemptions Framework – Final Position Paper in August 2017.

We will however, be commencing a separate consultation on consumer protections for customers of non-licensed electricity providers in April 2018.

We do not expect to begin work and consultation on the new pricing rule this year.

Key dates

- 29 January 2018: We will begin consultation on whether the additional information we are proposing to request as part of the exemption registration process is appropriate.
- 19 February 2018: Submissions close at 5.00pm.
- 7 March 2018: Final decision: Register of non-licensed electricity providers: registration guideline (information for registration and public register) and Registration Guideline. The final guideline will be made under section 13 of the Essential Services Commission Act 2001.

Glossary

| Insert term | Insert definition |
|--------------------------|--|
| Caravan parks | An area of land on which movable dwellings are situated for occupation on payment of consideration, whether or not immovable dwellings are also situated there. |
| Community energy project | A community project under which a community group initiates, develops, operates, and benefits from a renewable energy resource or energy efficiency initiative. |
| Electricity network | An electricity network is the infrastructure (wires, meters, etc.) required to deliver electricity from the provider's meter to end user customers. |
| Embedded network | An embedded network is a distribution system that is connected at a parent connection point to either a distribution system or transmission system that forms part of the national grid. A licensed electricity distribution company does not own the infrastructure (meters, wires, cables, etc.) required to distribute electricity from the main meter (parent connection point) that is connected to the national electricity market (NEM) to individual end user customers. |
| Exempt persons | A person who is exempt from the requirement to obtain a licence under section 16 of the Electricity Industry Act 2000 in respect of certain specified activities. |
| Government agency | A government agency includes: <ol style="list-style-type: none"> a) a Commonwealth, State or Local Government department b) a statutory authority or government owned corporations established under a law of the Commonwealth or a State or Territory c) a university, but does not include a housing authority or a provider of student accommodation. |
| Holiday parks | An area of land for a tourist campsite facility offering a wide range of accommodation styles. |
| Large customer | A business customer to whom peak demand of not less than 500 kilo volt amps (kVa), or |

| | |
|-------------------------------|--|
| | consumption of not less than 160 megawatt hours (MWh) per annum is distributed, supplied or sold for commercial or industrial purposes. |
| Licensed distribution company | A business that holds a licence under the Electricity Industry Act 2000 to distribute electricity. |
| Licensed electricity retailer | A business that holds a licence to sell electricity under the Electricity Industry Act 2000 otherwise than through the wholesale electricity market. |
| Manufactured home estates | An area of land where residents live in manufactured homes. Manufactured homes are relocatable homes that are not permanently attached to the land. The home owner rents the land on which their home is situated. |
| Metered electricity | Electricity measured by an approved meter. A meter is any device that measures the quantity of electricity passing through it or that records the consumption of electricity at the customer's premises. |
| National Electricity Market | The National Electricity Market (NEM) is an interconnected electricity system in Australia. It facilitates the cross-state operation of the wholesale electricity market that covers the eastern and southern states and territories whose grids are electronically connected. It is the wholesale market through which generators and retailers trade electricity in Australia. |
| National Electricity Rules | Has the same meaning as the National Electricity (Victoria) Law. |
| Related company | In relation to a person that is a company, it means a company that controls or is controlled by the first company, including: <ul style="list-style-type: none"> a) a company that is a subsidiary of the first company or of which the first person is a subsidiary, and b) a company that has a common holding company for the first company. |
| Residential customer | A person who buys electricity principally for personal, household or domestic use at premises. |
| Residential land lease parks | An area of land where residents live in a relocatable home. Residents own their own home and lease the land on which their home is |

Glossary

| | |
|----------------------------------|---|
| | situated. |
| Small commercial/retail customer | A business customer, to whom peak demand of less than 500 kilo volt amps (kVA), and consumption of less than 160 megawatt hours (MWh) per annum, is distributed, supplied or sold for commercial or industrial purposes. |
| Solar power purchase agreement | An agreement under which a business provides, installs, and maintains, at not initial cost, a solar panel system to a customer and in exchange, the customer buys the electricity provided by the solar panels for an agreed price and for an agreed period. Any electricity that is not used is sold to a licensed retailer. |