



1 February 2013

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

Harmonisation of Energy Retail Codes and Guidelines with the National Energy Consumer Framework

Origin Energy (Origin) welcomes this opportunity to respond to the Commission's consultation paper on the harmonisation of Victorian energy retail regulatory instruments with the National Energy Consumer Framework (NECF).

Origin acknowledges the efforts the Commission has made to harmonise existing regulatory instruments with the NECF and National Energy Retail Rules (NERR). Any move to adopt elements of the NECF is a positive step given the extensive effort previously undertaken by stakeholders to develop it and the substantive investment made by industry to prepare for its implementation.

Origin would question the inclusion of the guidelines (13, 19 and 21) into the draft ERC as this seems unnecessary and simply results in a greater administrative burden on retailers.

Noting that the Commission's brief is focused closely on specific matters set out by the Department of Primary Industries, Origin would nonetheless point out that a significant amount of time and resources have been expended to develop the NECF over many years. It is unfortunate that the present consultation had to take place at all; given it is only necessary because the NECF has not been enacted in Victoria, or for that matter, a number of other jurisdictions. The recommendation to adopt nationally consistent retail regulation was made a decade ago in the Parer Review. It is Origin's objective to continue to encourage all jurisdictions to adopt the NECF consistent with the Australian Energy Market Agreement (in particular clause 6.4) and avoid the need for future transitional measures.

Origin does recognise that the present consultation is a direct outcome of the Victorian Government's policy to secure a high degree of consistency between relevant Victorian and national instruments under the National Energy Retail Law (Victoria) Bill 2012 (NERVLA).

Finally, Origin notes that with the final decision due in April 2013, retailers will have limited time to implement changes ahead of a 1 July start date. Our preference is that the final decision be made no later than the end of March, or, if this is not possible we request that the Commission exercise some discretion in its enforcement and compliance activities as retail businesses bed down any required changes.

The remainder of this submission sets out Origin's response to specific matters contained within the Consultation Paper and the draft Energy Retail Code (ERC).

Victorian specific requirements

Overview

Origin understands that Victorian specific customer protections are to be retained where no equivalent protection exists under the NECF. The approach taken by the Commission is appropriate

and where statutory requirements remain in force (e.g. for late payment fees), Origin agrees that it is unnecessary to incorporate these matters into the draft ERC.

Extreme weather events

We note that specific regulation is required to make active provisions in the draft ERC with respect to disconnection and extreme weather events and consultation with the distributors will be required. Origin is somewhat concerned that references to extreme weather events should be inserted ahead of processes to manage obligations of various parties and the development of Victorian-specific legislative and regulatory requirements. There is the potential to confuse those reading the ERC (including consumers) if references to extreme weather events are included, without obligations applying in practice to retailers or distributors.

Energy marketing

Origin agrees with the Commission's decision to adopt the NECF drafting (NERR Division 10) in place of the Victorian Marketing Code. The Victorian retail energy market is mature and one of the most effective in terms of competitiveness in the world. Therefore, the Commission's approach with respect to this particular matter is appropriate.

Draft ERC

Model terms

Origin notes in the model contract terms [clause 8.3(c)] the term "provides" should be replaced with "prices".

Provisions relating to smart meters

Given the current lack of smart meter specific consumer protection regulation contained in the NERR and NERL and the Victorian Government's policy position on retaining some elements of the existing consumer protection regime applying to Victorian energy retailers, Origin considers the incorporation of relevant provisions for smart meters appropriate.

Other specific comments

Origin notes that clause 25(o) refers to "reminder notices". Origin believes this should be removed as this section deals with contents of bills. The appropriate section to include this requirement in is section 109(2).

We further note that clause 25(y)(iv) makes reference to gas as well as electricity. Smart meter minimum functionality does not include remote interval reading of gas meters. As such, references to gas should be removed from this clause.

In Greenhouse Gas Disclosure on electricity customers' bills, the word "electricity" should be inserted in front of "bill" in clause 25A(1).

We believe there is a typographical error in clause 29(5)(c), which currently provides that the customer is required to pay for a meter test if the meter or metering data proves to be faulty or incorrect. It appears that this should be reversed so that the customer only has to pay if the meter or metering data is **not** faulty or incorrect - this is consistent with the current ERC and the NERR.

Origin would question if clause 70A should make it clear that a deemed contract ends on disconnection or when a new contract is entered into. Under section 70A, the contract ends on the

issue of second bill, however it is unclear what would happen if the customer continues to take supply but still refuses to enter into a supply contract (although we acknowledge that this is the current position under the Energy Retail Code).

If there are any matters raised within this response that the Commission would like to discuss further with Origin, please contact me in the first instance.

Yours sincerely

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