

Electricity pricing for a consumer-driven future – draft terms of reference

Flow Power submission

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About Flow Power

Flow Power is an electricity retailer that works with energy customers throughout the National Electricity Market (NEM). Together with our customers, Flow Power is committed to our vision of creating Australia's renewable future.

We empower customers to take meaningful action. By providing energy knowledge and innovative technology, we are delivering smarter ways to connect customers to clean energy to make our renewable future a reality. We provide our customers with:

- + Engineering support, access to live data and transparent retail tariffs that reward demand flexibility and encourage electricity usage at times of plentiful renewable output.
- + Hardware solutions that equip customers with greater information, visibility and control over energy use.
- + Access to renewable energy, either through distributed solar and storage installed on site, or through a power purchase agreement with utility-scale wind and solar farms.

We believe that by equipping customers with these tools, we can lower costs for all energy users and support the transition to a renewable future.

Overview

The key points we would like to make regarding the AEMC's draft terms of reference are:

- + **Markets and competition are the best means for integrating CER.** The draft terms of reference acknowledges the breadth of the challenge ahead, noting the review will consider "*the important role that electricity pricing, products, and services will play in supporting the diverse needs of customers, including delivering the consumer energy resources (CER) necessary for the energy transition.*"

The best approaches for integrating CER that provide value to consumers and deliver efficient market outcomes are still being developed and will continue to evolve with technology and experience. It is important that the review doesn't get caught up in specific pricing structures or products, but instead focusses on supporting and improving the conditions for competition and innovation to solve these trade-offs.

- + **Consideration of ring-fencing.** The draft terms of reference refer to the roles and responsibilities of retailers and distributors. The review should consider the boundary between the competitive market and regulated monopolies. As a result of recent AER waivers, this boundary is less clear. Further, the Electricity Networks Australia have recently published reports recommending a further expansion of the role of networks. This review would be an opportunity to consider these roles and responsibilities openly through an AEMC review.



- + **Consideration of the impacts of price regulation.** The draft terms of reference carve out consumer protections from the scope of the review as these have been considered elsewhere. However, there are 'protections' offered through regulatory mechanisms like the default market offer and Victorian default offer that are relevant to this review. These are benchmark prices that retailers are expected to compare prices. This is intended to help inform consumers; however, these kinds of regulatory mechanisms do not fit well with new forms of electricity pricing. This review should consider the interaction between the future of electricity pricing and the regulatory mechanisms that aim to provide customers with greater information.

If you have any queries about this submission, please contact me on (02) 9161 9068 or at Declan.Kelly@flowpower.com.au.

Yours sincerely,

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