

16 January 2025

Australian Energy Market Commission
Reference: RRC00583

To whom it may concern,

DELIVERING MORE PROTECTIONS FOR ENERGY CONSUMERS: CHANGES TO RETAIL ENERGY CONTRACTS CONSULTATION PAPER

Aurora Energy welcomes the opportunity to provide feedback on the Australian Energy Market Commission's Delivering more protections for energy consumers: changes to retail energy contracts Consultation Paper (Consultation Paper).

Aurora Energy is a customer-centric Tasmanian Government owned energy retailer providing energy services to the vast majority of Tasmania's electricity customers.

Aurora Energy is broadly supportive of the intent behind the reforms, however, wishes to make the following comments in relation to the Consultation Paper.

Preventing Price increases for a fixed period under market retail contracts

Aurora Energy has concerns with the implementation of this reform. Aurora Energy offers customers Market Retail Contracts (MRC) that are aligned to its regulated Standing Offer prices. When signing up to an Aurora Energy MRC, customers are advised that the prices are subject to change based upon the Tasmanian Economic Regulator's approval of maximum standing offer prices that a regulated offer retailer may charge small Tasmanian customers. In this context, it is noted that new prices are approved by the Tasmanian Economic Regulator to commence on 1 July every year under a multi-year regulated price determination.

By preventing Aurora Energy amending MRC prices in line with Standing Offer price changes, there will be additional complexity, costs and risks and could feasibly result in the MRC price offered to customers being higher than would have otherwise been available. Additionally, for customers on MRCs linked to Standing Offer prices, the proposed rule change could also make for a more confusing customer experience. Aurora Energy widely publicises its annual price change and small cohorts of customers on MRCs may perceive they are subject to multiple changes.

As such, Aurora Energy recommends that where MRC prices are linked to a regulated price, that these prices can move in line with regulated prices noting the already considerable level of oversight provided to the setting of those prices.

Removing fees and charges

Whilst Aurora Energy supports the intent behind this reform, its implementation is likely to increase risk for retailers. Aurora Energy is particularly concerned that it will lose the ability to manage costs that are passed through by other participants in the energy supply chain (for example, meter reading costs and network charges). The ability to pass through costs is also a key consideration for Aurora Energy when developing its Standing Offer Prices for approval by the Tasmanian Economic Regulator. A change in this current model would in turn trigger a need to reconsider the regulated cost model for Aurora Energy.

Additionally, Aurora Energy has concerns that the removal of fees that apply to specific customer behaviour, will result in those costs being spread across a wider customer base. This may disincentivise customers from using lower cost methods and therefore increase the overall prices customers pay. Fees such as late payment fees and discounts (including as Aurora Energy's direct debit discount) also encourage positive behaviour change and help customers manage their energy bills.

Should you have any questions regarding this submission, please contact Sam Unsworth at sam.unsworth@auroraenergy.com.au.

Yours sincerely



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Acting Company Secretary/General Counsel