



Government  
of South Australia

Department of  
State Development

A692025

Mr John Pierce  
Chairman  
Australian Energy Market Commission  
PO Box A2449  
SYDNEY SOUTH NSW 1235

Dear Mr Pierce

Thank you for the opportunity to comment on the Australian Energy Market Commission's (AEMC's) National Electricity Amendment (Embedded Networks) Rule 2015 Draft Rule Determination. The Department of State Development, Energy Markets and Programs Division (the Division) welcomes the consultative approach and submits the following comments.

The Division is supportive of the changes to the National Electricity Rules (NER) to create a new accredited provider role, the embedded network manager, to perform the market interface functions that link embedded network customers to the National Electricity Market (NEM) systems.

In the Draft Rule Determination the AEMC acknowledges that embedded network customers should have access to standing and market offers, the Division therefore considers that the AEMC should also make appropriate National Energy Retail Rule (NERR) changes or at least recommendations to changes in other regulatory mechanisms that will provide this outcome.

The Division notes that under section 91B of the National Electricity Law the AEMC may make a rule under this Law or, the National Gas Law or the National Energy Retail Law that is necessary or consequential, or corresponds to the Rule.

Once a small customer goes on-market, they should be provided with the same protections as afforded to a small customer under the National Energy Customer Framework (NECF) and who is connected directly to the NEM. However, as noted by the AEMC, the NECF is designed to provide protections for a typical small customer who has a relationship with both an authorised retailer and distributor.

The Division acknowledges that it is possible to rely on the exemption framework to ensure that embedded network customers have access to standing offers and allow embedded network customers access to retail market offers both on market and through retail service offered by the embedded network operator.

However, the Division considers that consequential changes are necessary to allow authorised retailers to offer market retail contracts to small embedded network customers under the NERR at the time of the commencement of the Embedded Networks Rule 2015 Rule Change.

Specifically, the Division considers that authorised retailers could potentially be non-compliant with the following NERR rules:

Rule	Name	Comment
Rule 16(3)	Pre-contractual duty of retailers	Retailers will not be able to comply with this rule as there is no distributor in the case of an embedded network customer.
Rule 25 (1) (v)	Content of bills (SRC and MRC)	There is currently no distributor for an embedded network customer and therefore, the information to be provided by the retailer is not clear. There is a civil penalty attached to this rule.
Rule 107 (4)	De-energisation – Application of this Part	How will interruptions that occur by either the Embedded Network Operator' or by the upstream DNSP be treated as a disconnection ?
Part 6, Division 4	Re-energisation of premises	There is no distributor for the retailer to request re-energisation of the embedded network customer.
Part 7	Life Support Retailer obligations	Many of these rules relate to the relationship between the retailer and the distributor. There is no distributor as per the NERL provisions. There civil penalties attached to these rules.

Further, the Division maintains that the current market retail contract framework is not sufficient to ensure small embedded network customers have visibility of retail energy offers. It is suggested that a low cost approach to enhance that visibility is to mandate that authorised retailers must publish any offers it has available for small embedded network customers. This issue could be monitored for effectiveness by the AEMC through regular competition reporting.

Alternatively, the AEMC could recommend that the Australian Energy Regulator (AER) consider amending its Retail Pricing Information Guidelines to ensure that the definition of “generally available” market offers specifically includes market offers available to embedded network customers.

The Division considers that both of these non-NERR change options would provide embedded network customers with visibility of on-market offers on the AER's Energy Made Easy comparison website.

Should you require any further information or have any questions, please contact Ms Rebecca Knights on (08) 8204 1715 or [Rebecca.Knights@sa.gov.au](mailto:Rebecca.Knights@sa.gov.au).

Yours Sincerely



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