



10 October 2017

Ms Lily Mitchell

Australian Energy Market Commission
PO Box A2449
South Sydney

Dear Ms Mitchell

RRC0010: National Energy Retail Amendment (Notification of the end of a fixed benefit period) Rule 2017

Alinta Energy Retail Sales (**Alinta**) welcomes the opportunity to comment on the proposed rule change RRC0010 National Energy Retail Amendment (Notification of the end of a fixed benefit period) Rule 2017.

Alinta is an active investor in the energy retail, wholesale and generation markets across Australia. Alinta has around 2500 megawatts of generation capacity in Australia (and New Zealand) and a growing customer base of over 800,000 customers in Western Australia and across the National Energy Market and is well placed to provide comment on the proposed rule change.

Alinta supports the need for customers to have access to information that is clear, transparent and easy to understand. This includes providing information as to when attributes of a customer's energy product are about to change or come to an end. The provision of such information in a timely manner assists customers to actively engage in the market so as to continually seek out the best product offers for their individual circumstance.

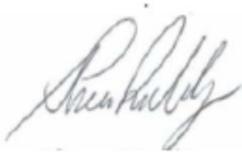
Our understanding of the intent of the proposed rule change is to promote customer awareness of changes in retail market contracts. More specifically to ensure customers receive notice of the expiry of their fixed benefit period, where such a period exists in their energy contract. We would note the more simplistically this can be achieved the more likely it will have the desired impact of raising customer awareness and promoting engagement in the market. In our detailed response we provide further commentary on what we see as a potential option to deliver on the intent of the rule change in a more efficient manner.

Whilst we support the concept of the proposed rule change we do have some comments and concerns with the proposed approach including that of the tight implementation time frame. At the outset we would strongly propose that the commencement date for the rule change as proposed be no sooner than 1 July 2018, further detail supporting this is contained in our submission.

We would also encourage the AEMC to facilitate stakeholder discussions on key aspects of the rule change proposal. In particular clarity is required on what constitutes 'financially worse off' in terms of the proposed exemptions for providing notifications. This clarity is required as it will feed into the system and process changes to deliver on compliance with the rule.

Should you have any questions or wish to discuss any aspect of our submission I may be contacted on (02) 9372 2653 or via email at: shaun.ruddy@alintaenergy.com.au

Yours sincerely



Shaun Ruddy
Manager National Retail Regulation

National Energy Retail Amendment (Notification of the end of a fixed benefit period) Rule 2017

Complexity of the Proposed Rule

Given the intent of the proposed rule is to raise customer awareness of changes in retail market contracts and in particular codify obligations to provide notification of the end of benefit periods, we have concerns with the complex nature of a number of elements of the proposed rule.

The proposed rule includes a number of exemptions where-by if certain conditions are met the retailer is exempt from providing notification to a customer.

These include exclusions where the fixed benefit period is for a non-financial benefit, and where customers would be financially no worse off following the expiry of benefits. Such exclusions require detailed definitional clarification in order that they are applied consistently, are workable and do not add unnecessary administrative burden and complexity.

The exemptions included in the proposed rule would ultimately result in certain customers not receiving notification, thereby impacting those customers' level of awareness and level of engagement in the market.

The national energy retail objective (NERO) requires that efficiency in the investment, operation and use of energy services is the principal consideration for determining what is in the long term interests of consumers. Consideration should be given to the simplification of the proposed rule such that it removes any potential whereby certain classifications of customer do not receive notification for changes in their contract conditions.

This would ensure that the AEMC could be confident that the rule change achieves a measurable positive outcome for consumers.

Notifications to Customers

To ensure the proposed rule meets the objectives of raising consumer awareness of changes in retail market contracts and to achieve this in an efficient manner, we would propose that the exemptions as proposed under Clause 45A (2) be removed.

This would be replaced with the provision that "all" customers, where their contract includes a fixed benefit period, are to receive notification of the expiry of their fixed benefit period.

The form of notification to be provided to customers would vary based on the

retailer's offer being made to the customer. For example;

1. Where the retailer is offering to "roll-over" the customer's benefits for another period, the notification provided to the customer would set this out, including details of the offer,
2. Where there was a material change to the offer being made to the customer e.g. a change in, or the removal of, a benefit (discount), the notification to the customer would include an assessment of the financial difference (customer being financially worse off) as a result of the change.
3. All notices would include relevant information directing customers to the AER's energy retail price comparator website where they could find information on other generally available offers.

This somewhat more simplistic approach to providing customer notifications will, we believe, meet the objectives of the proposed rule change and ensure all relevant customers receive some form of notification, raising awareness of their contract offer conditions, the market and also promoting customer engagement.

This approach would also ensure the efficiency of the administrative and system processes that underpin the activity of issuing notices.

Inclusion of Gas

The desire for consistency across systems, policy, process and procedure would dictate that consideration be given to extending the proposed rule change to encompass gas as well as electricity. Generally speaking, a product offer to a customer that encompasses both electricity and gas will have similar (if not the same) product attributes, including that of fixed benefit periods.

As such, consideration should be given to the proposed rule change encompassing both electricity and gas.

Implementation Timeline

Given the complexities of the rule change as proposed, a commencement date of 1 January 2018 for the full rule change would not be achievable. Alinta, as with other retailers, is currently expending significant resources to manage and implement "Power of Choice" reforms which become effective from 1 December 2017.

The detailed nature of specific financial impact information will require retailers to investigate and make significant system and process changes. Adequate time needs to be provided for these changes, and to ensure the system and process changes deliver accurate information to customers. The provision of inaccurate information would put customers at risk of making poorly informed decisions.

Further, clarity remains to be provided on exemptions and around the concept of whether the customer is 'financially worse off' when their fixed benefit period comes to an end. This clarity is required as it will feed into the system and process



changes to be adopted by retailers to ensure they are able to meet their compliance obligations. The more complex the requirements are, the greater the potential need for longer implementation lead times.

Regardless, retailers will not commence scoping the implementation requirements until such time as certainty and clarity can be provided on all aspects of the rule change.

In order to provide customers benefit at the earliest opportunity a staged approach may be preferable, where notifications without tailored information commence to be provided by 1 January 2018 with more detailed notifications to be provided to customers by 1 July 2018.