



Retailer-distributor credit support requirements

Detailed design work starting

A stakeholder teleconference will be held on 23 March 2016 at 9.30am to discuss opportunities for consultation on a detailed design being developed for a retailer insolvency fund. A retailer insolvency fund is an option being considered by the Commission to address the revenue risk faced by distributors in the event a retailer is unable to pay its outstanding network charges due to a retailer default.

Draft determination extension

The Australian Energy Market Commission has extended the time for making a draft determination and, if needed, a draft rule to 28 July 2016. The extension is required as issues raised by the requests are sufficiently complex and to provide time to further develop options to address retailer default.

Consolidated rule requests under consideration

The Commission received two rule change requests from AGL, on 19 January 2015, to amend the retailer-distributor credit support requirements in the National Electricity Rules (NER) and the National Gas Rules (NGR).

The Council of Australian Governments Energy Council (COAG Energy Council) submitted a rule change request to amend the retailer insolvency cost pass-through provisions in the NER. The Commission consolidated the COAG Energy Council's rule change request with AGL's rule change request relating to the NER.

The Commission also received a rule change request from Jemena Gas Networks to amend the retailer insolvency cost pass-through provisions in the NGR. The Commission consolidated the Jemena Gas Networks rule change request with AGL's rule change request relating to the NGR.

Options being considered and the retailer default fund

On 22 October 2015, the Commission released a paper outlining a range of options that also have the potential to contribute to the achievement of the National Electricity Objective or National Gas Objective. In order for the Commission to have a more informed view of the options, the Commission needs to understand how such options would work, their cost and implications. Detailed design work on one of these options – the retailer default fund – will be completed to inform the Commission's analysis. The design work includes (but is not limited to) the following elements:

- the determination of an appropriate fund size;
- how contributions to the fund should be determined, including the length of time for any fund to reach its target size;
- how claims from the fund would be made, including any required mechanisms to address fund shortfalls; and
- management and governance of the fund, including what party should be responsible managing the collection of contributions into the fund and the pay out of claims from the fund.

Teleconference registration

The teleconference will be held on: Wednesday, 23 March 2016 at 9:30 am (Sydney)

If you would like to attend the teleconference, please email: shari.boyd@aemc.gov.au.