

13 December 2016

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submission by AEMC website using reference ERC0183

Retailer-Distributor Credit Support Requirements – Draft Rule Determination

Simply Energy welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) Retailer-Distributor Credit Support Requirements – Draft Rule Determination (the Draft Rule Determination).

Simply Energy is a leading tier 2 energy retailer servicing Victoria, South Australia, New South Wales, Queensland, and the Australian Capital Territory.

The draft rules will benefit consumers over the long term

Simply Energy supports the Draft Rule Determination, because it considers that the draft rules will benefit consumers in the long term.

Consumers will benefit for the following reasons:

- Consumers will no longer face additional costs for the possibility that a retailer default event will occur – they will only face additional costs if a retailer default event actually occurs.
- This makes sense given that history and the AEMC's analysis indicates that retailer default events are very rare, especially the potential failure of a significant retailer.
- Consumers benefit further from competition, as credit support requirements do not act as a barrier to retail entry or retailer growth.

The Draft Rule Determination reaches a balanced conclusion. It expands the scope of any pass-through to consumers of costs incurred by networks due to retailer insolvency, while only requiring retailers to provide credit support if they have a history of failing to pay network charges in full and on time. This supports the other incentives that retailers face to manage their risk of default.

If you have any questions about this submission, please do not hesitate to contact me on (03) 8807 1171.

Yours sincerely



James Barton
General Manager Regulation