

28 January 2016

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Lodged electronically: <http://www.aemc.gov.au/Contact-Us/Lodge-a-submission>

### **Consultation Paper: Updating the Electricity B2B Framework**

The Competitive Energy Association of Australia (CEA) welcomes the opportunity to make a submission to the Australian Energy Market Commission (AEMC) to the National Electricity Amendment (Updating the electricity business-to-business (B2B) framework) Rule Consultation Paper (the Consultation Paper).

The CEA is the industry body representing 22 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses.

The Consultation Paper consolidates two rule change requests from Council of Australian Governments (COAG) Energy Council and Red Energy (Red) and Lumo Energy (Lumo). Both rule change requests seek to update the governance arrangements of the B2B to be more representative. This will allow a wider variety of services, enabled by advanced metering, to be managed by the B2B Procedures.

As these services require an update to the B2B e-hub, the CEA strongly supports the Australian Energy Market Operator (AEMO) commencing the technology upgrades required to support near-real time services enabled by advanced metering to be transacted through the B2B e-hub as soon as possible, independently from the rule change process.

#### **Governance**

The CEA supports the governance structure proposed by Red and Lumo as it provides for greater industry representation. In particular, the CEA considers that the Rules must allow for the representatives to have discretion in the representation in order for the Retail Industry Panel to continue to be representative of industry as the retail industry evolves.

In contrast, the COAG Energy Council proposal does not allow for evolution, and does not provide enough representation for those who are most involved in B2B processes. A minimum of two retailer, two metering and two distributor representatives is mandatory to ensure that all parties who are involved in ensuring that consumers have and maintain their electricity supply. This recognises the diversity of views between businesses within each category.

The CEA supports Red and Lumo's approach to the restrictions on related entities in relation to voting and nomination processes. We consider this a fair approach, allowing all

parties to have the opportunity to nominate one member. We encourage the AEMC to refer to the individual submissions of retail members for detailed views on governance

### **B2B Procedures and Decision Making**

The CEA opposes the additional veto power provided to AEMO in the COAG Energy Council proposal. Industry is more than capable of assessing whether a change is consistent with the National Electricity Objective (NEO) and are more aware of the cost impact on consumers than AEMO. Retailers are always cognisant of the cost impacts of change and its relationship with their customers' bills. Therefore, it is incorrect that industry is unable to assess whether a change is in the long term interests of consumers. As such, the CEA supports the proposed B2B factors and B2B objectives proposed by Red and Lumo.

### **Cost Recovery**

The CEA supports the cost recovery model proposed by COAG Energy Council, and the rationale to include third party participants as registered participants for the purposes of cost recovery and protecting confidential information. This approach allows AEMO to ensure that they recover the costs of the B2B e-hub from appropriate parties.

### **Dispute Resolution**

The COAG Energy Council proposed that the B2B dispute resolution processes should be expanded to any party, further than the existing B2B parties. The CEA does not see the benefit in this proposal as the dispute resolution functions should be available to parties that are impacted by the B2B Procedures. The example provided in the Consultation Paper is extremely unlikely to occur, as a party who is wishing to provide services via the B2B e-Hub is likely to have become a participant prior to proposing a change to the B2B Procedures.

### **Implementation**

The CEA notes that it is preferable that the new B2B framework commences in line with the other Power of Choice initiatives. However, in order for this to occur, AEMO will need to commence consultation on the technology changes required to the B2B e-hub to support services from advanced meters. As noted earlier, the CEA urge AEMO to commence this independently of the rule change consultation process.

The CEA strongly supports the revised governance structure to be implemented well before the 1 December 2017 date. We request that the AEMC consider whether there is a need to place an obligation on the revised governance body to make a B2B Procedure to commence on 1 December 2017. Implementation will be dependent on the services required to be transacted through the B2B e-hub (as specified in any new B2B Procedures) and the IT infrastructure to support it.

The timeline proposed by the AEMC is very tight and would require a significant resource commitment from participants. As such, the CEA would appreciate the opportunity to discuss with the AEMC the implementation timeframe once the framework and B2B e-hub technology is further developed.

Any questions about our submission should be addressed to Panos Priftakis, by email to [panos.priftakis@esaa.com.au](mailto:panos.priftakis@esaa.com.au) or by telephone on (03) 9205 3115.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Alex Fraser', with a horizontal line underneath.

**Alex Fraser**  
General Manager, Retail