



## Multiple Trading Relationships

### Publication of final rule determination

**The AEMC has decided to not make a rule in relation to the Multiple Trading Relationships rule change request.**

#### Final rule determination

The Commission has decided to not make a rule because:

- The need for a new framework is limited as customers can already engage multiple retailers at a premises under the current rules, and other market reforms can provide similar benefits to customers without additional costs.
- Implementing the rule change request is unlikely to deliver material benefits for most customers but is likely to impose significant costs on retailers and distributors, which may result in increased electricity retail prices for all customers.

The rule change request follows earlier work by the AEMC as part of the Power of Choice review to develop a new framework to better enable customers to set up multiple trading relationship (MTR) arrangements.

Following that process, the COAG Energy Council tasked AEMO with developing a framework to better enable customers to engage with multiple retailers at a premises. AEMO were asked to then submit a rule change request to the AEMC. That rule change request is the subject of this final rule determination.

#### What is Multiple Trading Relationships?

MTR refers to the ability of a customer to engage with multiple retailers at a premises. This could include having different retailers to supply electricity to separate parts of a premises, or different retailers to supply electricity to specific appliances, such as a pool pump or electric vehicle.

Under the current National Electricity Rules (NER), a customer who wishes to engage with multiple retailers can do so by establishing a second connection point. The rule change request was intended to make it easier for customers to engage with multiple retailers, by implementing a new framework that removed the need for a second connection point.

It was anticipated that this change would better support the entry of new and innovative energy services, facilitate increased competition in retail electricity markets, and improve consumer choice.

#### The need for this rule change

Since the initial concept of MTR was raised, market conditions have changed and new information has become available. This in turn has changed the Commission's assessment of the merits of implementing a new framework to better enable MTR.

Recent estimates of the cost for a customer to install a second connection point were found to be substantially lower than the earlier estimates. As a result, it is expected to be far more economical for customers to engage multiple retailers through a second connection point than initially thought.

In addition, alternative energy business models have recently become far more common and are capable of delivering similar services and value to customers as those that could be provided by engaging with multiple retailers. These arrangements allow energy service providers to offer customers specific innovative services, either through partnering with a retailer, or directly to customers.

Since the AEMC's initial work in the Power of Choice review was completed, conditions have changed which reduce the need for a new framework to better enable customers to set up MTR arrangements.

Various Power of Choice reforms underway, and other mechanisms, may deliver similar benefits to customers as anticipated under the rule change request, reducing the need for this rule change. In particular, the Power of Choice reforms relating to competition in metering and retail and network pricing are expected to:

- reduce the cost for a customer to establish a second connection point even further by facilitating greater competition in the provision of metering services; and
- facilitate pricing and service alternatives that can deliver similar value to customers without the need to engage with multiple retailers.

### Limited benefits and high implementation costs for consumers

The Commission has determined that while a small number of customers that seek very specific forms of MTR may benefit from cost savings, it is unlikely that most other customers seeking this would also experience similar reduced costs. It is therefore unlikely to materially reduce cost barriers, and therefore unlikely to deliver on this anticipated benefit.

Implementation of the proposed framework would require significant and costly modifications to retailer and distribution network service provider systems. These costs are likely to be passed through to customers in the form of increased electricity retail prices, including for customers that do not wish to enter into MTR arrangements.

### An alternative model

The Alternative Technology Association (ATA) and the Consumer Utilities Advocacy Centre (CUAC) suggested a specific alternative model concept (the single meter model) that was designed to enable a customer to sell energy produced by embedded generation to a party other than its retailer.

The Commission's initial analysis indicates that while the single meter model has potential to provide benefits for some customers, it raises similar issues and potential implementation costs as proposed framework set out in the rule change request.

The Commission has provided a high level overview of some these benefits and implementation issues in the final rule determination.

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