



25 June 2020

Mr Mitch Shannon
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Dear Mr Shannon

ERC0302 Energy Queensland submission to the Consultation Paper on National Electricity Amendment (Deferral of Network Charges) Rule 2020

Energy Queensland Limited (Energy Queensland) welcomes the opportunity to provide comment to Australian Energy Market Commission (AEMC) in response to the Consultation Paper on the National Electricity Amendment (Deferral of Network Charges) Rule 2020 (Consultation Paper).

This submission is provided by Energy Queensland, on behalf of its related entities, including:

- Distribution network service providers, Energex Limited and Ergon Energy Corporation Limited;
- Retailer, Ergon Energy Queensland Pty Ltd (Ergon Energy Retail); and
- Affiliated contestable business, Yurika Pty Ltd including its subsidiary, Metering Dynamics Pty Ltd.

Energy Queensland notes the COVID-19 pandemic has resulted in a downturn in the Australian economy and is likely to impact on some customers' ability to pay their electricity bills. Further, the Australian Energy Regulator's (AER) Statement of Expectations requires energy retailers to provide support to customers during the pandemic, including not disconnecting customers, which means retailers will bear the impact of ongoing costs without matching revenue streams. While the proposed rule change seeks to alleviate some of these financial pressures on retailers, we do not agree that allowing retailers to defer the payment of network charges is the best solution. Rather, we suggest there are a number of mechanisms employed by both the Queensland Government and Federal Government to assist consumers during the COVID-19 pandemic, which have assisted in the immediate term.

It is noted that the rule change proposes eligibility criteria for particular residential customers facing hardship as a direct result of the COVID-19 pandemic. However, to date, much has been done to assist these customers, such as the Queensland Government's electricity bill rebate of \$200 which was applied to the electricity account of all residential Queensland electricity customers. In addition, many customers who meet the proposed eligibility criteria are also in receipt of the Federal Government's

financial support packages, such as the Job Keeper and Job Seeker subsidies. It is also understood that rebates have been provided by State governments in other jurisdictions, as well as a suite of measures that were announced by the Energy Networks Association applicable to networks across New South Wales, Victoria and South Australia and designed to complement government initiatives and provide support to customers enduring hardship as a result of the COVID-19 pandemic.

Given the abovementioned mechanisms, Energy Queensland considers that, to date, the risk of significant numbers of residential customers defaulting on their electricity bills has largely not emerged, and accordingly, the risk to retailers of being unable to meet their financial liability to network businesses in accordance with existing payment terms is also reduced. Notwithstanding, we acknowledge this situation may change once Federal Government support packages are wound back.

There is also concern that any benefit associated with deferring the payment of network charges may be outweighed by the significant implementation and compliance costs associated with this rule change proposal, together with the incurrence of interest charges on the deferred liability to network businesses.

Should the AEMC decide to introduce this proposed rule change, we suggest the AEMC consider the possibility that a retailer who is eligible to defer network charges may become insolvent or fail before these charges have been repaid.

Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact myself or Barbara Neil on 0429 782 860.

Yours sincerely



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