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Australian Energy Market Commission

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Direction Paper – Deferral of Network Charges Rule Change – ERC0302

Essential Energy welcomes the opportunity to provide a submission to the Australian Energy Market Commission (the Commission) on its *Deferral of Network Charges Rule Change* Directions Paper (the direction paper). Energy Networks Australia has also made a submission to the directions paper, which Essential Energy supports.

The impact of COVID-19 has introduced extraordinary challenges to Australia's communities and Essential Energy welcomes the support the regulatory framework can provide customers through the industry led network relief package.

Support for Commission's proposed more preferable rule change

Essential Energy supports the Commission's proposed more preferable rule change, which introduces the following safeguard mechanisms:

- a refined retailer eligibility criterion to ensure adoption is targeted to those retailers who require financial support;
- an eligibility criterion which limits deferrals to those residential and small business customers who are, or are placed on, payment plans, hardship arrangements or deferred debt arrangements;
- where a retailer has deferred payment of network charges, distribution network service providers will commensurately be able to defer relevant transmission charges otherwise due to transmission network service providers;
- a three percent interest charge on deferred charges to allow networks to recover the direct costs they will incur as a result of payment deferrals; and
- reporting requirements on retailers and the AER to ensure appropriate visibility on the extent to which the deferral mechanism is being adopted, and to inform the ongoing response to the impact of COVID-19 on customers.

In respect to the proposed deferral timeframe, Essential Energy agrees with the Commission, that if it becomes necessary to extend any deferral period beyond six months, this should be considered at that point in time through a separate expedited rule change process. Such a process would be appropriately informed by the reporting metrics outlined above.

For the reasons above, Essential Energy agrees with the Commission that the more preferable rule change will positively contribute to the National Electricity Objective and will provide appropriate support for vulnerable customers. Essential Energy thanks the Commission for their consultative approach undertaken and thorough analysis under compressed timeframes.

If you have any questions in relation to this submission, please contact me on 0406 534 682 or Anders Sangkuhl, Regulatory Strategy Manager via anders.sangkuhl@essentialenergy.com.au or via phone 0409 968 326.

Yours sincerely,

A handwritten signature in black ink that reads "Chantelle Bramley". The signature is written in a cursive, flowing style.

Chantelle Bramley
General Manager, Strategy, Regulation and Corporate Affairs