

16th January 2020

Australian Energy Market Commission
PO BOX A2449
Sydney South NSW 1235

Submitted via website: <https://www.aemc.gov.au/contact-us/lodge-submission>

Reference: RRC0028

National Energy Retail Amendment (Regulating Conditional Discounting) Rule

Thank you for the opportunity to provide a submission in response to the Draft Determination on Regulating Conditional Discounts.

Momentum Energy is a 100% Australian-owned and operated energy retailer. We pride ourselves on competitive pricing, innovation and outstanding customer service. We retail electricity in Victoria, New South Wales, South Australia, Queensland, the ACT, and on the Bass Strait Islands. We offer competitive rates to both residential and business customers along with a range of innovative energy products and services. We also retail natural gas to Victorian customers.

Momentum Energy is owned by Hydro Tasmania, Australia's largest producer of renewable energy.

Momentum shares the proponents concerns that conditional discounts can impose a penalty on those customers least able to afford it. While we recognize the rationale and the drivers to regulate conditional discounting, we question whether it is the appropriate time to make further changes to the National Energy Retail Rules given the significant reforms in the energy industry recently. In particular, the implementation of the default market offer (DMO), changes to the hardship policy and rules relating to marketing restrictions on conditional discounts, may have overcome many of the concerns raised by the rule change.

As Momentum made a decision some time ago to cease offering products with conditional discounts, we do not have visibility of the current customer experience on these products. We acknowledge the key issues of comparability of offers and significant penalties for failing to meet the conditions required to achieve a discount and urge the AEMC to proceed with this rule change if it is confident that these issues have not been resolved through prior reforms. We do recommend the Commission to continue monitoring the market to assess the impact of the current regulatory changes before implementing further regulation on issues that may have been resolved by recent reform.

One outcome of this change will be to disadvantage customers who are able to meet contract terms by limiting the maximum benefit they can get. Given the statistics outlined in the draft determination, this unintended outcome would be borne by a significant number of consumers. We urge the AEMC to ensure that the benefit that this change will bring exceeds this potential negative impact. Furthermore, we consider the rule may not guarantee better outcomes for vulnerable customers. We suggest the AEMC mandate that retailer be required to honour conditional discounts for these customers. This would not only adequately protect vulnerable consumers as intended, but also provide greater harmonisation with the approach proposed for Victoria.

In addition, we support the narrow interpretation of conditional discounts being restricted to payment timing and method. We agree that allowing retailers determining their own reasonable costs, given all energy businesses operate and account for costs differently, is the least costly method to applying this rule.

If you require any further information with regard to this submission, please contact me on (03) 8639 4662 or email tina.bui@momentum.com.au.

Yours sincerely

Tina Bui
Regulatory Officer
Momentum Energy