

Response to Question on Notice

Select Committee on electricity supply, demand and prices in New South Wales

Question

Networks support for separate identification of network charges on bills

Mr DILLON: No. As an aside, I think many of my members—it is not always unanimous amongst them—would support network charges being identified separately on bills. One of the challenges is obviously being able to do it and whether that adds to complexity rather than simplifying it. But certainly from a network point of view we would then be very clear on our charges when prices are going up and down.

The Hon. ADAM SEARLE: And whether your fees are, in fact, going up or down?

Mr DILLON: Yes. It would be very explicit if you had that obviously.

The Hon. ADAM SEARLE: You say opinion is divided amongst your members. Does your organisation have a policy position of the organisation as a whole?

Mr DILLON: I am not 100 per cent sure on that one. It has been a while since we revisited it.

The Hon. ADAM SEARLE: It is not a trick question; please take it on notice.

Mr DILLON: I am happy to take that on notice.

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Response

Energy Networks Australia supports any initiative which improves customer understanding of their energy costs.

This would include supporting bill separation of network from other charges if the case can be made that customers want and would benefit from such a change and these benefits would outweigh costs.

However, some network businesses hold concerns that requiring retailers to itemise network charges may only add to confusion of what many customers experience when understanding a retailers bill. Additional cost may also be a factor to consider.

Nevertheless, in its consultation with stakeholders Essential Energy found that once customers were informed about the different components of the electricity supply chain that make up their bill, they were very keen to see the split on their bill.

Essential Energy has previously suggested to the national energy rule-maker, the Australian Energy Market Commission in submissions that the National Energy Retail Rules (NERR) be amended to require electricity bills to include the itemisation, by tariff component, of the regulated distribution (and transmission) costs on customer's retail bills.

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Question

Introduction of metering competition process

The Hon. ADAM SEARLE: We know that there are severe workforce constraints in terms of who can install these smart meters. It is so dire that the Government lowered to the standard required of the workforce to try to increase the pool of people who can install these meters, but the rollout is still very slow. The three big retailers control 90 per cent of the market in New South Wales, so all the information I have seen suggests to me there really is not much effective competition in the retail space. These meters are so important that they must be key network assets. Did the Government talk to you about making these no longer network assets?

Mr DILLON: In regard to the New South Wales Government, I am not sure what the discussion was. The national rules, under which these are happening, were developed quite a while ago. There has been quite a long process.

The Hon. ADAM SEARLE: Will you take that question on notice and tell the Committee what happened in New South Wales? Can you tell the Committee how the policy of them being retailer assets was reached, at least as far as your members know this, and when?

Mr DILLON: Yes

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Response

In October 2013, the Council of Australian Governments' (COAG) Energy Council (formerly the Standing Council on Energy and Resources) submitted a rule change request to the national energy rule making body – the Australian Energy Market Commission (AEMC) – seeking to establish arrangements that would promote competition in the provision of metering and related services in the National Electricity Market. The rule change request sought amendments to the National Electricity Rules and the National Energy Retail Rules.

The COAG Energy Council said in its rule change request that the objective of the proposed arrangements was to support the uptake of efficient demand side participation by residential and small business consumers by making it easier to arrange for the metering needed to support choice in electricity products and services.

The COAG Energy Council also considered that the proposed arrangements would make it easier for large customers to manage their own metering requirements. The rule change request was submitted in response to recommendations made by the AEMC in its Power of Choice review, a review commissioned by the (then) Ministerial Council on Energy.

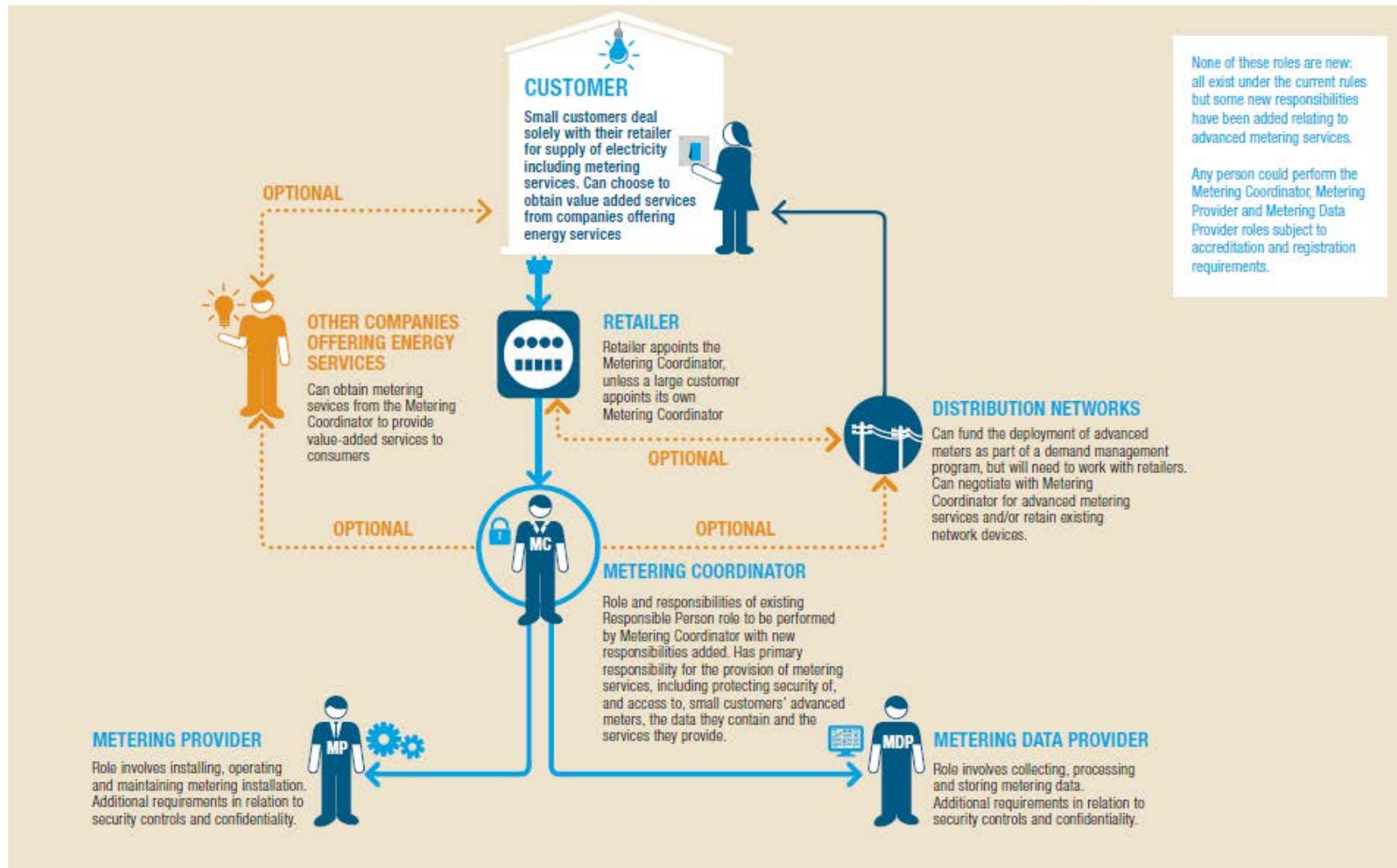
The AEMC believed that expanding competition in metering and related services to all consumers will put greater discipline on competitive metering suppliers to provide services at efficient cost and consistent with consumer preferences. An expanded process including a number of new metering roles has been established to enable metering competition, which commenced on 1 December this year.

An AEMC summary of the new roles and relationships is set out overleaf.

Further background details of the development of the policy of metering competition can be found on the AEMC review website [here](#).

ROLES AND RESPONSIBILITIES

Clarifying, expanding and opening up existing roles will promote competition in the provision of metering services to improve consumer choice and control while protecting customers.



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