

23 February 2012

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Reference: EMO0022

Dear Mr Pierce

Re: AEMC 2011, Energy Market Arrangements for Electric and Natural Gas Vehicles

The Energy Retailers Association of Australia (ERAA) welcomes the opportunity to provide comments on the Australian Energy Market Commission (AEMC) Approach Paper on Energy Market Arrangements for Electric and Natural Gas Vehicles.

The Energy Retailers Association of Australia (the Association) is the peak body representing the core of Australia's energy retail organisations. Membership is comprised of businesses operating predominantly in the electricity and gas markets in every state and territory throughout Australia. These businesses collectively provide electricity to over 98% of customers in the NEM and are the first point of contact for end use customers of both electricity and gas.

In this submission the ERAA relies on its previous submission to the Approach Paper in regards to energy market arrangements for EVs and NGV. As highlighted in that submission the ERAA supports the uptake of Electric Vehicles (EV) in Australia. The ERAA maintains its strong position that the AEMC must be cautious about introducing a Rule change specifically to accommodate EV technologies, as this would set a precedent for future Rule changes for other technologies. Future excessive Rule changes create unnecessary risk in the market which results in increased costs to end consumers.

In this submission the ERAA has not provided comment on the numerous issues raised in the Issues Paper, as members of the ERAA will address these individually. In its review the AEMC, however, must have regard to:

1. **The sale of EV charging as the sale of electricity:** The ERAA supports the AEMC's preliminary view that EV charging is the sale of electricity, and that EV charging agencies should therefore be subject to the National Energy Customer Framework (NECF). It is difficult to see how a sustainable and equitable consumer outcome could be achieved by considering EV charging as something else, as different customers will have different access to consumer protections depending on how EV charging was sold to them. This also sets a poor precedent in the market: if EV charging is not seen as the sale of electricity this will open the market to future business models that provide electricity under another name. The ERAA's position is that EV should be treated as any other consumer electricity load.
2. **Parent-child NMIs as the mainstream solution:** The ERAA does not support parent-child NMIs as requiring further regulatory support in the electricity market. Contrary to the views of some

proponents, the creation of child NMIs for EV load is not necessary or appropriate for significant EV uptake, and the costs to consumers will be high if this is the path taken for mainstream application. Sub-metering with an off-market NMI is an easier and cheaper outcome for an EV customer, although this should be on an opt-in basis, not mandated. This solution can also provide for separate EV tariffs and measurement, if desired. We request that a full cost-benefit analysis is undertaken before any market rules are changed in this area.

3. **Third party participation in energy markets:** The development and rollout of smart meter technology has provided opportunities in energy markets that had previously not been possible. This has meant that a number of third parties are seeking to enter these markets, and as an industry we find ourselves regularly in policy forums (including this one) assessing how consumers could best benefit from particular new services and how service providers should be involved. However, what is missing from these debates is an objective assessment of whether the regulatory framework is appropriate for third parties generally, and how third party service offerings should be assessed in light of the existing jurisdictional and NECF regulatory regimes.

The ERAA requests that the AEMC, in conjunction with jurisdictions, considers the actual and potential consumer experience with third party service providers, specifically addressing the consumer protections that would reasonably be expected by a customer. This should ideally lead to the development of a policy framework and special NECF authorisation for those third parties who engage direct with consumers to sell energy (including EV charging) or to otherwise limit supply through services such as direct load control and supply capacity control. We understand that this will require changes to the NECF, and believe the work should commence as soon as possible given the complexity of the issue and the likely timeframes involved.

Should you wish to discuss the details of this submission further, please contact me on (02) 9241 6556 and I can facilitate such discussions with ERAA member companies.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Cameron O'Reilly', with a large, stylized loop at the end.

Cameron O'Reilly
Executive Director
Energy Retailers Association of Australia