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23 February 2009

Mr Paul Baxter
Senior Commissioner
Independent Competition and Regulatory Commission
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Canberra City ACT 2601
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Dear Mr Baxter Paul,

Electricity Feed-in Code – Consultation Draft

Thank you for the opportunity to comment on the draft Electricity Feed-in Code released for consultation in January 2009. ActewAGL provides the following comments on the draft Code.

Clause 4.1 (b)

- This clause states that the '*The electricity distributor must, upon application from an occupier, which may be received via the electricity supplier, enter into a negotiated contract with the occupier…*' The legislation in its current form however, provides that the "must" applies to the application (not the entry of a contract). ActewAGL considers that the "must" should continue to apply to the obligation to provide the service upon application, it should not apply to the entry to a contract. ActewAGL also considers that this clause could be re-worded to be more consistent with ss 79-86 of the Utilities Act.

Clause 4.2

- This clause reads '*The Electricity Distributor must, as part of its response to an application for distributor actions, inform the electricity supplier and the occupier of the date from which the 20-year period for the payment of a premium rate as provided for in section 11 of the Feed-in Act commenced and the date on which the 20-year period will conclude*'. The precise end date for the application of the FiT is dependent on the meter reading cycle, starting from the first meter read, and ending on the date of the final meter read 20 years hence. While providing the commencement date of the tariff is relatively straightforward, it is not possible to know the conclusion date with precision. A literal interpretation of this obligation may require the distributor to create a new tariff every day.

  ActewAGL suggests that it may be appropriate to re-word this clause to '*The*

Electricity Distributor must, as part of its response to an application for distributor actions, inform the electricity supplier of the date from which the 20 year period for the payment of a premium rate as provided for in section 11 of the Feed-in Act commences'.

Clause 4.4

- ActewAGL has noted that Schedule 2 does not detail any dispute resolution process (which may be an oversight). If after review by the Commission, Schedule 2 will not refer specifically to dispute resolution, ActewAGL suggests the text '*as identified in Schedule 2 of this Code'*, be removed.

Clauses 4.5 and 5.4

- The majority of provisions included in the draft Code appear intended to codify and clarify arrangements between customers, retailers and distributors with respect to the operation of the scheme. In contrast, the reporting requirements are intended to assist the ICRC and the ACT Government to assess the operation of the Scheme.

  ActewAGL does not consider that reporting arrangements should be included in the Electricity Feed-in Code. ActewAGL considers that existing reporting procedures can readily incorporate reporting on aspects of the feed-in scheme, and are a more appropriate way to gather the information required for ICRC and ACT Government assessment of the scheme than including detailed reporting provisions in the Electricity Feed-in Code.

  Existing reporting procedures require detailed reporting on an annual basis and are administered through the Utility Licence. There is a significant risk that the detailed reporting requirements and the frequency of reporting included in the draft code become permanent features of the ACT regulatory framework, locking in onerous and expensive arrangements that are no longer required once the scheme has matured.

  Ideally, reporting requirements for the feed-in scheme should be integrated into the normal annual reporting requirements of utilities in the ACT. As a minimum requirement, ActewAGL considers that these reporting requirements, including their frequency, needs to be reviewed annually, and should be subject to sunset provisions.

  The reporting provisions included in the draft Code are also very broad. They state only that suppliers and distributors will be notified of the commencement of reporting by the ICRC. ActewAGL considers that minimum 3 months' notice must be given as to the commencement reporting obligations to allow business to ensure they can meet any requirements.

Clause 5.1

- This clause states that *'The electricity supplier must, by a separate negotiated contract or through amendment of an existing contract, provide a statement of the terms…'.*

  To ensure consistency with the Consumer Protection Code, ActewAGL considers

that this clause should be redrafted to read; *'Items A-C below are the minimum requirements for inclusion into the negotiated customer contract'*.

Further, administrative costs to the community will be substantially lower if customers choose to offset the FiT payment against their electricity account. As such we request insertion of the following further paragragh at clause 5.1:

> "In this clause 5.1, "payment" may, with the agreement of the supplier and the occupier, mean an offset against the occupier's electricity account. "

Clause 6.3

- Utilities have an incentive, as they do in their other operations, to minimise where possible the compliance and systems costs associated with the FiT scheme. Generally, this means using existing billing systems, policies and procedures where possible.

  FiT arrangements can be accommodated in the ActewAGL's existing billing system, which maintains a record of receipts and payments and a balance of customer accounts.

  If however, retailers are not permitted to net off credits from the FiT to an account in cases of hardship, it will mean that a separate account will need to be kept for the FiT. This duplication of accounts raises retail costs for customers in hardship, which may in turn further exacerbate payment difficulties. It is also likely to cause complications with the retailers billing system, in that the customer will need two accounts for a single National Metering Identifier (NMI). Usually, each account requires a unique NMI. While it may be considered unlikely that customers with renewable energy systems will become the subject of hardship provisions, the possibility of such an outcome may require retailers to make expensive modifications to billing systems to allow customers to have a duplicate account using a single NMI. There is also the potential for additional costs relating to cheques and manual payment options for customers who are not having their accounts credited.

- ActewAGL would prefer the ability to include in a contract with the customer, that all credits from the purchase of renewable energy would first be used to pay the consumers electricity bill (thus the customer would have shown consent for the credit to be recovered from their debt).

- Clause 6.3 (b) refers to the 'customer'. 'Customer' is defined in the Code dictionary as 'a person who buys *or proposes to buy electricity* from an electricity supplier'. ActewAGL suggests that 'proposes to buy' should be deleted from this definition as it would seem to follow that if a customer is the subject of hardship provisions and are receiving FIT payments then they must actually be a customer, not one merely proposing to buy electricity from the supplier.

ActewAGL has made every effort to be ready for the implementation of the ACT Feed-in Tariff Scheme within a compressed timeframe and expects to be ready for the 1 March 2009 implementation. ActewAGL appreciates having been given the opportunity provide comment on the Electricity Feed-in Code – Consultation Draft.

Yours sincerely

Michael Costello
Chief Executive Officer