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Draft Electricity Feed-in Code

Thank you for the opportunity to comment upon the Commission's Draft Electricity Feed-in Code.

TRUenergy does not support the introduction of feed-in tariff schemes. As recently noted by the Federal Minister for Resources and Energy, feed-in tariffs inflate electricity costs and potentially crowd out cheaper forms of renewable energy. They are an inferior way to promote renewable energy, distorting resource allocation signals provided by the mandatory renewable energy target.

A national approach

Any consideration of feed-in tariff arrangements should be undertaken within the scope of the Ministerial Council of Energy's *National Framework for Distribution and Retail Regulation*. Current jurisdictional inconsistencies impose significant costs on energy consumers, as recognised by the Council of Australian Governments in the signing of the Australian Energy Market Agreement (AEMA).

The AEMA commits jurisdictions to the development of the national framework for distribution and retail regulation. Annexure 2 in the AEMA identifies those areas of regulation which are to become a national function, and a smaller number which are to be retained by the jurisdiction. Item 11, regulation of retailer–small customer contracts, is identified as a national function.

However, contrary to the AEMA, section 5.1 of the draft Feed-in Code seeks to regulate small customer contracts by imposing additional obligations on retailers, beyond those currently being developed through the national reform process. Indeed the very development of jurisdictional feed-in tariff arrangements is contrary to the rationale behind the COAG initiated process for a national framework, and the work currently being undertaken by the Ministerial Council of Energy.

In the absence of a national scheme, the potential for at least jurisdictional consistency has emerged through the development of similar schemes in South Australia and Queensland. The strength of these schemes are their low administrative costs (relative to other feed-in tariff schemes), as they simply place a legislative obligation on distributors to pay the feed-in tariff to the retailer, and an obligation on retailers to credit the customer's account by that

amount. They avoid the cost of additional regulatory obligations, such as those proposed in the ACT draft Feed-in Code, and have proven to be effective. The ACT Code should be limited to replicating Part 3 Division 3AB of the South Australian Electricity Act (1996), or sections 44A and 55DB of eth Queensland Electricity Act (1994).

The ACT Code

As discussed above, the only regulatory obligation required to be placed upon retailers is, consistent with the South Australian and Queensland schemes, for the retailer to pass the feed-in tariff credits to the customer's account. As those jurisdictions have demonstrated, any additional regulation, such as proposed in section 5.1, is unnecessary and will impose additional costs.

If section 5.1 is retained, there is no need for the specified information to be made available on the retailer's web-site. Retailers would be required to provide the information to the customer prior to entering a contract, whereby the customer could evaluate at that time whether the proposed terms were acceptable. The proliferation of jurisdictional-specific obligations upon retailers to publish certain items on their web-site is only serving to confuse customers, and detract from more important customer service information. The information required by section 5.1 would be part of a market contract, and we note that there are no obligations on retailers, in any jurisdiction, for market contract terms and conditions to be published on retailer web-sites.

TRUenergy does not support section 6.3. If a customer has an outstanding debt, it is unreasonable for the retailer not to be able to use any generation credit to off-set the debt. Indeed, such a mechanism provides an easier method for customers to reduce their outstanding balance, compared to drawing upon potentially limited funds. Of course, all other forms of customer assistance would still be available for any remaining debt.

Finally, TRUenergy does not support the quarterly retailer reporting requirements in Schedule 1. South Australia imposes no reporting requirements on retailers, whilst the Queensland requirements apply six-monthly. Given that all relevant information can be provided by the distribution business, we consider that any retailer reports are unnecessary (as agreed by the South Australian government), and merely impose additional costs on consumers. If retailer reporting is to be retained, the frequency should be reduced to half-yearly, consistent with Queensland.

Please contact me on (03) 8628 1122 if you require additional information.

Yours sincerely,

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