

ACTIVE

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Active Utilities Pty Ltd

ABN 78 116 498 803

1300 587 623 | www.activeutilities.com.au

3 Bristol Street

ESSENDON FIELDS VIC 3041

Submission:

Maximum prices for embedded networks and exempt sellers: Draft decision

June 2020



15th June 2020

Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne, Victoria 3000

To Essential Services Commission (ESC)

Re: Active Utilities Pty Ltd (Active) submission to the ‘Maximum prices for embedded networks and exempt sellers: Draft Decision’

Thank you for the opportunity to provide further commentary in relation to the ESC’s ‘Maximum prices for embedded networks and other exempt sellers: draft decision, published May 2020’.

This submission should be read in conjunction with Active’s previous submission to the ESC on 10 March 2020 titled “Maximum prices for embedded networks and exempt sellers: Consultation Paper”¹.

Active strongly recognises and acknowledges that customers in embedded networks should have the same customer protections as that of customers of licensed retailers, and therefore support the ESC’s mandate to better align customer protections wherever applicable in an equitable manner to promote protections for customers. This includes: pricing regulation, improving the efficiency and effectiveness of energy retailing and assisting in the development of full retail competition.

Active feels more consideration should be given to the application of a new maximum price starting on 1 September 2020. This proposed date for implementation would result in two price changes in the space of 3 months, being:

- › Implementation of maximum price cap on 1 September 2020
- › Change in maximum price cap on 1 Jan 2021 (with a change in network costs)

¹ Active Utilities Pty Ltd, Submission: Maximum prices for embedded networks and other exempt sellers: Consultation Paper, March 2020, https://www.esc.vic.gov.au/sites/default/files/documents/SBN%20-%2010_3_2020%20Embedded%20network%20max%20price%20-%20submission%20to%20CNP%20-%20Active%20Utilities.pdf

In Active's opinion this could lead to customer confusion with two price changes occurring in a short period of time.

Furthermore, the implementation of two price changes in the space of 3 months would place additional costs and resources on embedded networks and exempt sellers in a time where resources are currently overextended due to the unanticipated impacts of the COVID-19 pandemic and enhanced customer service protections expected on the industry, to support customers.

Given the above, Active feel that a maximum price cap implementation on 1 Jan 2021, in line with network cost changes, would be the most efficient option and not cause undue confusion to customers.

Lastly, given the Power of Choice and the proposed AEMC regulatory changes, Active feel that imposing the VDO as a maximum price cap on embedded networks will create disparity between retailers and exempt sellers, in a competitive market, due to an imposed embedded network ceiling set by the regulator. This causes disparity in a competitive market as licensed retailers do not have a maximum price cap imposed on them by the ESC.

Active has deep concerns that creating a maximum price cap for embedded networks at the same level as the VDO (which is not a maximum price to licensed retailers) makes the market inequitable between licensed retailers and exempt sellers which is against the Electricity Industry Act 2000 requirements to ensure the ESC promotes the development of full retail competition.

Active look forward to working closely with the ESC in relation to the maximum price cap. If you require any further information in relation to this submission, please feel free to contact me.

Kind Regards,



Kyle Johnson

Risk & Compliance Manager