

**ESSENTIAL SERVICES COMMISSION: VDO AMENDMENT TO PRICE
DETERMINATION 2021: DRAFT DECISION****COMPLIANCE STATEMENT - COMPETITION AND CONSUMER ACT 2010**

In preparing this submission, the SCCA has taken steps to ensure that it is not contravening the spirit, intent or application of the *Competition and Consumer Act 2010*, including by engaging in or facilitating any conduct or behaviour that is anti-competitive or would substantially lessen competition, including through collusion, cartel conduct or by engaging in a concerted practice. This includes that the SCCA did not act, and will not be acting, as an intermediary for the communication of commercial sensitive information between members and/or competitors. Nor will the SCCA be using or enabling the use, by its members, of the information collected in ways as might replace or reduce competitive, independent decision making by shopping centre owners including as embedded network owners and operators.

EXECUTIVE SUMMARY

The Shopping Centre Council of Australia (SCCA) thanks the Essential Services Commission (ESC) for the opportunity to comment on the *VDO Amendment to Price Determination 2021: Draft Decision*, which has been amended to reflect the AER's final decision on network tariff structures and prices, which can vary VDO pricing.

We note that the proposed amended VDO will apply from 1 September 2021.

KEY POINTS

We support the ESC's decision to not include wholesale costs in the amendment as these costs have already been accounted for.

We are principally concerned with two issues, which can be summarised broadly as our concern with the burden of out-of-scope price notifications:

- the transitioning of the new VDO requirements, including in relation to the required notification period for customers and how this interacts with billing. Our concern is further exacerbated given the proposed VDO changes for 2022.
- the uncertainty around the proposed two-tiered time-of-use (ToU) tariff, and the transition from flat tariffs.

Our concern is to ensure that embedded network owners are not inadvertently 'caught out' by the changes from a compliance perspective, including notification requirements to customer.

We are also keen to avoid customer confusion with multiple price notifications and subsequent billing changes.

In our view, the transition period still-remains incredibly unclear, particularly given embedded networks are an ancillary activity and the distribution and sale of energy is not core business.

We understand as follows:

- The new VDO commences 1 September, and customers will need to be notified in line with notification requirements.
- The current 'maximum bill' applies from between 1 September and 31 December.
- From 1 January 2021, the ToU tariff structure will come into effect.

RELIABLE GUIDANCE IS REQUIRED

We recommend that the ESC:

- Clarifies that either a flat or ToU tariff can be used post 1 September,
- Provides clarity around the proposed two-tiered time-of-use (ToU) tariff and if flat tariffs can still be applied to relevant bills.
- Develops plain-English guidance for embedded network owners, which can be relied upon as accurate and used for communication with embedded network customers, and

CONCLUSION

We would welcome an opportunity to discuss this issue with the ESC.