

13 July 2016

Mr Simon Middleton
The Public Utilities Office
Locked Bag 11
CLOISTERS SQUARE WA 6850

Via email: ElectricityMarketReview@finance.wa.gov.au

Position Paper on Changing the Contractual Relationship between the Electricity Distributor, Customers and Retailers

Dear Mr Middleton

The Energy Networks Association (ENA) welcomes the opportunity to make a submission to the Public Utilities Office in response to the *Position Paper on Changing the Contractual Relationship between the Electricity Distributor, Customers and Retailers* published by Public Utilities Office on 15 June 2016.

The ENA is the national industry association representing the businesses operating Australia's electricity transmission and distribution and gas distribution networks. Member businesses provide energy to virtually every household and business in Australia.

The ENA supports Western Australia's adoption of the national electricity regulatory framework under the National Electricity Law for regulating Western Power's transmission and distribution network in the South West Interconnected System. However, the decision of the Western Australian government to not fully adopt the National Energy Customer Framework (NECF) and to instead modify local regulation so that it is consistent with NECF in many, but not all ways, seems duplicative and inefficient.

The ENA notes that NECF is in place in South Australia, the Australian Capital Territory, Tasmania, New South Wales and Queensland and that Victoria has completed a process to harmonise the Victorian Energy Retail Code and Guidelines and the NECF.

The ENA supports the national implementation of NECF and believes that, in combination with the introduction with full retail contestability, this would aid the potential entry of new retailers into the West Australian market, which would subsequently increase competition and place downwards pressure on customer electricity bills and improve the service offered to customers. The ENA notes that full retail contestability has resulted in significant cost savings and innovation to consumers in other Australian markets.

Should the Western Australian Government choose to proceed in the manner currently proposed, the ENA supports the adoption of NECF's triangular contracting model.

The ENA supports legislative changes to the *Electricity Industry Act 2004* (the *Electricity Industry Act*) which will establish a direct contractual relationship between the distributor and customers covering the ongoing supply of network services, where no such relationship currently exists. The ENA notes that

related regulations and codes will contain the detail of the new relationships and will be made subsequent to the passage of the legislation through Parliament.

The ENA supports the proposed approach to the retailer-customer relationship which will continue to be regulated under the *Electricity Industry Act* with some minimal amendments to reflect the shift to the triangular model.

The ENA notes that the proposed approach to a contractual relationship between retailer and distributor is consistent with the NECF and that there will be a separate consultation on whether further regulatory intervention is required to clarify the effect of reforms on existing access contracts with retailers.

The ENA supports efforts to increase the national consistency and harmonisation of energy policy and regulation and believes that these efforts have been essential to minimising distortions in which service providers and sources of capital funding span multiple jurisdictions.

If further information is sought on this matter, please contact Ms. Kate Healey.

Yours sincerely,

John Bradley
Chief Executive Officer