



18 July 2013

Ms Kerri Heron
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Essential Services Commission
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By e-mail: energy.submissions@esc.vic.gov.au

Proposed changes to regulatory instruments relating to flexible pricing of electricity - Draft decision

Origin Energy (Origin) welcomes this opportunity to respond to the Commission's draft decision on proposed changes to Victorian regulatory instruments governing retail market activities to support the introduction of widespread flexible pricing.

We respond to specific amendments described in the draft decision below.

Proposed amendment to section 24.1(b)

Origin understands the Commission's view that the Order may create an inconsistency with clause 24.1(b); however we note that in many cases, the structure of retail tariff will be independent of the contractual terms associated with the offer or product that a customer has agreed to.

The two day period for a customer to opt-out of a flexible tariff structure will be observed by retailers (who are dependent on distributors to ensure the change takes effect); however a request for a change in tariff in many cases may not constitute a request to terminate an energy supply agreement. Origin does not believe opting-out of flexible pricing invalidates the more general obligation that customers provide 28 days notice to terminate. By way of example, a customer requesting to opt-out of flexible pricing and relying on this to terminate the contract with sufficient notice, will not meet their obligations under 24.1(b) if the term of their energy supply agreement is independent of the applicable retail tariff structure.

Where tariff structure is independent of the term of a supply agreement between a retailer and a customer, Origin would seek to confirm that the proposed amendment would not apply in such circumstances.

Proposed amendment to schedule A of Guideline 19

Schedule A of guideline 19 relates to standing offers. Origin would seek to confirm if the obligation to provide this data applies where no standing offer is gazetted by the retailer (there is no obligation upon retailers to publish a flexible pricing offer). We note that market flexible pricing offers will be provided in any event through *Your Choice* and the new *Customer Information Price Comparator* portal.

Existing licence conditions

While Origin understands the clarification the Commission seeks to make by adding the sentence to existing licence conditions, we would again note there is no obligation under the Order for retailers

to publish a flexible pricing standing offer tariff. It is not clear if this impacts upon the changes proposed by the Commission. While it is likely retailers will make standing offers that do not differentiate by metering type (e.g. flat pricing), it may be the case that some standing offers will no longer be available where advanced metering infrastructure has been installed and (for example) controlled load is no longer available, but may be at a neighbouring premise where a basic meter with a separate controlled load contactor remains in place. We would be pleased to discuss such scenarios further with the Commission as it deliberates on its final decision.

Other amendments

The remainder of the proposed amendments set out in the draft decision are generally supported. We note that changes to section 3.3 of Guideline 19 will create additional costs as retailers implement the required communications.

Origin would welcome further discussion with the Commission on matters and queries raised in this response. Should you have any questions or comments in relation to this response, please contact me in the first instance.

Regards

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