

1 November 2021

Mr Ashwin Raj
Project Director
Energy and Governance Legislation Reform

Sent via email: energytransformation@energy.wa.gov.au

Dear Mr Raj

RE: Energy and Governance Legislation Reform Consultation Paper

Change Energy welcomes the opportunity to comment on Energy Policy WA's (EPWA's) consultation paper on Energy and Governance Legislation Reform.

In general Change Energy supports the objectives of the proposed reforms that will streamline the complex framework of legislation and regulations that currently govern the electricity industry.

Markets, Choice, and Competition

Change Energy believes that the overarching objective of the legislation reform should be to ensure that both customers and service providers can operate in open markets – where customers are empowered to make choices and competition among service providers (both existing and “new business models”) will lead to low costs and more innovation.

Comments on the Consultation Paper

The following are Change Energy's comments on some of the issues highlighted in the paper.

2.3.2 Electricity Distribution

Change Energy supports the clarification of the different roles that are evolving in the distribution system. We agree that there are numerous regulatory barriers that inhibit new services for customers. However, any new regulation should still ensure separation of network assets from other products and services that could be provided by third parties.

Change Energy believes that the contractual relationships between the network operator, customer and retailer need to be reviewed. Under the current access arrangement, retailers are responsible for damage caused to the network by end-users yet are the party with the least amount of control over the actions of the customer and network operator. As customers seek to provide more flexibility and connect more devices, it should not be the retailer's responsibility to ensure the customer complies with the various regulations.

2.3.3 Electricity licensing and 2.3.4 Customer Protections

Change Energy has strong concerns regarding the different levels of licensing and customer protections that are applied to different service providers. Electricity retailers that sell electricity are required to have licences and

comply with customer protections that are audited by the ERA. Retailers must complete costly audits to show compliance. However, other providers of “innovative retail services” have been exempt from most of these regulatory obligations.

Of particular concern is the push to create micro-grids throughout the network. Change Energy believes that this may not be in the long-term best interest of customers. A customer in a micro-grid will no longer have a choice of service provider and in many cases be unknowingly liable for the embedded network they share with other users. Change Energy has seen many examples where customers in micro-grids or embedded networks are paying substantially more for electricity than through the contestable market.

Change Energy fully supports streamlined licencing and customer protections that would be applied consistently to all service providers.

3.4 Energy buyback schemes

Change Energy questions the papers proposal to “explicitly require the electricity corporations (the Government Trading Enterprises) to purchase energy from small-use customers. Change Energy would expect that the government enterprises, acting commercially, should be able to determine if/when they would purchase this energy. We consider making this mandatory would create cross-subsidies and not send the right price signals to customers.

3.5 Retailer of Last Resort Scheme

Change Energy fully supports the amending the scheme to make it more workable.

3.7 Other matters

Contestability Orders – Change Energy supports choice and competition for customers. Changing the contestability orders to be made on the basis of supply points goes against almost all of the objectives set out in this paper and the wider Energy Transformation project. We have not had any issues with Western Power’s contestability checking process, and we don’t believe it creates any extra burden on Western Power. Potentially forcing some customer sites back onto regulated tariffs – sometimes 50% higher than current competitive prices would completely undermine the objectives of the reforms.

If you have any questions or would like to arrange a meeting to discuss any aspect of this submission, please contact me at Geoff.Gaston@changeenergy.com.au.

Yours Sincerely



Geoff Gaston
CEO