

11 April 2019

Queensland Competition Authority
GPO Box 2257
Brisbane, QLD
4001

Lodged at: www.qca.org.au/submissions

Dear Sir/Madam,

METER2CASH SOLUTIONS SUBMISSION TO QCA REGULATED RETAIL PRICE DETERMINATION 2019-20 AND BEYOND.

Thank you for the opportunity to make a submission to QCA's regulated retail electricity price determination review for 2019-20.

This submission calls for a permanent change to the Regulated Price Determination by acknowledging the growing number of Embedded Networks throughout QLD, in particular regional customers within the Ergon jurisdiction.

Representing in excess of 35,000 embedded network customers throughout Australia, predominately in QLD, METER2CASH Solutions believe there is a vital need to recognise selling activities of bulk embedded networks within the QCA Determination. In particular Bodies Corporate/Strata Titled properties and Residential Aged Care Facilities.

CURRENT SITUATION - EMBEDDED NETWORKS WITHIN REGIONAL AREAS

In accordance with Condition 7 (Pricing) of the Australian Energy Regulator On-Selling Guidelines, ***"An exempt person must not charge the exempt customer tariffs higher than the standing offer price that would be charged by the relevant local area retailer for new connections, if the local area retailer were to supply that quantity, or estimated quantity, of energy directly to the premises of the exempt customer"***.

For Residential communities, this therefore is capped at one of the Residential Small Customer Tariffs as set out in the Queensland Government Gazette. Most commonly, Tariff 11 Residential Flat Rate Primary. The issue within embedded networks arises from the lack of recognition of activities downstream and beyond the bulk market connection.

Bulk purchasing for a multi residential property, will on most occasions, attract consumption greater than the 100MWh threshold at the Gate Market Facing NMI meter. Therefore, many embedded network owners are being charged at a Small or Large Business Tariff (Tariff 20 / Tariff 20 (Large) or Tariff 22) these rates are above a Residential Tariff 11. This makes the recovery of bulk charges for a Body Corporate/Aged Care Home impossible when considering the above mentioned Condition 7 from the AER On-selling guidelines.

We appreciate that on occasions, Community Title Schemes *may* on-sell electricity to a Commercial or Retail customer/tenant. This prevents an obvious distinction for the retailer to distinguish between Residential, Commercial and Retail end users. However, with a declaration to identify exempt customers within the embedded network to the retailer, we believe a “Dual” tariff applied to the bulk connection account potentially could solve this issue. Where the site is 100% residential we believe the tariff rates charged by Ergon Energy should reflect the nature of the occupancy of the site in order for Body Corporate/Owner to recover costs i.e. all residential tariff 11 is charged.

We have raised this issue on many occasions to Ergon Retail. On one occasion we successfully achieved the tariff rate change. This particular Body Corporate was losing more than \$20,000 annually. Since then we have had little interest or influence on achieving the same result with Ergon Energy Retail. The response is **“As the bulk connection is consuming >100MWh, this will be treated as a Large User and Residential Tariffs do not apply”**.

Naturally, this leaves a shortfall in unrecovered funds to the Body Corporate or Residential Aged Care Facility, sometimes in excess of 40%. Embedded Networks are designed to reduce pricing and increase competition, however, these major obstacles prevent both from occurring.

METER2CASH RECOMMENDATION

METER2CASH Solutions seek greater recognition of embedded networks by either

- Access to residential tariffs for all residential embedded networks
- Disclosure of end users and operational activities
- The inclusion of specific tariffs recognising embedded networks in regional QLD

METER2CASH Solutions thank you for the opportunity to complete this submission and look forward to receiving an amicable outcome for our clients and consumers. If you wish to contact us for any further information please do so on (07) 3350 5999.

Regards



Richard Claus

METER2CASH Solutions