

## Legislation Fact Sheet

### ***National Energy Retail Law (Tasmania) Bill 2012***

- The *National Energy Retail Law (Tasmania) Bill 2012* applies the National Energy Retail Law (NERL), which is set out in the Schedule of the *National Energy Retail Law (South Australia) Act 2011*, as law of Tasmania. The Bill also applies the National Energy Retail Rules that are made under the NERL and any regulations in force under the NERL as law of Tasmania, subject to certain modifications prescribed in regulations made under the Bill.
- The NERL is part of a cooperative Australian Government, state and territory regime to establish robust and consistent energy customer protection arrangements across Australia. The Australian Energy Regulator (AER) is the regulator under NERL and will be responsible for issuing retailer authorisations to retailers selling, or intending to sell, electricity in Tasmania. Authorised retailers will still be required to comply with local energy legislation, which for Tasmania includes the Tasmanian Electricity Code.
- In respect of the customer protection framework, the NERL provides some enhancements compared to the current Tasmanian model. Authorised retailers are required to have a comprehensive hardship policy endorsed by the AER. The policy framework contains additional customer protection measures, such as longer timeframes prior to disconnection for non-payment and restrictions on when disconnection for non-payment can occur.
- The NERL also places an obligation on a retailer to make an offer to supply electricity to a small customer. This obligation recognises that regulatory intervention is necessary to ensure access to an essential service. This obligation to offer supply is set out in the retailer's standard retail contract, the terms and conditions of which are set out in the National Energy Retail Rules. These terms and conditions include requirements relating to billing, payment, security deposits, disconnection and reconnection and complaints and disputes. The prices and charges that are set out in the retailer's standard retail contract are referred to as standing offer prices.
- The application of the NERL will result in licensing and regulation of the retail electricity market being undertaken at a national level by the Australian Energy Regulator. Electricity price regulation for small customers, who are all residential customers and business customers consuming less than 150 megawatt hours of electricity per annum, remain a jurisdictional responsibility and will continue to be regulated by the Tasmanian Economic Regulator.
- The NERL only applies to the sale and supply of electricity to customers whose premises are connected, or are able to be connected, to the interconnected National Electricity Market. The NERL therefore does not apply to the Bass Strait Islands.
- Parts 1, 2 and 3 of the Bill are uniform provisions, which are required to be included in each jurisdiction's legislation to apply the NERL. The Bill makes a

number of modifications to the NERL framework to suit Tasmania's circumstances and current arrangements.

- The Bill does not apply the NERL to the natural gas sector in Tasmania.
- The Bill provides that standing offer prices are the tariffs and charges fixed in accordance with *Electricity Supply Industry Act 1995*. Therefore, the Tasmanian Economic Regulator will continue to regulate the prices and charges that Aurora Energy charges to small customers.
- The Bill ensures that the Tasmanian exemption from late payment fees for concession customers is maintained.
- The Bill does not apply, as law in Tasmania, the small market offer customer classification. Under the NERL, small market offer customers are a class of small business customer for whom the obligation to offer supply is satisfied if the retailer offers the small market customer a Market Retail Contract. Market Retail Contracts have fewer customer protection measures than Standard Retail Contracts. Where price regulation continues, such as in Tasmania, only prices under Standard Retail Contracts are regulated prices. Only Victoria is adopting the concept of small market offer customers.
- The Bill also ensures that Tasmanian pre-payment meters are compliant under the NERL pre-payment meter framework. The Bill continues the phase out of older style pre-payment meters and retains the current ability for a customer to have a no-cost reversion to a standard meter following notification of a price increase.
- The Bill also modifies the NERL so that certain persons can be excluded from requiring a retailer authorisation. The NERL framework has an exempt seller regime, however, it is much more detailed than the current Tasmanian regime. The Bill therefore retains the current arrangements whereby persons, such as the owner of a caravan park or shopping centre, are not required to hold a retail licence. This provision of the Bill may be repealed in the future by way of an order of the Governor.
- Further, the Bill provides that the small compensation claims regime in the NERL does not apply in Tasmania. The small compensation claims regime provides customers with a low cost way to obtain compensation, up to certain predetermined limits, for matters such as damage to property due to prescribed events, without needing to prove negligence. The regime is an optional feature of the NERL designed initially to accommodate the Victorian Voltage Variation scheme. The operation of the small compensation claims scheme nationally will be monitored, and it can be adopted by regulation at a later date if it is considered to offer a superior outcome to the current arrangements under the Energy Ombudsman legislation.
- The Bill also includes a number of transitional provisions that relate to retail and distribution contracts under the NERL.
- In addition to the introduction of this Bill, the *National Energy Retail Law (Tasmania) (Consequential Amendments) Bill 2012* makes a number of

consequential amendments to the *Electricity – National Scheme (Tasmania) Act 1999*, the *Electricity Supply Industry Act* and the *Energy Ombudsman Act 1998* to ensure the Tasmanian electricity legislative framework is consistent with the NERL.

- It is intended that the Bill will commence by proclamation on 1 July 2012, which is the date when other jurisdictions have committed to implement the NERL.