



NEWS

Consumer regulation frameworks to respond to technology change

Retail energy competition review 2019 final report

The Australian Energy Market Commission will push for major changes to the National Energy Consumer Framework (NECF) so consumers have safe and affordable access to new models of energy supply.

The NECF is designed to complement the Australian Consumer Law by providing additional consumer protections for the supply of essential energy services.

It works to strengthen consumers' rights to access energy on fair and reasonable terms.

AEMC Chairman John Pierce said the way electricity is provided has been revolutionised over the past five years and consumer protections now need updating.

"Today we release the Australian Energy Market Commission's annual retail competition review which recommends a range of actions to protect consumers in the face of accelerating structural change in the energy sector.

"We have recommended jurisdictional action to improve consumer protection for some years and this job is fast becoming absolutely essential," Mr Pierce said.

"Solar, being led by widespread roll-out of household PVs, is experiencing strong market penetration and the steadily falling costs of batteries will reinforce this trend.

"Consumers are also more actively engaging with the market, and selling the surplus energy they are generating themselves to the grid.

"These market shifts are happening so rapidly that consumer protections that fully take into account all the issues associated with this new technology are yet to be devised or available."

According to Bloomberg New Energy Finance, by 2050 51% of houses will have solar PV systems and 33% of residential buildings are forecast to have a storage system like a battery installed.

Mr Pierce said consumers were set to benefit from product innovation and new technologies that were moving at a rapid pace. Within this, it is important to take action now so that rules and regulations are not left behind by the pace of change. This action is required to stop out of date regulations inhibiting innovation and to make sure consumers receive appropriate protections for the supply of essential services.

"We want to make it easier and safer for people to move to a new model of energy supply if they want," Mr Pierce said.

Mr Pierce also pointed to the embedded network space as in dire need of reform. Rapid growth in private electricity networks (for example, apartment complexes) which provide electricity to over 500,000 people – don't have the same consumer protections as those who contract their services directly from authorised retailers. This puts their access to an essential service on fair and reasonable terms at risk.

The Commission has already proposed fundamental reforms to the regulation of embedded networks like apartments and retirement villages, so consumers within these networks receive the same level of consumer protections as all other consumers in the NEM. The Commission's reforms include both rule and law changes which are currently before the COAG Energy Council for consideration. Mr Pierce urged the Council's adoption of these reforms to protect consumers.

The AEMC will also review the NECF to determine if consumer protections need to be extended to new energy service provision without creating barriers to innovation.

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