

Retail Competition Information Brief No. 1

Retail Contestability in Tasmania

What is happening?

As part of the Government's decision to join the National Electricity Market (NEM), competition in the retail sector will be introduced from 1 July 2006.

Competition will be phased in by progressively allowing certain groups of customers (**tranches**) - starting with the biggest power users - to choose their electricity supplier (**retailer**).

Customers who can choose their retailer are called **contestable customers**. Customers who are not yet classed as contestable - termed **non-contestable** - continue to be supplied by Aurora Energy Pty Ltd.

Regardless of the retailer you choose, the same wires (that is transmission and distribution networks) will bring electricity from the power generators and from interstate to your business. The revenues of the network operators, and the network standards, will continue to be regulated.

When is it happening and do I qualify?

A business is a contestable customer if its consumption of electricity has been more than the given threshold limit for the defined 12 month assessment period. For example, from 1 July 2006, if your business' previous year's electricity consumption was greater than 20 GWh, then you have met the criteria for contestability.

Eventually all customers will have the ability to choose a retailer*. The contestability timetable extends over a four-year period, as detailed in the table below.

Date for Contestability	Power Consumption (GWh/yr)
1 July 2006	Above 20 GWh/yr
1 July 2007	Above 4 GWh/yr
1 July 2008	Above 0.75 GWh/yr
1 July 2009	Above 0.15 GWh/yr
1 July 2010*	Under 0.15 GWh/yr

The information above is a summary of the arrangements only. You should contact Aurora Energy Pty Ltd or the Office of the Tasmanian Energy Regulator if you need to confirm whether you are a contestable customer in respect of a particular installation.

What if my electricity consumption is increasing?

Increased future annual electricity consumption through upwardly trending consumption or plans to expand your business or install new equipment, will be recognised. Customers will be required to demonstrate to the satisfaction of the Regulator that the customer will meet the

* A public benefit test will be undertaken prior to 2010 in order to determine whether the electricity market should proceed to 'full retail contestability'.

contestability threshold over the next defined 12 month assessment period at a particular installation.

What if, at some time in the future, I scale down my business so that my business no longer qualifies as contestable?

Once a customer is identified as being contestable at a particular installation, the customer will always be contestable at that installation.

What if I disagree about whether I am contestable or not?

- An independent review mechanism overseen by the Energy Regulator will be available for customers that disagree with assessments of their power usage.

What are my choices?

When you become contestable, you will have a choice of:

- staying with Aurora Energy Pty Ltd by entering into a retail contract with Aurora;
- moving to a new licensed retail supplier of your choice by entering into a retail contract with that retailer; or
- registering with NEMMCO and purchasing electricity through the wholesale market.

If you are currently supplied by Aurora Energy Pty Ltd under a negotiated contract rather than a tariff, then you will continue to be supplied under that contract until it terminates (see below).

What's in it for my business?

The introduction of competition into the Tasmanian electricity supply industry offers electricity consumers and the economy in general, a number of benefits. The aim of introducing competition is to encourage:

- freedom to negotiate supply arrangements with the retailer of your choice;
- price competition between generators and between retailers;
- better customer services;
- a wider variety of more innovative energy services; and
- ability to enter into a single supply contract covering contestable sites throughout the NEM.

When do I have to make my choice by?

- Once becoming contestable, tariff customers will be able to remain on regulated tariffs for a maximum 12 month 'grace period'. This will provide sufficient time for customers to negotiate appropriate contracts with retailers.

What is the 'grace period'?

- The grace period is the time in which tariff customers have, from becoming contestable, to negotiate a retail contract with a retailer. The grace period for the introduction of retail competition in Tasmania will be 12 months. This will give tariff customers sufficient time to negotiate new arrangements and maintain their electricity supply.

What happens at the end of the grace period if I don't have a retail contract in place?

- Where a tariff customer becomes contestable, and the 12 month grace period expires without the customer entering into a retail contract with a retailer, a Deemed Fallback Contract will come into effect.
- For more information regarding the grace period see *Retail Competition Information Brief No. 2 – Grace Period Arrangements*.

Does contestability apply to all Tasmanian customers?

- Contestability will not apply to the Bass Strait Islands. Hydro Tasmania will continue to be responsible for the provision of electricity to customers on King and Flinders Islands and the Government will continue to support the cost of electricity to these customers.

What if I already have a contract with Aurora Pty Ltd?

- A number of industrial customers have existing contractual arrangements. These contracts will not be affected by the roll-out of retail contestability. At the end of an existing contract, a contestable customer will then have the choices set out above.

What levels of aggregation are proposed – if my business has branch offices, can I aggregate load to meet the threshold?

- No. Consumption at separate locations may not be aggregated.
- However, existing aggregation arrangements will continue to apply. Customers who have multiple connection points at a single, or adjoining, location may be permitted to aggregate their electricity usage for the purposes of assessing their eligibility to be contestable in some circumstances.
- For more information regarding aggregation, see *Retail Competition Information Brief No. 3 – Aggregation*.

Will my premises need a new meter?

- Customers will require a meter that complies with the requirements of the National Electricity Code. A code-compliant meter is a half-hour meter that has a communications link to enable it to be remotely read for billing purposes.
- If your existing meter is not code-compliant, you may need a new meter.
- For more information regarding metering, see *Retail Competition Brief No. 5 – Metering*.

Where can I get further information?

Further information on Tasmania's energy reform framework is available on the Internet at www.treasury.tas.gov.au.

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