



**EnergyAustralia**

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C/- Ms Nicole Wong  
Economic and Financial Group  
Chief Minister, Treasury and Economic Development Directorate  
GPO Box 158  
Canberra City ACT 2601

Lodged electronically: [energyindustrylevy@act.gov.au](mailto:energyindustrylevy@act.gov.au)

Dear Ms Wong

**Investigation of the ACT Energy Industry Levy**

EnergyAustralia welcomes the opportunity to comment on the Investigation of the ACT Energy Industry Levy.

We are one of Australia's largest energy companies, with over 2.5 million household and business customer accounts in New South Wales, Victoria, Queensland, South Australia and the Australian Capital Territory. We also own and operate a multi-billion dollar portfolio of energy generation across Australia, including coal, gas and wind assets with control of over 4,500MW of generation in the National Electricity Market.

We note that the overall calculation of the ACT Energy Industry Levy (EIL) is not in line with how other jurisdictions calculate the fees for the same services. We do not think this is an adverse arrangement but rather wish to point out that it can be a source of confusion for entrants who operate in multiple jurisdictions and pay fees and levies for similar regulatory functions (in other jurisdictions) but with different calculations. However, there is ample information available about the purpose and calculation of the fee to allow suppliers and distributors to understand what contributes to the EIL.

We considered the options presented in the paper and identified the following pros and cons for each:

	Pros	Cons
<b>1 Fixed Methodology</b>	<ul style="list-style-type: none"> <li>• Easy to calculate</li> <li>• Easy to predict</li> </ul>	<ul style="list-style-type: none"> <li>• Not equitable</li> </ul>
<b>2 Variable Methodology</b>	<ul style="list-style-type: none"> <li>• Easy to calculate</li> </ul>	<ul style="list-style-type: none"> <li>• Predictability of levy difficult for new/exiting entrants</li> </ul>
<b>3 Variable Methodology with Minimum Fee</b>	<ul style="list-style-type: none"> <li>• Provides a basis for levy payers to contribute to the cost of shared services</li> </ul>	<ul style="list-style-type: none"> <li>• Predictability of levy difficult for new/exiting entrants</li> </ul>
<b>4 Current Methodology with defined fixed fee</b>	<ul style="list-style-type: none"> <li>• Provides a basis for levy payers to contribute to the cost of shared services</li> </ul>	<ul style="list-style-type: none"> <li>• Predictability of levy difficult for new/exiting entrants</li> </ul>

There is no perfect model given the dynamic nature of the energy industry and support services needed to operate an effective, fair and competitive market. However, in weighing up the pros and cons our preferred option is 4- “*Current Methodology with defined fixed fee*”, with the condition that the defined fixed fee continues to reflect the administrative costs of the local regulatory functions that would be used by all the parties paying the Energy Industry Levy. Given that the fixed component pays for services that establish a sound and safe energy framework for ACT customers, we believe this is a fair cost to be fixed and shared equally amongst participants in the ACT energy market.

In examining how the EIL is calculated, one significant deviation from other jurisdictions is how the fees associated with arbiter services (The ACT Civil and Administrative Tribunal, ACAT) are calculated and distributed. Broadly, the fees for this service in other jurisdictions’ ombudsman schemes are based on a participant scheme fee (a largely fixed component, generally based on customer numbers) and a variable component based on the number of complaints referred to and handed by the ombudsman<sup>1</sup>. The merit of considering a variable fee for arbiter services (Complaint/Ombudsman costs) provides an incentive for ACT energy participants to improve customer experience and to reduce complaints. However, this would add further complexity to the calculation of the levy and reduce predictability of the levy amount. Given the number of complaints handled by ACAT are quite small<sup>2</sup>, such a substantive change to the calculation would not realise enough benefits to the ACT market to warrant this change.

<sup>1</sup> EWOQ: Participant Fee is based on type and a review is performed biannually to account for number of complaints handled [http://www.ewoq.com.au/Portals/0/PDFs/EWOQ%20Scheme%20Participant%20Manual%20January%202016\\_V1.pdf](http://www.ewoq.com.au/Portals/0/PDFs/EWOQ%20Scheme%20Participant%20Manual%20January%202016_V1.pdf)

EWOV: Participant Fee based on customer numbers and participant charges for complaints referred to Ombudsman [https://www.ewov.com.au/\\_data/assets/pdf\\_file/0016/4516/EWOV-Constitution\\_17May2010.pdf](https://www.ewov.com.au/_data/assets/pdf_file/0016/4516/EWOV-Constitution_17May2010.pdf)

<sup>2</sup> ACAT Annual Review 2014-2015: [http://cdn.justice.act.gov.au/resources/uploads/ACAT/ACAT\\_Annual\\_Review\\_2014-15.pdf](http://cdn.justice.act.gov.au/resources/uploads/ACAT/ACAT_Annual_Review_2014-15.pdf)

We therefore support an EIL that is calculated based the current methodology with a defined fixed fee.

If you have any questions regarding submission, please contact Karly Train on [redacted].

Regards

A handwritten signature in black ink, appearing to read 'Karly Train', enclosed in a rectangular box.

Karly Train  
Industry Regulations Analyst