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23 February 2007

Dear Sir

Response by United Energy Distribution and Multinet Gas to Retail Policy Working Group Working Paper 3

United Energy Distribution Pty Limited and Multinet Gas Pty Limited (UED/Multinet) welcomes the opportunity to provide comments on the Retail Policy Working Group Working Paper 3 (the Paper).

Business Authorisation

UED/Multinet strongly supports the need for a business authorisation or licensing regime for retailer and distributors of gas and electricity that identifies the entities who have rights and obligations under the Law and Rules. UED/Multinet believes this is a fundamental requirement. Without a licensing process:

- Parties cannot be certain that they are entering into agreements, such as use of system agreements and haulage contracts, with the correct entities;
- It will be unclear to whom rights and obligations apply;
- When retailers or distributors engage contractors to carry out various activities, it will be unclear whether the obligations around that activity in the Laws and Rules apply to the contractor or the distributor;

However, whilst a licensing framework is necessary, it is equally important that there not be duplicate licensing processes. In the case of electricity and gas distributors, if the jurisdictions maintain the scope to authorise distributors to operate a distribution network in their jurisdiction, this should replace the national licensing framework. If this is the case, then a distributor licensed as an operator in a jurisdiction should be considered as licensed under the national framework. Additionally, under this scenario, it is unclear what function the NEMMCO registration of electricity distributors plays. This should be considered for removal.

UED/Multinet also supports the Paper's view that the licences should not contain substantive obligations but, rather, these obligations should be contained in the Law and Rules and the entity should be required to comply with these obligations as a licence holder.

This concept should also extend to rights and obligations imposed due to jurisdictional requirements. These rights and obligations should be contained in jurisdictional legislation, and utilise the national licensing framework to identify the parties to whom these rights and obligations apply.

Ring-fencing

It needs to be recognised that in electricity, the market has, in all but a few cases, largely resolved issues of ring-fencing. Except for NSW and Tasmania, there are no electricity distributors with associated retailer to which ring-fencing issues can arise. Further, in dealings between non-related distributors and retailers, the Trade Practices Act should be relied upon to ensure that all parties act appropriately.

Retailer failure arrangements

UED/Multinet agrees with the Paper's findings of inconsistency and uncertainty regarding the various jurisdictional arrangements for retailer failure for both gas and electricity, and that there is no clear workable approach that could be applied nationally at this point in time. A significant amount of work will be required to develop a national approach to this matter and it is appropriate to direct the AEMC to develop a national approach, with the current jurisdictional approaches to continue in the interim.

Yours sincerely

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