



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

25 June 2019

Mr Peter Adams
General Manager, Market Performance
Australian Energy Regulator
GPO Box 520
Melbourne Vic 3001

via email: RRO@aer.gov.au

Dear Mr Adams

Draft Interim Forecasting Best Practice Guidelines Retailer Reliability Obligation

We welcome the development of the draft interim guidelines for the Retailer Reliability Obligation (RRO) aimed at increasing competition through enhanced market liquidity and pricing transparency in the retail and wholesale electricity markets. However, we set out below a number of changes that we believe should be made to the guidelines. The changes are based on the following principles:

1. Forecasts need to focus on reliability and pricing for small business.
2. It should be easy for small business to predict and understand electricity usage.
3. Retailers' forecasting needs to be clear, transparent, and reliable.

Small business needs should be addressed when finalising the guidelines as follows:

- Items 3.1 & 3.2 – the information and data required for forecasting should include small business information in order to appropriately forecast supply to small businesses. Small businesses should not be burdened with additional administrative processes in order for retailers to receive this information.
- Item 3.4 – when updating reliability forecasts, particularly when a four year period is proposed, small businesses should not be fixed to usage and charge rates. Small businesses continue to adapt to more energy efficient supply mix/options and a four year fixed period would disincentivise this adaptation process. Guidelines should require a clear definition of material change to allow for small business alterations in forecasting usage.
- Appendix B – it is critical that the methodology is understood by small business when considering reliability forecasts and involving small business stakeholders in this process. This needs to be presented in a way that is clear and understandable to small business.
- Appendix C – it should be provided that all updates to the guidelines should be appropriately communicated to stakeholders including small business operators, and have reasonable implementation time frames. Publication changes should not only be provided on websites but also communicated in writing to small business operators.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact Alexandra Hordern on 02 6121 5404 or at alexandra.hordern@asbfeo.gov.au.

Yours sincerely

Kate Carnell AO
Australian Small Business and Family Enterprise Ombudsman