

RESTRICTION OF PUBLICATION CLAIMED

2 March 2016

Ms Lyn Camilleri
Director - Adjudication
Australian Competition & Consumer Commission
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Copy to: Mr Michael Drake

Dear Ms Camilleri and Mr Drake

United Energy third line forcing notification

We refer to our telephone call on 23 February 2016 regarding the third line forcing notification lodged by United Energy (“UE”) on 22 February 2016.

During our call, you referred to a previous third line forcing notification lodged by Jasmin Solar which you were concerned may involve potentially similar conduct to the proposed conduct notified by UE.

Jasmin Solar notifications

Jasmin Solar notified the Commission that it intended to offer customers the opportunity to acquire solar panels at a low upfront cost (either \$1 or \$999) on condition that they also acquire their electricity from a third party energy retailer, Diamond Energy (“**Jasmin Solar Offer**”). We understand that the ACCC’s concerns were that:

- the Jasmin Solar Offer was targeted at ‘vulnerable consumers’ (seniors and low income households);
- customers would be ‘locked in’ to contracts for a long term (the contracts for the Jasmin Solar Offer were for 16 years); and
- customers were required to acquire their ‘traditional’ electricity supply from Diamond for this 16 year term and may be disadvantaged during that time as they could pay more for their energy and would not be able to take advantage of changes to electricity prices.

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UE offer

As you will see, the conditions of the UE offer are substantially different to the Jasmin Solar Offer, and do not give rise to the same concerns identified by the ACCC. In contrast to the Jasmin Solar Offer:

- UE is intending to provide this offer to less than 100 customers in the next 12 months. The offer will not be targeted at 'vulnerable consumers', rather UE intends to target the offer at 'early adopter' customers looking to utilise renewable energy sources;
- customers will be able to use the Solar Energy for their ordinary domestic purposes at all times (day and night) except on days where the ambient air temperature in any part of the UE network is forecast to reach or exceed, or reaches, 35°C in which case UE has the right to use the energy from the solar panels and energy stored in the batteries on those days; and
- customers will be required to pay an amount upfront which will be determined by reference to the number of solar panels they acquire (and therefore determined by their available roof space). [REDACTED] Customers are able to use the energy generated by the solar panels and stored in the battery ("**Solar Energy**") for their ordinary domestic purposes for the remainder of the 10 year term at no additional cost. [REDACTED]

UE has taken the view that the current regulatory requirements in Victoria require a retailer to be involved in the supply of the Solar Energy to the customer. Accordingly, UE will require customers who take up its offer to enter into a contract with a retailer to supply them with the Solar Energy. To facilitate this, UE is finalising arrangements with Powershop Australia Pty Ltd ("**Powershop**"), which has agreed to be involved, as a licensed retailer, in the supply of the Solar Energy to customers who take up UE's offer. Powershop will not charge customers for these services.

Importantly, the UE offer does not affect the customer's traditional electricity supply. That is, although the customer may sign a contract with Powershop to supply them with the Solar Energy, the customer will still require a contract with an electricity retailer to provide them with a 'traditional supply' of electricity from the distribution network. The UE offer does not affect these arrangements, accordingly the customer is free to choose the retailer who provides this service at any time during the term of the UE offer.

Please do not hesitate to contact me on the details below if you have any further questions or would like any further information.

Yours sincerely



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