

23 March 2016

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

Dear Ms Camilleri

United Energy third line forcing notification

We refer to our telephone call on 4 March 2016 and your request for further information regarding the United Energy ("UE") third line forcing notification (ACCC reference number N98928).

The notified conduct is essentially an offer by UE to supply Solar Energy Equipment. The third line forcing aspect of this offer (that is, the requirement that the customer also enter into a contract with Powershop as a condition of accepting UE's offer) is to satisfy an administrative function. As previously explained to the Commission, in UE's view this is required from a regulatory perspective. This is not a situation where customers must take on additional obligations or liabilities as a result of signing up to a contract with a third party.

Accordingly, customers can assess the merits of UE's proposed offer and decide if they want to participate. Given the nature of Powershop's involvement, the requirement to sign up to a contract with Powershop should have little to no bearing on a customer's decision of whether to take up UE's offer.

Further, as set out in the notification, UE's proposed offer has a number of public benefits:

- immediate and ongoing benefits to customers who take up the offer in being able to utilise the solar energy instead of using electricity from the grid (including the ability to utilise any energy stored in the batteries at times when the solar panels are not creating energy, for example at night);
- short term and long term benefits to UE's customer base as a result of UE being able to further explore the viability of alternatives to costly capital works to upgrading existing infrastructure; and
- broader public benefits of encouraging the use of renewable energy sources.

In UE's view, the third line forcing conduct – that is, Powershop's role in supplying electricity to customers from the Solar Energy Equipment - has no associated public detriments. The arrangements with Powershop are administrative in nature and involve no direct or indirect costs to the customer. Importantly, it has no

effect on the customer's choice of electricity retailer for electricity they acquire from the grid. The customer is able to choose which retailer to use for their traditional electricity supply.

Accordingly, UE considers that the likely public benefits from the notified conduct will outweigh any public detriments.

We have also provided some further information in response to your specific additional queries below.

(1) When will UE utilise the batteries to support the network?

UE will only control battery flows to support the network when network load is forecast to exceed maximum rating which is when the ambient air temperature in any part of the UE network is forecast to reach or exceed, 35°.

At all other times, the customer may fully utilise the benefits of the system.

(2) A breakdown of the costs UE is intending to charge customers

The customer contribution paid by a customer to UE is a portion of the equipment and installation costs only.

Powershop will not charge customers or UE in exchange for their participation in the project. Powershop's involvement in the project is very minimal and they are not playing an active role during the term of the project. Their involvement in the project is limited to some administrative tasks.

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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