

27 November 2019

Meghan Bibby
Australian Energy Market Operator
20 Bond Street
Sydney NSW 2000



Dear Ms Bibby,

Submission to draft rule determination on reducing customers' switching times.

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to respond to the Australian Energy Market Operator's (AEMO) consultation on Reducing Customers' Switching Times Issues Paper.

PIAC broadly supports AEMO's proposed procedure changes and considers they will contribute to better consumer outcomes by reducing switching times for customers wishing to change electricity retailers.

We welcome reporting requirements to reflect compliance with the new switching process and the AEMC's intent to monitor the outcomes of the framework.

We highlight that the increased use of bill estimates likely under the new procedures may result in customers being overcharged more often and, with retrospective switches, losing retailers needing to reimburse prepayments.

In light of this and given the potentially large customer benefits from quicker switching times, PIAC supports the proposed provisions for overcharging and undercharging and retrospective switching, but stresses the AER and AEMO should monitor undercharging and overcharging, the accuracy of estimated reads, and how losing retailers are handling switching customers' existing bill debt and prepayments. Retailers should be required to report to the AER the numbers of under and overestimates, whether true-ups are being delivered and whether they are within the required timeframe.

We note that some organisations have suggested allowing switches to take place during the cooling-off period, with the ability to transfer back to the losing retailer within that period. While this proposal warrants further consideration, we highlight that if the number of reverse switches is material it may result in an administrative burden for retailers which could be passed onto consumers.

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We respond to AEMO's consultation questions below.

Question No.	Question	Participant Comments
1	Does the proposed change, to limit 1000 series CRs to a change of FRMP only, unreasonably restrict a retailer or other party from performing an action as required by the NER? Are there any additional considerations that AEMO has not presented?	We do not consider it does.
2	Are the issues raised by AEMO regarding restrictions being placed on an MCs ability to object to an appointment reasonable?	We agree erroneous appointments of MCs shouldn't impact the switching process and consider, given the small proportion of MC changes proposed, and if there is opportunity to object on reasonable grounds post-switch, negative impacts on MCs will be small.
3	Does the removal of the notification of a pending customer switch unreasonably restrict retailers from being able to comply with the NER or NERR?	Broadly, we consider it does not but we recommend considering how the lack of notification impacts losing retailers' treatment of lost customers' debts.
4	Are there any alternative design options that AEMO should consider facilitating prevention of a customer switch by a retailer based on a certified debt, which are consistent with the ACCC REPI recommendations for the removal of the notification of a pending customer switch and do not unreasonably delay customer switches in Victoria?	-
5	Does the one business day timeframe proposed to enable the raising of the new Victorian certified debt objection CRC reasonably enable retailers to exercise the ability to prevent the customer switch?	-
6	Should AEMO seek to replace rather than redesign the current CRC with two new prospective CRs? If so, how might transactions 'in-flight' be treated upon implementation of the procedure changes and associated system changes?	No, both options provide for a faster transfer while maintaining the opportunity for special reads to be taken. We prefer the redesign as it doesn't require re-raising of 'in flight' CRC 1000 customer switched and allows the retention of existing processes.
7	Is there a compelling reason to retain the use of the NSRD in the customer switching process? If so, what are these reasons; and what controls might reasonably be introduced such that its use no longer	While not clearly compelling, retaining the NSRD would be valuable for a customer with a manually read meter that wants an

	becomes commonplace and that customers benefit from the ability to access next-day switching?	actual read but isn't willing or able to receive a special read. Instances of this situation occurring would likely be low.
8	Is there value in retaining an ability for a prospective change of FRMP role to occur based on a special reading?	Yes, providing procedures limit the potential for these to become commonplace/the default and retaining the ability does not have a large administrative cost that will be passed onto consumers.
9	With the NSRD no longer able to be used to facilitate prospective customer switches, is there value in maintaining access to the NSRD in NMI Discovery?	-
10	How critical is the Read Quality information to the potential use of the Last Read Date for retrospective customer switching?	We consider this is important and should be retained.
11	Are there other matters that AEMO should consider regarding the three options presented, or any alternative options that AEMO might consider?	-
12	Has AEMO reasonably presented the relevant considerations in relation to using recent readings to support customer switching? Are there any additional considerations that AEMO has not presented?	Yes, and we suggest no additional considerations.
13	Is the proposed 15 business day 'window' in which a recently-obtained metering reading could be used to support a retrospective in-situ customer switch reasonable? Are there additional matters that AEMO might consider in support of a lengthening or shortening of this 'window'?	We support a 15 business day 'window', however, any lengthening or shortening of this window should consider the administrative burden on losing retailers, including from the need for pre-payments to be reimbursed to switching customers, costs of which would be passed through to consumers.
14	Is the proposed inclusion of a retrospective customer switch in the CRC 1000 a preferable outcome to the creation of a new specific CRC for this purpose (liked to questions in section 3.1.2)?	-
15	Is the proposed extension of five business days (from 10 to 15 business days) to the retrospective period within which a CR 1040 may be raised reasonable? Are there additional matters that AEMO might consider in support of maintaining the current 'window', or the lengthening or shortening of this 'window'?	We are not concerned about the lengthening of the period. However, we note any lengthening or shortening of this window should consider the administrative burden on losing retailers that would be passed through to consumers, including from the need for pre-payments to be reimbursed to switching customers.

16	Should the use of a recent reading be limited to customers who have manually read metering installations? Smart metering systems should be able to provide readings for a specified date within the last 15 business days (e.g. if a customer with a smart meter can confirm the date of their recent bill is within the last 15 business days, why should the prospective retailer be restricted from retrospectively switching the customer on that date, so that the customer and participants can access the benefits of a retrospective customer switch as described in this section?	No, smart metering systems should also have access to recent reads.
17	Has AEMO overlooked any requirement or reasonable justification for the retention of the five embedded network-specific CRs?	-
18	Do the changes adequately provide for retailers to comply with the cooling-off provisions and customers' exercising their right to cool-off?	Yes
19	Is the redesign of an existing cooled-off error correction CR preferable to the creation of a new error correction CR for the purpose stated above?	-
20	What problems, if any, might be caused by the removal of the error correction CRCs 1022, 1027 and 1028?	-
21	Should changes be considered to error correction CRCs 1020, 1021, 1023 and 1029 to better facilitate resolution of issues and errors for customer switching?	-
22	Are the changes proposed to the objection codes available to MCs regarding MC role appointment reasonable?	-
23	Are there other unreasonable restrictions placed on appointing parties by the MSATS procedures that limit or prevent MSATS role appointment to align with the NER requirements at a connection point that AEMO might consider?	-
24	Are there issues affecting the installation of metering that could reasonably be resolved by reducing the nominated MC's objection timeframe to zero days in MSATS?	-
25	Would MCs reasonably be capable of determining whether to object to transfers if the objection period for MC nomination was reduced to zero days?	We consider MCs might need more time to make an informed decision.
26	Are there further suggestions on changes to structure to improve the clarity and	-

	accessibility of sections 1 to 6 of the MSATS CATS procedures?	
27	Do MSATS Participants believe that the proposed changes materially alter the obligations placed on them within the MSATS procedures?	-
28	Is the change to the reason code in the MDFF necessary?	-
29	Should other changes be considered to the MDFF to accommodate the changes proposed in this Issues Paper?	-
30	Is the rationale described in this Issues Paper regarding the proposed timing for implementation reasonable?	Yes
31	Are there other considerations or proposals that AEMO might consider regarding the timing for implementation of the proposed changes?	-

PIAC would welcome the opportunity to meet with the AEMO and other stakeholders to discuss these issues in more depth.

Yours sincerely,

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