

CUSTOMER SWITCHING IN THE NEM

FIRST STAGE CONSULTATION

PARTICIPANT RESPONSE TEMPLATE

Participant: Australian Energy Council

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1. Context

This template is to assist stakeholders in giving feedback to the questions raised in the issues paper about the proposed changes to the customer switching process design in the NEM.

2. Questions raised in the NEM Customer Switching Issues Paper

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?	The AEC consider that limiting 1000 series CRs to FRMP transfers (as proposed in option 1) would be costly to retailers for no apparent benefit. We understand the only party practically able to object to a transfer are MC's, and currently the number of objections are inconsequential to the effective operation of the market. In discussions with our members, the AEC expects that the objective of next day transfers would be enabled utilising option 2, allowing retrospective MC changes to amend any errors, without requiring retailers to implement an additional step in their transfer systems for the very few current examples this rule causes transfer delays. If option 1 remains preferred, the AEC expects the AEMO will undertake a comprehensive cost benefit analysis to ensure the final procedures best achieves the NEO.
2	Are the issues raised by AEMO regarding restrictions being placed on an MCs ability to object to an appointment	The AEC agrees that MC objections should not delay transfers, and considers that option 2 will

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	reasonable?	achieve that outcome.
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?	No position.
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?	No position.
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?	<p>The AEC agrees with the AEMO that option 3 best achieves the outcomes sought, and places any costs to implement on retailers wishing to exercise their rights to objection in Victoria. That being said, we consider there may be impacts to customer experience that should be better understood prior to the finalisation of the new procedures.</p> <p>The proposal to complete the transfer, and then to enable it to be reversed without notification to the customer is likely to result in customer confusion, particularly in instances where the winning retailer complies with its obligations in rule 58 of the NERR electronically.</p>
6	Should AEMO seek to replace rather than redesign the current	The AEC considers redesigning the existing CR's

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	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?	does not deliver benefits to customers, over and above their obvious costs. Retaining the CRC 1000 can deliver the same customer outcome.
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 becomes commonplace and that customers benefit from the ability to access next-day switching?	<p>The AEC considers that there is no negative customer outcome to retaining the ability for a transfer to occur on the NSRD. We note AEMO's view that this read type is currently delaying the transfer process, but consider that with effective controls, and more importantly, incentives for retailers to transfer the customer as quickly as possible, these concerns can be mitigated.</p> <p>In the approach preferred by AEMO, retailers will be able to propose a CR date 65 days in to the future. Effectively, this allows a retailer to await the availability of the NSRD, and subsequently retrospectively transfer the NMI once the read is obtained. There does not seem a compelling reason as to why in this instance a retailer would not be able to merely propose the NSRD as a future change date.</p> <p>AEMO has also raised concerns that retailers in the current framework may be incentivised to delay lodging the transfer until close to the NSRD, impacting the accuracy of switching statistics. The</p>

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		<p>AEC accepts this view, but consider that the change to the procedures to remove the pending transfer notification will remove this perceived incentive.</p> <p>Practically under the new procedures, the AEC expects retailers will utilise the options available to transfer the customer as soon as possible, provided the level of read accuracy (or more likely, potential inaccuracy) does not increase complaint costs after transfer. In the scenario that the retailer sees a scheduled read is due to take place in the coming days, it is likely retailers will determine that the benefits of the accuracy of this read, outweighs the costs of the slight delay in transferring the customer. The AEC does not see any concern with this approach, and considers that retaining NSRD to be used appropriately (as retailers will be incentivised to do) minimises the handling costs of having to await the read to be completed, and then retrospectively raising a CR.</p>
8	Is there value in retaining an ability for a prospective change of FRMP role to occur based on a special reading?	No position.
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?	Yes. As noted above, retailers will be required to agree with a customer on the most appropriate read to transfer the site, taking into consideration both accuracy and speed. Maintaining access to the

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		NSRD is not inconsistent with the objective of next day transfers, yet enables retailers and customers to agree on a low cost, accurate transfer when timing allows.
10	How critical is the Read Quality information to the potential use of the Last Read Date for retrospective customer switching?	The AEC considers that read quality is critical when discussing the last read date. As noted above, the option used to transfer the site will require retailers to undertake an assessment of the costs and benefits of each approach. A significant period of estimates prior to transfer on another estimate only increases the risk of inaccuracy, and ultimately a poor customer experience. As noted in Q9, additional information will not delay transfers, but may enable better customer outcomes.
11	Are there other matters that AEMO should consider regarding the three options presented, or any alternative options that AEMO might consider?	No position.
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?	The AEC supports the position that retrospective transfers should only apply to manually read meters. For remotely read meters, the objective of next day transfers can be met without the risks caused by retrospective transfers.
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	We are comfortable with 15 days, provided it is only an option available to retailers. The AEC has been advised that in some circumstances, such as where

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	additional matters that AEMO might consider in support of a lengthening or shortening of this 'window'?	the available read is from a date prior to a price change occurring, retrospective transfers may not deliver a positive customer experience. In circumstances such as these, we expect retailers will be able to opt to utilise an alternative read type, despite the presence of an available read.
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 (linked to questions in section 3.1.2)?	No position.
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'?	No position.
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?	<p>The AEC supports competitive retail markets that enable customers to obtain the benefits of engagement as quickly as possible.</p> <p>That being said, we do not support transfers occurring prior to explicit informed consent being obtained, unless it is beneficial to all parties. For manually read meters, this benefit includes the ability of the losing retailer to bill on actual data, and avoids costs incurred from inaccurate estimates.</p> <p>For remote meters, where the practical benefits do not exist as the read is always available, Retailers</p>

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		should be able to win the site as soon as they wish, but not prior to obtaining EIC.
17	Has AEMO overlooked any requirement or reasonable justification for the retention of the five embedded network-specific CRs?	No position.
18	Do the changes adequately provide for retailers to comply with the cooling-off provisions and customers' exercising their right to cool-off?	No position.
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?	The AEC supports the proposed approach to redesign the existing error correction CR. We consider that requiring the winning retailer to action the error correction better reflects the principle that the party that caused the issue should rectify it.
20	What problems, if any, might be caused by the removal of the error correction CRCs 1022, 1027 and 1028?	No position.
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?	No position.
22	Are the changes proposed to the objection codes available to MCs regarding MC role appointment reasonable?	No position.
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?	No position.

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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?	No position.
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?	No position.
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?	No position.
27	Do MSATS Participants believe that the proposed changes materially alter the obligations placed on them within the MSATS procedures?	No position.
28	Is the change to the reason code in the MDFF necessary?	No position.
29	Should other changes be considered to the MDFF to accommodate the changes proposed in this Issues Paper?	No position.
30	Is the rationale described in this Issues Paper regarding the proposed timing for implementation reasonable?	<p>The AEC does not consider that implementation in May is practical for retailers, nor would the benefits of early implementation outweigh the costs.</p> <p>The AEC has consistently argued for regulators and other rule makers to only undertake 'urgent' changes where there is a critical need to avoid customer harm. Urgent changes significantly increase costs, requiring retailers to divert resources from more other projects to meet a regulatory need. We do not consider these procedure changes meet the</p>

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		<p>definition of urgent, and as such, should be implemented in a manner that mitigates costs to the extent possible.</p> <p>The AEC considers implementing these changes in the November schema release would allow retailers more time to develop processes and procedures to deliver the objective of next day transfers, whilst retaining positive customer experiences.</p> <p>We do not agree with views of AEMO staff that these changes will be optional for retailers, with only those who choose to utilise the new procedures to facilitate faster transfers required to implement the changes.</p> <p>The AEC expects that all retailers, irrespective of their intentions, will need to implement the changes on the change date. This need is highlighted by the changes to CR 1040, where the losing retailer will have no control over the process in which a NMI is lost, and subsequently returned. Failing to implement all changes on the change date may result in these error corrections not being actioned, impacting in poor customer outcomes.</p>
31	Are there other considerations or proposals that AEMO might consider regarding the timing for implementation of the proposed changes?	No position.

3. Other Issues Related to Consultation Subject Matter

Heading	Participant Comments