

# CUSTOMER SWITCHING IN THE NEM

## FIRST STAGE CONSULTATION

## PARTICIPANT RESPONSE TEMPLATE

***Participant: EnergyAustralia***

***Submission Date: 22 November 2019***

# Table of Contents

- 1. Context ..... 3
- 2. Questions raised in the NEM Customer Switching Issues Paper..... 3
- 3. Other Issues Related to Consultation Subject Matter..... 14

## 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?	<p>EnergyAustralia does not support the adoption of Option 1 and prefers Option 2 instead, under the heading “Nomination of multiple roles alongside a change of retailer”.</p> <p>While nominations of MCs and possible objections by them can be valid (e.g. where the MC does not have a contract with the retailer), by AEMO’s own record, the number of nominations of an MC in the Change Request (CR) 1000 series is low (less than 0.1%) and the number of objections would be lower. Therefore, changing the CR 1000 series to remove nominations of metering roles including MCs (and possible objections), to resolve what is a limited issue is likely to involve costs that outweigh the benefits. Should AEMO consider continuing with this option, we ask that it perform a cost-benefit analysis.</p> <p>Further, removal of MC nominations from the CR1000 would also create inefficiencies in market transactions, where the winning retailer would have to submit a request for change of FRMP and a separate request for change of MC. Although individually this would have a small effect, over time this would raise operational costs.</p>

Question No.	Question	Participant Comments
2	Are the issues raised by AEMO regarding restrictions being placed on an MCs ability to object to an appointment reasonable?	<p>While MC objection is commercially valid in some instances, on balance, we agree that MC objections should not delay transfers.</p> <p>We support Option 2 that removes MC objections from the CR (for change of FRMP), provided that MCs can still object under the procedures using another CR.</p>
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?	<p>While EnergyAustralia has not identified any compliance issues, we do note that there might be impacts to inflight service orders depending on each retailer's practices.</p> <p>For instance, a retailer may raise a disconnection service order when informed of a pending customer transfer and choose to cancel the order during its disconnection process. In the absence of CR1000 notification of a customer transfer, the losing retailer would not be able to cancel the disconnection. While we don't see this as creating a compliance issue per se, it may create poor customer experience, and confusion as to who the customer considers responsible for a disconnection and which retailer they should contact to re-energise. In the customer's view, their retailer is the winning retailer even though the transfer may not have occurred yet.</p>
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?	<p>None. We agree with AEMO's preferred Option under heading "Objection to customer switches in Victoria on the basis of a certified debt".</p>

Question No.	Question	Participant Comments
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?	No. EnergyAustralia considers the one business day timeframe to object for certified debt is not adequate for affected retailers.
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?	EnergyAustralia disagrees with this option. In line with AEMO's preference, we prefer Option 2 (Retain the CRC 1000) as it would involve less system upgrade cost to AEMO and retailers, and can deliver the same 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>We do not support removing the NSRD from the customer switching process.</p> <p>We believe that the NSRD should be retained to support customer transfers within a reasonably short time period in the near future e.g. 12 days (10 business day cooling off period + 2 business days) or less (an "adjusted NSRD"). The exact timeframe should be the subject of more consultation. If this period is short enough then it can fully address the delay issues related to NSRDs that are the primary concern for AEMO.</p> <p>This "adjusted NSRD" is a cost-effective way to address concerns about delays, because it will use retailer's existing systems and processes that already support the use of the NSRD. This will in turn reduce any pass through of additional system cost to customers.</p> <p>We expect AEMO will accept the "adjusted NSRD" as it is essentially the</p>

Question No.	Question	Participant Comments
		<p>same as a special read (which also requires completion of a read in the future and which may also not happen).</p> <p>NSRDs are also the more attractive option compared to special reads and estimated reads:</p> <ul style="list-style-type: none"> <li>• on a per read level, the costs of NSRDs are cheaper and they can deliver the same actual read</li> <li>• actual reads from an NSRD are more accurate than estimated reads.</li> </ul> <p>The “adjusted NSRD” for switching purposes could be assessed moving forward, in the same way that AEMO are proposing to review how retailers complete transfers under the proposed changes.</p> <p>Lastly, AEMO has indicated that:</p> <ul style="list-style-type: none"> <li>(i) retailers will be able to select a proposed date for their transfer CR - up to 65 days in the future – which could align with a date after the NSRD has occurred, and then retrospectively transfer once the read is obtained.</li> <li>(ii) Equally we understand that retailers can wait until the next scheduled read has been performed and then submit a transfer CR at that time.</li> </ul> <p>Both these options would require system changes for some retailers, and for all retailers there would be process changes and training to operational teams.</p> <p>While EnergyAustralia welcomes this flexibility in a framework where</p>

Question No.	Question	Participant Comments
		<p>NSRDs cannot be used at all, this seems to allow a retailer to defer a transfer to the NSRD via the retrospective transfer. This appears to negate the effect of removing the NSRD from the switching process in the first place. Nonetheless, a retailer may do this to benefit the customer by opting for an actual read in the future rather than an estimated read.</p> <p>We also consider the same effect of using the retrospective transfers for a future date under (i) and (ii) could be effectively achieved by adopting the “adjusted NSRD” without the need for retailers to change existing processes/training. Further, as noted above, the “adjusted NSRD” allows AEMO to address the delay issue by imposing a timeframe for its use, while the use of the retrospective read in (i) and (ii) does not.</p> <p>We strongly encourage AEMO to meaningfully consider the “adjusted NSRD”.</p> <p>If AEMO does not wish to consider the “adjusted NSRD” as a permanent solution, we suggest that it can be combined with existing special reads in the interim until a schema change can be made (if required for other changes).</p>
8	Is there value in retaining an ability for a prospective change of FRMP role to occur based on a special reading?	Yes. The special read is the best option for customers and retailers (outside of the NSRD being used appropriately). It provides the assurance of an actual read, and it can occur on a day agreed to by the customer. Special reads are also widely used by industry in the customer transfer process today and will involve less change to implement.
9	With the NSRD no longer able to be used to facilitate prospective customer switches, is there value in maintaining	We understand from meeting with AEMO representatives on 21 November that the NSRD will remain in MSATS standing data and in NMI discovery type 2.

Question No.	Question	Participant Comments
	access to the NSRD in NMI Discovery?	We agree with this and emphasise that some retailers may rely on the NSRD in NMI discovery for billing cycle purposes.
10	How critical is the Read Quality information to the potential use of the Last Read Date for retrospective customer switching?	<p>EnergyAustralia considers Read Quality to be critical in the context of considering whether to use it to support a transfer. Retailers need to know if the previous read was actual or an estimate so they can exercise a fully informed choice whether to use the previous read. As AEMO is aware, there are risks around using an estimate, they can result in billing discrepancies and a poor customer experience. If adding Read Quality will result in a schema change, we support this and suggest an interim solution can be adopted as per Question 7.</p> <p>Schema upgrades can require a retailer to make changes to multiple systems e.g. gateways, integration platforms, and billing systems. We expect that the schema changes for these customer switching changes would involve material costs. It would not be efficient to make these schema changes in isolation, as the benefits of delivering the changes a few months ahead of scheduled schema changes do not warrant the standalone cost. There are efficiencies at both the retailers' and AEMO's ends, in combining these changes with other initiatives that require schema changes (such as the NMI standing data review).</p>
11	Are there other matters that AEMO should consider regarding the three options presented, or any alternative options that AEMO might consider?	No comment.
12	Has AEMO reasonably presented the relevant considerations in relation to using recent readings to support	We agree with AEMO's discussion.



Question No.	Question	Participant Comments
	customer switching? Are there any additional considerations that AEMO has not presented?	
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'?	<p>EnergyAustralia supports the proposed option for a retrospective transfer based on a recently-obtained meter read. We note, however, that some retailers will need to make system and process changes to utilise this option and we ask that this be considered in AEMO's decisions around implementation timeframe.</p> <p>EnergyAustralia believes a 15-business day window to use the recently-obtained meter read is reasonable.</p>
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)?	Yes, this would appear to require the least change for AEMO and retailers.
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'?	See response to question 13.

Question No.	Question	Participant Comments
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>Yes, it should be limited to manually read meters, as smart meters can easily provide a final accurate reading.</p> <p>Further, retrospective transfers would require the winning retailer to bill the customer from the day after their last bill with their old retailer. This date might be before the customer signed up to the new retailer's plan and therefore might not be in line with customer expectations. This is a further reason to limit the application of retrospective transfers on recent meter reads to manually read meters.</p>
17	Has AEMO overlooked any requirement or reasonable justification for the retention of the five embedded network-specific CRs?	<p>We have not identified any unintended effects with not retaining the embedded network change requests and moving embedded network NMIs to the CR1000 series. The embedded network CRs and CR1000 basically reflect each other so there should be no issue.</p> <p>This change could also reduce confusion among market participants and result in children connection points being treated the same as other contestably metered market connection points. This would potentially align with the objective of the AEMC's recent final decision on updating regulatory frameworks for embedded networks (<a href="https://www.aemc.gov.au/market-reviews-advice/updating-regulatory-frameworks-embedded-networks">https://www.aemc.gov.au/market-reviews-advice/updating-regulatory-frameworks-embedded-networks</a>)</p> <p>However, while we see these changes as beneficial, we suggest the better</p>

Question No.	Question	Participant Comments
		approach would be to defer making these changes now and consider these changes as a package with the many other changes to MSATS that will need to occur to support the AEMC's final decision.
18	Do the changes adequately provide for retailers to comply with the cooling-off provisions and customers' exercising their right to cool-off?	Broadly, yes. The changes provide for the winning retailer to complete the cooling-off reversal. They will not be effective if the customer has requested the losing retailer to transfer back the site as per their "cooling off" with the new retailer. Retailers can work around this by training front of house staff to direct customers to the winning retailer.
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?	Yes.
20	What problems, if any, might be caused by the removal of the error correction CRCs 1022, 1027 and 1028?	No comment.
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?	Yes, changes should be made to streamline the process. The current process of error correction causes delays and dissatisfaction for customers.
22	Are the changes proposed to the objection codes available to MCs regarding MC role appointment reasonable?	EnergyAustralia agrees with the proposed changes. However, we request AEMO consider whether an MC should be able to object due to a previously raised notice of metering installation malfunction (MFIN). Currently there are numerous instances of transfers being delayed due to MFIN at the site, this appears to contradict the customer's desire and the intent of the Power of Choice reforms to promote the proactive roll-out of type 4 metering.

Question No.	Question	Participant Comments
		If a retailer wants to appoint an MC for a site that has an MFIN, this should be undertaken with the understanding that there is a metering issue that needs to be rectified and the emphasis to have this occur in a faster timeframe than the previous MC had agreed to.
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 comment.
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 comment.
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?	It would appear to place unreasonable constraint on the MCs, as the timeframe would require a significant increase in FTE to manage objections to that timeframe.
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 comment.
27	Do MSATS Participants believe that the proposed changes materially alter the	No comment.

Question No.	Question	Participant Comments
	obligations placed on them within the MSATS procedures?	
28	Is the change to the reason code in the MDFF necessary?	No comment.
29	Should other changes be considered to the MDFF to accommodate the changes proposed in this Issues Paper?	No comment.
30	Is the rationale described in this Issues Paper regarding the proposed timing for implementation reasonable?	<p>The proposed timeline for May 2020, or soon after, is inadequate and would present significant challenges for retailers, even without a schema change.</p> <p>If we assume AEMO were to finalise the changes by 21 February as per their published timeframe, that would leave 3 months for retailers to decide what options to use under the new framework for customer transfers and then implement those options. This would require undertaking option analysis, a detailed impact assessment on their billing systems, processes and people, and then implementing the required changes.</p> <p>The alternative timeframe of November 2020 has been mentioned at industry workshops. This would appear to be a more reasonable timeframe to work to.</p>
31	Are there other considerations or proposals that AEMO might consider regarding the timing for implementation of the proposed changes?	AEMO should consider reducing the scope of the changes. There are proposed changes that are not directly related to reducing customer switching timeframes e.g. embedded networks, that could be de-scoped from this set of changes.

### 3. Other Issues Related to Consultation Subject Matter

Heading	Participant Comments
<b>Expedite the smart meter rollout</b>	EnergyAustralia believes the issues that the rule change is directed at addressing will be redundant once basic meters are replaced with Type 4 metering. We therefore propose if a special read for a transfer does not occur, this should trigger retailers to arrange for a smart meter to be installed. This will gradually accelerate the roll out of type 4 meters and reduce customer transfer times and meter reading issues in the future.