

01 August 2019



Australian Energy Market Commission
Level 6, 201 Elizabeth Street
Sydney NSW 2000

By lodgement: ERC0276/RRC0031

Re: **CHAPTER 3 – 3.1 Proposed NER AMENDMENTS**

I refer to your consultation paper regarding an electricity rule change proposal for customer transfers in the National Electricity Market, (NEM) and provide thanks to the Australian Energy Market Commission (AEMC), for the opportunity to provide a submission.

1st Energy is a non-integrated, second-tier electricity retailer for residential and SME customers. Founded in April 2015, 1st Energy operates throughout the eastern states of Australia including New South Wales, Queensland, Tasmania and Victoria.

1st Energy is supportive of the Australian Competition and Consumer Commission (ACCC), Retail Electricity Pricing Enquiry, recommendation 8, that the Australian Energy Market Operator (AEMO) amends its rules and procedures so that losing retailers are only given a loss notification on the actual date of transfer of financial responsibility for the customer to the new retailer. As we understand, the necessary amendments are to the Market Settlement and Transfer Solution (MSAT) Procedures¹ and we encourage the AEMO to expedite the MSATS procedural change.

The AEMC have also chosen to address the ACCC's recommendation 9 to speed up the customer transfer process. Whilst we're supportive of initiatives to improve customer outcomes and promote competition 1st Energy's view is the proposed amendments add unnecessary complexity.

The proposed amendments to the National Energy Retail Rules, (NERR), to address overcharging and dispute resolution arrangements, are likely to result in a revenue loss for the losing retailer. Where the retailer is the financially responsible market participant, (FRMP), the utilisation of a customer self-read is an acceptable risk as there is an inherent capacity to reconcile the reads and rebill the customer for their usage. Where retailers are faced with unknown financial losses their risk exposure is increased and may result in potential losses being factored into pricing strategies.

Furthermore, we anticipate timing issues for the provision of the customer self-read; at what point does the customer provide the self-read and how is this information provided to all market participants and what validation checks are utilised? If the customer self-read fails validation checks this will delay the transfer process as the retailer seeks to remedy.

¹ Specifically, s. 3.5(g) of the MSATS Procedures—CATS Procedure Principles and Obligations provides that notifications of a requested (that is, AEMO validated) customer transfer are sent to all relevant participants. In turn, s. 7.9, known as the 'Change Request Status Notification Rules', specifies that the customer's existing and new retailer are notified of a 'requested' customer transfer (and other status changes).

In our view the transfers process can be speed up by promulgating the digital meter roll out, building upon established market processes and systems; digital meters are proven to give effect to a quicker and easier switch of retailers, and this would be an effective and simple solution.

In summary, 1st Energy is keen to see the ACCC's recommendation 8, (that the AEMO amends its rules and procedures so that losing retailers are only given a loss notification on the actual date of transfer of financial responsibility for the customer to the new retailer), advanced independently of the proposed amendments set out in this consultation paper to ensure the benefits are delivered to consumers as expeditiously as reasonably possible.

1st Energy thanks the AEMC for the opportunity to provide a submission. For any queries regarding this response, please contact Aneta Graham, Head of Regulatory and Compliance, aneta.graham@1stenergy.com.au 03 7001 3724.

Yours sincerely

A handwritten signature in black ink, consisting of a stylized 'A' followed by a long horizontal stroke.

Aneta Graham
Head of Regulatory and Compliance
1st Energy Pty Ltd