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Australian Energy Market Commission

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AGL Energy (AGL) welcomes the opportunity to provide feedback on the Australian Energy Market Commission's (AEMC's) draft determination into Reducing Customers' Switching Times (**project number ERC0276/RRC0031**).

AGL generally supports the preferred draft Rule made by the AEMC to reduce customer switching times. We acknowledge that speeding up transfer times is largely within the Australian Energy Market Operator's (AEMO's) control through procedure changes and note that AEMO has released an Issues Paper seeking feedback on how they can give effect to their High-Level Proposal (HLP). AGL will provide feedback on the issues raised by AEMO as part of the AEMO consultation process.

Application of assessment framework for AEMO Procedure changes

While we note that the AEMC is required to consider proposed rule changes through the lens of the National Electricity Objective (NEO), we are concerned that AEMO's assessment of the procedural changes are not subject to the same rigorous consideration and may lead to outcomes that may not necessarily be in the long-term interests of electricity consumers. We recommend that the AEMC work closely with AEMO to ensure that AEMO's assessment and making of these procedural changes is appropriate for the long-term interests of electricity consumers.

For example, in our submission to the AEMC's Consultation Paper on faster transfers¹, AGL recommended that transfers should occur on an actual meter read. For remote or manually read digital meters, transfers should occur on an actual read provided by the meter data provider for the nominated transfer date. For accumulation meters, a transfer should only occur on an actual read, including NSRD, Special Read or last actual read².

The AEMO Issues Paper states:

AEMO considers that the removal of the NSRD from the process is critical to enhancing customers' ability to access retail products and services. Feedback obtained in discussion with a number of retailers which have expressed a desire to retain the use of NSRDs indicates that, should the NSRD be retained as an option, it is unlikely that the more efficient transfer times would be adopted across the NEM and customers would not benefit from the proposed changes.

It is not clear how the AEMO makes an assessment that retention of NSRD is 'unlikely that the more efficient transfer times would be adopted'. If the NSRD date is scheduled to take place within the window of the 2 business days post the 10-day cooling off period, then the NSRD would be a far more efficient read compared to an estimate to enable the transfer.

¹ AEMC, Reducing customers' switching times, Consultation paper, 4 July 2019

² <https://www.aemc.gov.au/sites/default/files/2019-08/Rule%20Change%20Submission%20RRC0031%20-%20AGL%20-%2020190805.PDF>, see page 1



In this scenario the NSRD would avoid the impact to the customer of dealing with an estimated bill then a correcting bill, and the unnecessary additional costs imposed on the losing retailer associated with the true up required to adjust an estimated bill. Based on the AEMC's assessment framework to 'reduce regulatory and administrative burden', maintaining the NSRD would achieve a faster, more efficient and lower cost transfer process.

Metering Co-ordinator (MC) appointment

AGL does not support the AEMC draft determination to remove Clause 7.8.9(e)(1) from the National Electricity Rules (NER).

The AEMC notes the clause currently allows for MC objections that slow down or cancel customer transfers and this is inconsistent with AEMO's proposed HLP. AGL believes the objection of MC appointments through the CR1000 AEMO procedure was a temporary Power of Choice implementation issue and no longer impacts transfer speed. It is important in the framework of the Power of Choice, that the retailer's choice of MC is maintained.

There are a number of options available to retailers to deal with MC objections to avoid cancellation of the CR1000 and transfer process. For example, AGL, has introduced an automated process whereby we check on the current MC and if it is a MC we do not have a commercial arrangement with we nominate our preferred MC partner. Other options include retailers withdrawing and re-raising the CR1000 and nominating a new MC without cancelling or slowing down the transfer process. We note AEMO state in their Issues Paper, less than 0.1% of transfers include a change of MC and also outlines that MSATS Procedures enable retrospective correction of role changes³.

Based on AEMO's own statistics, then less than 0.1% of customer transfers would be impacted by an MC objection. Going forward, we believe the CR1000 MC nomination process is likely to have a higher rate of nomination usage as more and more digital meters are installed and therefore MCs listed on sites shift from distributor default nominations to commercially contracted MCs. Nomination of commercial MCs by retailers is a core measure in a competitive metering environment.

However, the removal of clause 7.8.9(e)(1) will result in significant changes to retailers' systems in the MC appointment process. It will also move from a one step process of transfer and MC appointment through the CR1000 MSATS procedures to a two-step process whereby CR1000 will be used for FRMP nomination and CR6300 required for MC appointments. Hence, the removal of the clause will lead to and require implementation costs to build new systems and processes as well as generate ongoing additional costs and labour by requiring a two-step FRMP and MC nomination process. Further, two step processes also potentially increase the risks for systems errors, which can lead to less than optimal customer outcomes.

Given that the current MSATS procedures provide scope and retailers have used this scope to deal with the limited MC objections without delaying the transfer process, the additional costs involved in having to build new systems and manage more labour intensive processes (a two stage process for FRMP and MC nomination), AGL recommends the AEMC keep clause 7.8.9(e)(1) in the NER.

³ https://www.aemo.com.au/-/media/Files/Stakeholder_Consultation/Consultations/NEM-Consultations/2019/NEM-Customer-Switching/AEMO-NEM-Customer-Switching-Issues-Paper.pdf, see page 9



AGL believes this is the most optimal outcome and best satisfies the NEO, NERO and AEMC's assessment framework by minimising administrative costs and processes as well as utilising existing MSATS procedures to meet the objective of AEMO HLP for faster transfers.

If you have any queries or would like to discuss our response further, please contact Con Hristodoulidis at CHristodoulidis@agl.com.au.

Yours sincerely,

(signed for electronic transmission)

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