



Improving the accuracy of customer transfers

Stakeholder submissions invited on draft rule determination

The Australian Energy Market Commission invites submissions on a draft rule that places obligations on retailers to resolve transfers without consent, including erroneous transfers. Submissions are due by 22 December 2016.

Background and summary

Electricity and gas customers will benefit under a draft rule to improve the process for addressing transfers that occurred without consent. The Commission has made a more preferable draft rule under the National Energy Retail Law in response to a rule change request from the Council of Australian Governments (COAG) Energy Council. The rule change request was based on recommendations in the Commission's 2014 Review of Electricity Customer Switching (Review).

Draft rule on improving resolution of transfers without consent

When a small electricity or gas customer indicates to a retailer that it was transferred to a new retailer without the customer's explicit informed consent, the relevant retailers are required to take specific steps to resolve the situation.

Once the new retailer is informed of this issue, either by the customer or by another retailer, the new retailer needs to determine whether it has a record of the customer's explicit informed consent to the transfer (if the transfer occurred within the last 12 months, the period during which consent issues can be raised under the law). If consent was obtained, the new retailer must give the customer a copy. If consent was not obtained, the new retailer must notify the original retailer that the transfer was void.

The original retailer is then obliged to initiate a re-transfer of the customer. The original retailer is also required to notify the customer that the transfer to the new retailer was void, and that the customer remained a customer of the original retailer, on its original contract. The customer retains the ability to transfer to any other retailer in the normal way.

A retailer will also be prohibited from de-energising a customer who transferred to that retailer within the last 12 months unless the retailer has a record of the customer's explicit informed consent to the transfer. This will reduce the risk that a transfer without consent results in de-energisation.

The draft rule differs from the rule proposed in the rule change request, as it is more explicit regarding the responsibilities of each retailer, applies to all transfers without consent (not just transfers resulting from an error in matching the customer to be transferred with the correct meter), and covers gas as well as electricity customers. These changes are required so that the rule operates effectively and is consistent with the law.

Need for draft rule

The Review identified that customers who have been erroneously transferred often need to spend considerable time and effort to ensure the retailers take the necessary steps to resolve the situation. Customers are, in some cases, disconnected if they do not pay bills sent by the new retailer.

The Commission considers that the draft rule, in establishing a clear process to resolve this situation, will assist in improving customer confidence in the transfer process and support customers exercising their choice of retailer. This will lead to more efficient outcomes in retail energy markets.

While some changes to systems and procedures will be required, the Commission considers the benefits to customers will outweigh the costs. The draft rule may also assist in reducing complaints to ombudsmen regarding transfers without consent.

The draft rule would assist customers who have been transferred to another retailer without explicit informed consent.

No rule on introducing an address standard

The rule change request also proposed a rule on the implementation of an address standard, with the aim of reducing transfer errors and delays caused by issues with customer addresses in the electricity and gas systems. The Commission has determined not to make a draft rule on introducing an address standard.

The Commission's view is that the proposed rule is not likely to materially reduce customer transfer delays and errors. In forming this view, the Commission considered existing arrangements and changes since the Review, including data validation that distributors and retailers are undertaking and recent improvements in transfer times and transfer accuracy.

The proposed rule would be costly and complex to implement, with retailers, distributors and the Australian Energy Market Operator (AEMO) being required to update their systems, change business processes and train staff. Most retailers' submissions on the impact of the proposed rule indicated there would be no savings from introducing an address standard under the proposed incremental approach, where the address standard would only be applied to new connections and upon customer transfer. The Commission has concluded on the evidence that the costs of implementing an address standard would be likely to outweigh the benefits.

Other planned activities will improve the quality of address data used for electricity customer transfers. AEMO indicated to the Commission that it will consider progressing a data cleanse of the addresses in the electricity market database following the Commission's determination on this rule change request. The COAG Energy Council requested AEMO to undertake this action, which is another of the recommendations from the Review. A centrally-coordinated data cleanse is likely to be more efficient than an incrementally-applied address standard, and would place a lower regulatory burden on market participants.

Consultation on draft determination

The draft rule determination and more preferable draft rule are available on the Commission's website. Stakeholders are invited to make written submissions by 22 December 2016.

The consultation period, usually six weeks, has been extended to eight weeks as this draft determination and the related draft determination on using estimated meter reads for customer transfers are open for submissions at the same time.

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