



14 February 2014

Mr John Pierce  
Chairman  
Australian Energy Market Commission  
PO Box A2499  
Sydney South NSW 1235

**United Energy**  
6 Nexus Court  
Mulgrave VIC3170  
PO Box 449  
Mt Waverley VIC 3149  
T 03 8846 9900  
F 03 8846 9999  
[www.ue.com.au](http://www.ue.com.au)

**Electronic lodgement – [submissions@aemc.gov.au](mailto:submissions@aemc.gov.au) (EPR 0038)**

Dear John

**RE: Issues Paper – Review of Customer Switching**

United Energy (UE) appreciates the opportunity to respond to the AEMC's Issues Paper on the Review of Customer Switching.

UE are supportive of improving the customer switching experience and note that many of the options proposed have been considered or are being considered by industry. Some of the initiatives are complex and may actually create some transitional issues before they improve the situation.

Any recommendations need to be both achievable and cost effective. Implementing the outcomes from the Power of Choice Review is a significant undertaking and AEMO prioritisation and delivery of change and industries ability to facilitate change in a seamless manner for consumers will be key.

UE has provided a detailed response on each of the options in the Attachment.

If you have any questions in relation to this response, please feel free to contact me (03) 8846 9856.

Yours sincerely

Verity Watson  
Manager Regulatory Strategy  
United Energy Distribution Pty Ltd

Option	Summary of this option	UE Response
<b>Options to address timing of the customer transfer</b>		
<b>Option A1: Reduce the maximum prospective timeframe for customer transfer requests</b>	This option would reduce the maximum prospective timeframe for customer transfer requests, as set out in the MSATS Procedures, from 65 business days to 21 business days.	UE is supportive of improving the customer transfer process for consumers. However, it is also important to ensure that parties are provided with sufficient time to object and clear objections in an appropriate manner. UE would be concerned if reduced timeframes compromised the objection process and led to later role responsibility or billing/transfer issues.
<b>Option A2: Allow transfers to occur based on estimated meter reads</b>	This option would confirm that customer transfers are allowed to occur on the basis of estimated meter reads (including potentially customer self-reads) which would provide an alternative to the current practice of obtaining an actual meter read for a transfer request to complete.	<p>UE note the comment in the paper that if estimates were allowed it would not require retailers to give effect to all customer transfers on an estimate. It is unclear how this would be prevented or managed to limit the transfers on estimates to only those appropriate –agreed with the customer, where required on a move in etc.</p> <p>The AEMC notes that Victoria does not allow transfers on estimated reads and highlights that the situation in other jurisdictions is not clear. The AEMC has had an opportunity to contact participants in all jurisdictions and review the relevant regulatory documents. There may be benefit in documenting a table of difference or footnoting in the CATS Procedures the relevant jurisdictional position, instrument name and clause number so that this is more transparent. This allows any review or monitoring to take into consideration whether there are customer benefits (or complaints) generated from transfer on estimates and provides a single authoritative view so all stakeholders have a shared understanding.</p> <p>Whilst estimated reads for transfers facilitates the transfer process for customers, UE would be concerned if the use of estimates on transfers led to increased access issues for scheduled meter reads. Locked gates, locked meter boxes, vicious dogs etc already lead to high levels of estimated meter reads for normal scheduled reads and for special read routes, ie the meter reads that facilitate move in reads and customer</p>

		<p>transfers. In some respects moving to estimated meter reads for transfers may not send the right incentives to allow access to the metering equipment. UE note that whilst AMI or remotely read meters avoid some of these access issues they are likely to be more pronounced when smart meters are faulty, need to be removed for meter testing or need battery replacement or other maintenance activities.</p> <p>UE note in the options paper that some retailers are not supportive of transfers based on estimated meter reads. UE concur that customers also generally don't like estimated bills and prefer actual reads.</p> <p>The AEMC recommends an AEMO/industry working group review and update the estimation method to obtain an industry agreed, robust estimation methodology promoting accuracy. UE is supportive of promoting accuracy; however this may be better gained through an actual meter read. An estimation algorithm is just that an estimate and is not accurate and the level of accuracy may be better or worse depending on the customer. Any industry review and update should be undertaken in a timely manner taking into account the cost/benefits of such an approach.</p>
<p><b>Option A3: Introduce incentive arrangements on regulated metering data providers in relation to special meter read</b></p>	<p>This option would introduce an incentive scheme on regulated metering data providers, to encourage such parties to provide timely and accurate special meter reads.</p>	<p>If the retailer or customer received reduced charges for metering services, what incentive is there for the customer to provide access, or the retailer to facilitate access if they were benefitting from the lower estimate? The Options Paper notes that there is a role for the retailer to better communicate the access requirements to the customer to facilitate these necessary industry processes.</p> <p>Retailers should have sufficient incentive to ensure a successful transfer process for customers and ensure that access for meter reads is provided.</p> <p>Estimated read transfers may improve the transfer rate but may not improve data quality and may increase the number of complaints. UE query whether an estimated on a transfer is a</p>

		final substitute or whether the transfer read may be changed if the new retailer was to receive a negative consumption.
<b>Option A4: Monitoring by AEMO and AER of the timing of the customer transfer process.</b>	This option would increase monitoring, and public reporting, of statistics associated with the timing of the customer transfer process, by the AEMO and/or the AER	AEMO already provide a list of pending transfers to alert MDP's of overdue transfers (excluding transfers where there is an objection for no access) to facilitate the transfer process.  UE query the benefit of additional reporting.
<b>Options to address accuracy of the customer transfer process</b>		
<b>Option B1: Cleanse the MSATS data in order to achieve higher accuracy levels</b>	This option would involve cleansing the MSATS data that is used in the customer transfer process, and development of an industry-agreed standard for addresses in the MSATS database.	<p>UE agree that there are benefits in standardised addressing and are supportive of industry consideration of the issue and implementation subject to a cost/benefit case. As noted by ERAA, industry recognised this issue about a decade ago and looked into cleansing of data, improved clarification of data formats, reconciliation of data and improved system verifications in MSATS to maintain or encourage clean data. At the time the size of the task and the need to coordinate across the industry was considered costly compared to the benefits.</p> <p>UE understand that industry is reviewing addressing standards at the moment. The task for implementation is large and complex across both electricity and gas. Improved system verifications in MSATS and documentation of data formats would be helpful.</p> <p>It may be better use of AEMO's time to work to improve system verifications and resolve standards issues than to just audit data. Coordination of a day 1 change may prove difficult, this exercise is likely to take significant time and may also create some problems whilst retailers and distributors systems show addresses differently.</p> <p>The Power of Choice recommendations will result in significant changes in the industry and to participants systems. New roles and new players will enter the market. Before promulgating the addressing issues to more and more participants in the electricity industry, now is an opportune time, to attempt to</p>

		improve the situation in an efficient manner.
<b>Option B2: Increased monitoring, and reporting by AEMO and AER of the accuracy on the customer transfer process</b>	This option would involve increased monitoring, and public reporting, of statistics associated with the accuracy of the data that is used in the customer transfer process, by the AEMO and/or the AER.	<p>Rather than monitoring and public reporting it may be useful to spend the time assessing the problem and the practical and efficient means of improving the situation.</p> <p>As mentioned in our response to B1, this will be a gradual change across industry. To UE's knowledge, the industry has yet to decide on the addressing standard, there are still likely to be exceptions and even with the best intentions, incorrect NMI entry, crossed meters/NMI, changes in postcode boundaries which alter addresses will still remain and need to be appropriately managed.</p>
<b>Option B3: Obligation to display NMI number on meter</b>	This option would introduce an obligation on metering providers, for the NMI number to be displayed on all meters.	<p>Distributors, retailers or responsible persons in Victoria already have an obligation to provide customers with information on how they can access the index read on a type 5 or smart meter. This is done by a sticker on the meter relevant for that particular meter model. A meter model is stocked for use in a number of locations in the field i.e. at a number of premises or NMI's.</p> <p>UE is not supportive of a further sticker on the meter with the NMI for the following reasons;</p> <ul style="list-style-type: none"> <li>• Space on the meter is limited, the visual display needs to be visible and the meter terminal covers can be removed and reused on other meters:</li> <li>• Meters may be taken out for testing or refurbished and reused elsewhere and the NMI sticker would need to be removed</li> <li>• The NMI sticker would need to be made and added to the meter in the field at the correct location, otherwise there is a risk of a misleading NMI for the premise address.</li> </ul> <p>UE do not see this as a practical solution, in fact it has the potential to increase erroneous transfers. UE note that incorrect transfers could be avoided through better phone and</p>

		<p>recording practices of the customers NMI from a recent bill. Where this is not available address and meter serial number can also be used to locate the correct customer's NMI. This facility is already available in MSATS and could be used a simple check to ensure that the correct NMI is in the MSATS transfer request.</p> <p>UE query the benefit of any further regulation in this area.</p>
<b>Option B4: NERR obligation on retailers to co-ordinate to resolve erroneous transfers in a timely manner</b>	This option would confirm and strengthen the obligations on retailers to co-ordinate to resolve erroneous transfers in a timely manner	UE makes no further comment
<b>Other incremental improvements that could be made to the customer transfer process</b>		
<b>Option C1: AEMO to improve the functioning of the objections framework that forms part of MSATS</b>	This option would involve AEMO undertaking a project to improve the functioning of the objections framework that forms part of the customer transfer process, with the objective of promoting the efficiency of this particular element	UE is not opposed to AEMO improving the functioning of the objections framework that forms part of MSATS. Objections and objection clearing are important parts of the process to ensure that the information is correct within the transfer process to reduce later errors.
<b>Other areas of improvement</b>		<p>UE agree that improved customer details and increased use of SMS, emails and mobile phones could assist in the transfer process and increase the potential for actual reads. These sort of electronic customer communications may need to be done day ahead as opposed to the hour ahead suggested in the Options Paper. The customer details B2B transaction could be used to facilitate this information to the MP and MDP roles.</p> <p>UE strongly endorse the better information to customers on the ability to expedite the transfer process with special read and also by retailers to clearly articulate the need for safe access by the meter reader to assist the transfer process and accurate billing.</p> <p>Even if the transfers are enabled on estimates, it is important that customers are offered a choice of transfer read – next scheduled, special read or estimate and that the customer understands the implications on their retail bill. It should also</p>

		<p>be made clear that a transfer on an estimate does not negate the customers continued obligation to provide safe and unhindered access to the meter for scheduled reads which is facilitates accurate retail billing.</p> <p>If next actual read after the transfer is completed on an estimate results in negative consumption, industry would need to have processes in place. This may alter the old customer and old retailer billing and the new retailer/new customer billing. Whilst an estimated read transfer process may improve the success of transfers it may also increase costs across the market.</p> <p>Where estimates are proved to be inaccurate industry processes will need to deal with the outcomes. Estimates can never be proved to be accurate.</p>
--	--	--