



## Review of Electricity Customer Switching

### Options Paper released for consultation

Today the Australian Energy Market Commission (AEMC) has released an Options Paper relating to its review of electricity customer switching arrangements in the National Electricity Market (NEM). The review focusses on supporting customer choice and facilitating timely and accurate switches between retailers. This Paper sets out a number of options to address issues raised during the first round of consultation on the timing of the process, the accuracy of data used in the process, and the effectiveness of the objections framework forming part of the process.

### Effectiveness of the current customer transfer process

A critical component of a competitive retail market is a customer transfer process that is efficient, supports customer choice and in which customers have confidence. Where the transfer process is easy and timely, customers are more likely to change retailers to select the retail product that most closely reflects their needs and perception of good value.

In our previously published Issues Paper (3 December 2013), the AEMC noted that, while comprising a relatively small group, some customers do experience problems with the transfer process. More importantly, the impact felt by such customers can be substantial. Submissions to the Issues Paper confirmed this. For example, submissions from the New South Wales and Victorian energy ombudsmen explained the complexities and frustrations experienced by customers who have been incorrectly transferred.

### Key issues considered in the Options Paper

In our Options Paper, the AEMC identifies that there are several elements of the electricity customer transfer process that could be improved. Such improvements would provide benefits to both customers and industry. Specifically, improvements could be made to:

- The timing of the customer transfer process. The time taken to transfer is largely determined by the current practice of transferring a customer only after an actual meter read for their electricity consumption has been recorded.
  - Retailers stated that one of the main factors prolonging customer transfers is the inability to obtain metering data due to meter access issues.
  - Distributors commented that customers could be better informed about their roles in the transfer process, such as to provide clear and safe access to meters.
  - Energy ombudsmen and consumer groups commented on how prolonged transfers can have significant impacts on customers.
- The accuracy of the data that is used in the customer transfer process. The most common issue is created by a mismatch between the address data that exists in the market's central registry for each electricity consumption point, and the commonly used address of the customer's premises.
  - Retailers and energy ombudsmen stated that there are a number of data quality issues that currently exist within the market's central information registry.

### Key issues considered in the Options Paper (continued)

- The effectiveness of the objections framework that forms part of the customer transfer process. The purpose of this framework is to facilitate the orderly handling of participant objections received in response to customer transfer requests. It has evolved in a piecemeal fashion since the gradual introduction of retail competition.
  - Energy ombudsmen commented that, based on their experience, there is inconsistent understanding across market participants about the objections framework.
  - Some retailers raised issues with the objections framework, and supported a review of it.

The Options Paper sets out a range of (nine) possible options that could be deployed to address each of these issues, along with questions for stakeholder comment. The potential value of each of the possible options in improving the timeliness and accuracy of the customer transfer process is discussed in the Options Paper. However, the Commission does not make any recommendations as to which of these options should be implemented.

### Analysis and approach to finalising our recommendations

At this stage of the review, the Commission considers that it is unlikely that implementation of any single option could, by itself, fully address the material issues identified to date. Therefore, a more comprehensive response to improving the efficiency of the customer transfer process is likely to require a combination of several of the options discussed in the Options Paper.

Submissions on the merits, costs and benefits associated with each of the possible options presented in the Options Paper are invited from stakeholders. The Commission also welcomes comments on any other options that should be considered, or any alternative ways of implementing the options that would improve their effectiveness or reduce their costs.

### Next steps

This Options Paper provides stakeholders the opportunity to comment on a range of possible options being considered by the AEMC, before it finalises its advice to the Standing Council on Energy and Resources (SCER).

Stakeholder submissions on the Options Paper are due by no later than 14 February 2014.

Stakeholders' views will inform the analysis and development of the Commission's final recommendations to the SCER, which will be included in a Final Report to be provided to the SCER by 31 March 2014, and published on the AEMC's website by 30 April 2014.

### Background to the review

The SCER has requested the AEMC to review current customer switching arrangements to improve the ease and timing for how customers switch retailers. The review will help determine if the current switching process is timely and accurate and whether any modifications are required, including having regard to future technologies that may impact on the switching process (such as smart meters).

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