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Dear Mr Jovanoski

### **Review of Electricity Customer Switching**

Thank you for the opportunity to respond to the AEMC Options Paper *Review of Electricity Customer Switching* released on 23 January 2014.

As the market operator we support the ongoing review and refinement of industry processes and appreciate the prospect of customers realising additional benefits associated with increased efficiencies.

AEMO acknowledges the value of the AEMC Customer Switching Review recognising that customer switching processes are critical in facilitating customer choice through retail competition.

The following section presents AEMO's comments on a number of the options presented in the AEMC's Options Paper.

We welcome the opportunity to collaborate with the AEMC and look forward to making ongoing contribution to the final recommendation to the Standing Council on Energy and Resources.

#### *Option A1: Reducing the maximum prospective timeframe for customer transfers from 65 business days to 21 business days.*

The current 65 business days is made up of a combination of the following high-level steps and timeframes:

- 10 business day cooling off period that may occur prior or during the customer transfer process;
- 25 business day objection period that may or may not occur during the customer transfer process; and
- Next Scheduled Read Date that will occur at some time over a period of up to 65 business days based on the current quarterly basic meter read cycle. Special reads can be offered to customers at a cost.

Reducing the maximum prospective timeframe for customer transfers from 65 business days to 21 business days may require a review of the end to end customer transfer process, specifically the above mentioned steps, to enable these processes to fit within any prescribed maximum transfer period.

#### *Option A2: Allow transfers to occur based on estimated meter reads*

The Options Paper presents a proposal to transfer customers based on estimate reads and suggests AEMO work with industry to review the estimation methodology within the Metrology Procedures.

The Metrology Procedures outlines the methodology for meter data validation, substitution and estimation. The Metrology Procedures, Part B section 15, specifies the use of substitution reads for the purposes transferring customers in the event of a Retailer of Last Resort (ROLR) event. AEMO would consider leveraging off these processes in allowing for the use of estimated meter reads for the customer transfer process.

*Option A4: Monitoring by AEMO and AER on the timing of the customer transfer process; & Option B2: Increase monitoring and reporting by AEMO and AER of the accuracy of the customer transfer process*

AEMO currently monitors and reports on the quality of some data (i.e. meter data) in MSATS, and makes these reports available to the relevant market participants and the Australian Energy Regulator (AER). AEMO is planning to review and amend the reporting metric to capture relevant information to assist in identifying data issues and their materiality. This does not currently include metric reporting on the customer transfer process.

AEMO would welcome working with the AER to identify and implement relevant customer transfer process performance reporting based on data available within the Market Settlement and Transfer Solutions (MSATS) system. AEMO is currently unable to report on or manage the data used in the National B2B Service Orders as AEMO does not retain this information.

Increased information transparency around the performance of the customer transfer process would assist in identifying opportunities to further improve the efficiency and timeliness of the customer transfer process.

*Option B1: Cleanse the MSATS data in order to achieve higher accuracy levels*

The MSATS system facilitates customer transfers in the National Electricity Market and holds data relating to each connection point (i.e. meter data, standing data and customer data). This data comes from a number of external sources (i.e. Meter Data Providers, Local Network Service Providers, Retailers, etc.).

The Options Paper suggests that cleansing the National Meter Identifier (NMI) standing data would result in a higher degree of accuracy that is used in the customer transfer process. AEMO notes the following:

- MSATS uses the NMI to facilitate the customer transfer process and as input into the wholesale market settlement, rather than site address.
- In the absence of a regulatory framework to determine appropriate customer data definitions and standards, AEMO is unable to audit the accuracy or validity of address data provided by market participants. As noted above, the data in MSATS comes from a number of external sources. Appropriate recognition of data flows, data ownership and responsibility is key to ensuring data residing in MSATS is of an appropriate standard in terms of accuracy and quality.
- AEMO has commenced a process with industry to review Data Standards. The need to consider this emerged from a change implemented in November 2013 (i.e. B2B Customer and Site Detail Notification (CSDN) changes), where it became evident that putting in place audits around CSDN was difficult without appropriate data standards in place.

- The initial phase of the Data Standards review is intended to map data flows and their use, clarify where data ownership resides, and identify what data standards are in place including any gaps. This review will cover meter data, standing data and customer data.

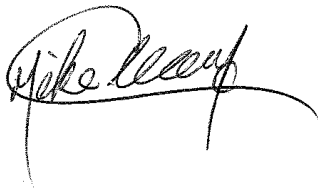
*Option C1: AEMO to improve the functioning of the objections framework that forms part of MSATS*

As noted in the Options Paper, the objections framework enables parties to object to the customer transfer process. The objections framework is there as a checking mechanism to avoid transfer errors.

AEMO is able to facilitate a review of the current transfer objections framework and welcomes the opportunity to assist with defining the criteria and objectives of the review. The timing for implementation of these changes will be influenced by the outcomes of the review, procedure consultation timeframes and any technology changes that would be required.

If you would like to discuss any matters in relation to this submission, please contact Paul LeFavi, Specialist Retail Development and Change Implementation, on 03 9609 8341.

Yours sincerely



Mike Cleary  
**Chief Operating Officer**