

9 July 2016

Mr Ed Chan
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Australian Energy Market Commission
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Electronic Lodgement – ERC0195

Dear Mr Chan

RE: Consultation Paper – Improving the Accuracy of Customer Transfers Rule

AusNet Services appreciates the opportunity to respond on the Consultation Paper – Improving the Accuracy of Customer Transfers Rule 2016.

COAG Energy Council has requested a Rule change to improve the experience of customers when transferring to new electricity or gas retailers.

AusNet Services recognises the issue of erroneous transfers associated with retailers being unable to identify the National Metering Identifier (NMI) for a retail customer using the MSATS NMI Discovery process. However, the proposal to adopt a new address standard does not adequately address the root cause of the problem, and as such we do not consider there would be benefit outweighing the costs.

In our response, we have sought to identify the cost drivers and practicality factors that lead us to believe that relying on a new address standard would be ineffective. The costs associated with the introduction of a new address standard would be material.

Our submission recommends an alternative proposal of updating the MSATS NMI Discovery process with modern engine technology (e.g. Google Maps™) that effectively resolves the problems of address mismatches, without involving system changes for every DNSP. This alternative proposal would deliver a significant improvement for retailers in transferring the correct NMIs.

We also note that the ability for the industry to implement new address standards, or the procedure changes to add obligations on outgoing retailers to transfer the customer address to the new retailer, would likely be restrained by activities associated with the implementation of the metering contestability framework in December 2017.

We welcome the opportunity to participate further in this Rule change development and look forward to the next stage of Consultation. Should you have any queries in relation to this response please do not hesitate to contact Justin Betlehem on 03 9695 6288.

Sincerely,



Kelvin Gebert
Regulatory Frameworks Manager

Submission to the AEMC on Accuracy of Customer Transfers Rule Change Consultation Paper

1 Nature of Address Mismatches and Data Accuracy

AusNet Services broadly agrees that address mismatches result in retailers transferring the wrong customers. Although we are not able to quantify the volume of such instances because we do not receive specific transactions informing us of each mismatch.

Address mismatches are not typically associated with incorrect addresses. In many cases, transfers in error relate to the information recorded by a retailer from a customer being inaccurate and hence mismatching the address in MSATS.

DNSP address entry is unlikely to be the source of address mismatches. Before entering new NMI and address data DNSPs undertake a great amount of care to verify the address. Firstly, we cross check the address provided in the New Connection Service Order with the information on the paperwork from the Registered Electrical Contractor (REC). After this we cross-reference the address provided with LandVic's geo-spatial application. Only after these checks are complete do we update MSATS with the matching address.

Once the data is in MSATS it may not be updated for years and from time to time Retailer's use it to find the NMI for a customer using the address information the customer has provided. MSATS NMI Discovery returns the most relevant search results.



Address mismatches can relate to a multitude of different reasons for mismatches. We have provided a list of the reasons below.

- Suburb wrong due to property located on a suburb boundary or as vanity suburb;
- Street name wrong where the property has multiple street frontages;
- Unit number of the front house not present after the block of land was subdivided;
- Street type or any other enumeration is incorrect or incorrectly abbreviated; and
- Any field could contain a spelling error or typo.

Often mismatches result from just one piece of information being incorrect. Retailers often have to review the MSATS NMI Discovery search results with the aid of Google Maps™. Indeed modern search engines linked to geo-spatial are able to find addresses irrespective of any one of the above reasons being present.

AusNet Services contends that the problem is not that the address data in MSATS is incorrect. Rather the MSATS NMI Discovery search process is not smart enough to correctly match records when one or more of the common reasons for mismatches. NMI Discovery was built in the early 2000s and would appear incapable of matching the performance now expected. Modern commercially sourced search engines are able to resolve all of the above reasons for mismatches. This is the area to be addressed and would lead efficient outcomes.

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To illustrate these deficiencies, we note a situation where the industry has agreed to invest to resolve one particular address matching issue. The issue was the result of NMI Discovery not returning the correct address if the street type or enumeration did not match. To solve the issue the industry agreed to update all the address data in MSATS and to modify MSATS validations preventing the addition of further duplicate enumerations. If the NMI Discovery applied “best practice” search engine technology these types of issues could be avoided.

Rather than mandating additional address standards through MSATS rejecting transaction containing invalid address information we recommend that the process enhancements focus on applying the best practice search engine technology. This would alleviate the need for other changes which could be extremely expensive to the industry and have very little benefit.

2 Effectiveness of address standards

AusNet Services considers the nature of address standards mean they either change the way addresses are formatted, or they add new information requirements to an existing data set. We understand the proposed Rule is seeking to do the latter.

It is important to note that in order for the additional address standards to help resolve the issues of address mismatches we consider that the new additional information must be searchable by the retailer based on information provided by the customers. In particular, neither of the examples of address standards suggested in the Consultation Paper provides searchable information based what a customer is able to provide to a retailer. We believe customers generally don't know their DPID or geo-spatial coordinates.

We conclude that introducing the proposed address standards in the Consultation Paper would be costly and would not result in a material improvement in the address mismatch problem, refer to the comparative analysis in Table 1 below.

The high cost would also apply in the case of the incremental approach outlined in the Consultation Paper. The costs would apply to more than just New Connections, and to all operational processes that update power supply routes and Distribution Loss Factors (DLFs). All updates of Standing Data in MSATS would be affected by the new standard.

Table 1: Comparative analysis of proposed address standards

Address standard	Pros	Cons
1. Address standard AS4590 that is loosely embedded in the MSATS requirements.	Provides a firm basis for basic data entry rules (mandatory field), the order of “unstructured addresses” and provides guidance on preferred enumerations.	Arguably, aseXML schema does the same thing. AS4590 does not include new street types (or other enumerations) and does not have the ability to quickly add new street types as local governments create new ones.
2. Australia Post address standard (i.e. DPID)	Australia Post validates each new DPIDs as they process new estates. The Registered Participants can address mail using the DPID.	A DPID applies only to mail box location of address and not the connection point or even the premise being supplied electricity. For rural properties these are different. DPID's are reliant on Australia Post processing the new sub-division or estate first, and are not available where the DNSP's new connection is earlier. Implementations would result in more licensing, IT systems and operational costs. Not searchable based on information provided by the customer.
3. Geo-coded National Address File		DNSPs would either need to cross-reference with a new mapping application to obtain or take physical coordinates on site. Implementations would result in more licensing, IT systems and operational costs. Not searchable based on information provided by the customer.
4. ANZLIC address standard	All of the above	All of the above

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AusNet Services positions, with respect to these aspects of the framework, are given in the answers below:

Question 2 Effectiveness of address standard

- a) Once implemented, how effective would an address standard, such as the ones outlined above, be in reducing the causes of delays and errors in the transfer process?
- b) Are there specific additional features or information items (such as the outgoing retailer's billing address for the customer) that should be included in order to improve the effectiveness of the address standard?

Response to question 2

- a) AusNet Services considers introducing a new address standard would not result in a material improvement in the address mismatch problem.
- b) We consider that adding the outgoing retailer's billing address for the customer would create potential confusion with registered participants (if different what is the real address) and result in situations of retailers not seeking to update incorrect addresses with DNSPs. The additional address fields may be populated with billing address data not related to the supply address. Based on this we suggest that this would not improve address mismatches.

3 Efficient Implementation Timing of Address Standards

To implement the proposed rule change, consultation on the address standard would be required, and new procedural obligations would need to be developed by AEMO and the industry prior to Registered Participants considering the necessary changes to their own IT systems and procedures.

AusNet Services recognises that some savings can be made if the changes can be made to coincide with other changes required to IT systems and procedures. However, it is essential that adequate time is allowed to enable all market participants to implement all required changes.

Given changes required for Metering Competition are dominating the industries resources until 1 December 2017 we consider it is essential that extra time is given to implement the new address standard procedural obligation. Therefore, we recommend a final implementation date of no earlier than late 2018.

Question 4 Appropriate commencement dates for address standard obligations

- a) How long would it take AEMO to consult on, develop and publish an address standard after the rule change is made?
- b) How long would it take retailers and other users of MSATS to make the necessary preparations to comply with an address standard, after the form of the address standard is published?

Response to question 4

- a) Based on the recent Metering Data Provision Procedures (MDPP), we regard that AEMO would likely take about 9 months to consult on, develop and publish an address standard; and

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b) that the industry would need an additional 9 months to implement the new procedural obligations.

4 Extension of address standards to the gas market address data

AusNet Services positions, with respect to these aspects of the framework, are given in the answers below:

Question 5 Extension of address standard to gas market address data

- a) Are transfer errors and delays due to address mismatches a material issue in gas markets? Would an address standard be likely to reduce these issues in gas markets?
- b) Should the same address standard be implemented in both the electricity and gas markets?
- c) How, if at all, should the implementation of an address standard in the gas markets differ from the way it is implemented in the electricity market, given the lack of a centralised MSATS-type system in the gas markets?

Response to question 5

- a & b) We are not aware of address mismatches in the gas market being any worse than in the electricity market, but we would expect the impact to be lower because gas market churn rates are lower than electricity churn rates. As is the case for electricity, we do not recommend implementing the Consultation Paper's suggested standardised address format.
- c) Given the gas market is more de-centralised there may be a case, for assessing the changes made in the electricity market with a view to extend them to the gas market if they are successful.

5 Resolving erroneous transfers

AusNet Services broadly supports the concept of clarifying the regulatory framework related to erroneous transfers, however we're not able comment on the specific proposals and questions.