

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235



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**RE: Review of Electricity Customer Switching – Issues Paper
3rd December 2013**

AEMC Ref: EPR0038

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Dear Commissioners,

Thank you for the opportunity to comment on the Issues Paper of your Review of Electricity Customer Switching.

As the peak body for the community services sector in South Australia, SACOSS has a long-standing interest in the delivery of essential services and particularly the cost of basic necessities like electricity because they impact greatly and disproportionately on vulnerable disadvantaged people.

We trust you appreciate that the demands on the community sector increase dramatically this time of the year and we are therefore only able to provide a short submission. We look forward to participating more fully in the latter stages of the review.

The SACOSS perspective on the issues subject to the Review is that, once all consumer protection provisions are complied with, the switching process itself should be executed as quickly and accurately as possible. SACOSS acknowledges the important role of effective competition between retailers in delivering efficient prices to consumers. The South Australian context is one of a highly concentrated market with 99% of small electricity customers contracted to six vertically integrated 'gen-tailers'¹. Effective retail competition therefore has a very direct effect on upstream competition as well.

We note the significantly shorter timeframes achieved in Victoria than in other jurisdictions (for example Issues Paper Figure 5.5, page 55). We consider the Victorian market to be the most competitive in Australia (not just in terms of switching or 'churn' rates but in terms of active retailers, new entrants and much lower levels of market concentration) and are interested in the opinion of the Commission as to whether the shorter switching times are more 'cause' or 'effect' of this degree of competition.

In relation to Chapter 6 (The role of advanced metering infrastructure) SACOSS is also conscious of the critical role of metering and meter-reading in the execution of customer transfer requests. SACOSS is very conscious of the relationship between this inquiry and

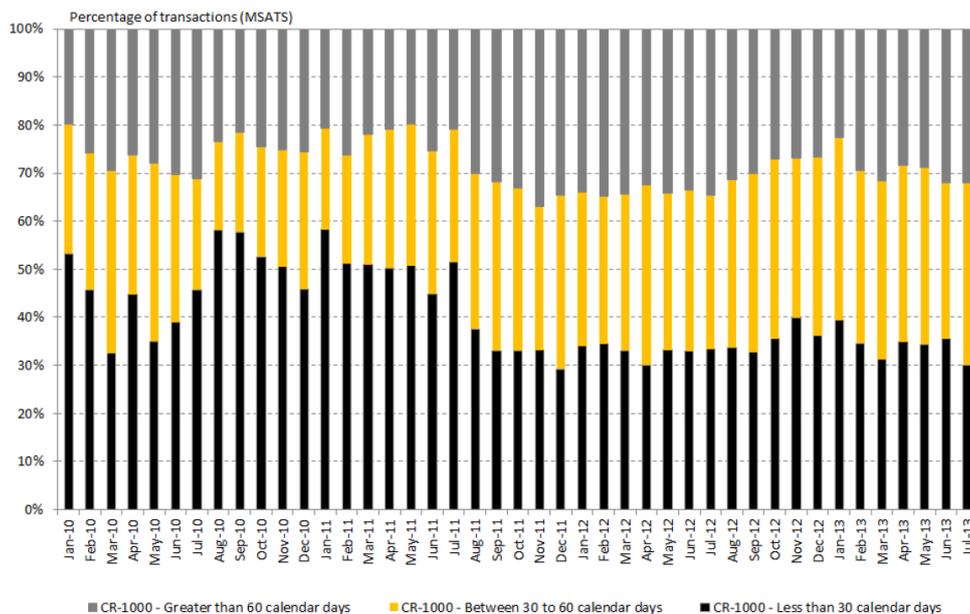
¹ In order of retail market share: AGL Energy, Origin Energy, EnergyAustralia, Simply Energy (the retail arm of generator GDF Suez), Lumo (the retail arm of generator Infratil) and Alinta.

progress on the broader issues of metering infrastructure in the NEM. While we acknowledge that all other matters cannot be put on hold until metering is resolved, this inquiry and others (such as the Distribution Network Pricing Arrangements Rule Change proposal ERC0161 and other consequential proposals from the AEMC's Power of Choice Review) are somewhat contingent on advanced metering infrastructure for small consumers and appear to be advancing at a greater pace than the underlying issues of metering.

We note the status of meter deployment listed in Table 6.1 and the slow South Australian progress in particular. This represents a challenge for consumer engagement on these issues.

SACOSS is of a view that switching must aim to be completed within 30 days but note from the following chart that very limited progress on switching times has been achieved in South Australia over recent years.

Figure A.12 Small customer switches in South Australia - percentage of completed switches, for all meter read types excluding special reads



We thank you in advance for your consideration of our comments. If you have any questions relating to the above, please contact SACOSS Senior Policy Officer, Jo De Silva on 8305 4211 or via jo@sacoss.org.au.

Yours sincerely,

Ross Womersley
Executive Director