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John Pierce  
Chairman  
Australia Energy Market Commission  
PO Box A2449  
SYDNEY SOUTH NSW 1235

Dear Mr Pierce

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

The Australian Energy Regulator (**AER**) welcomes the opportunity to respond to the Australian Energy Market Commission's (**AEMC**) options paper arising out of their review of electricity customer switching (**the options paper**). This submission focuses on options which address the accuracy of the customer transfer process and the proposed metering data provider incentive scheme.

#### *Accuracy of the customer transfer process*

The Market Settlement and Transfer Solution (**MSATS**) system facilitates customer transfers in the National Electricity Market (**NEM**). The MSATS system, which is administered by the Australian Energy Market Operator (**AEMO**), holds an array of data relating to each connection point. This includes the connection point's unique national metering identifier (**NMI**), next scheduled read date and retailer of last resort.

The MSATS procedures impose obligations on registered participants, metering providers and metering data providers regarding the provision of information to the MSATS system. Compliance with the MSATS procedures is required by clause 7.2.8 of the National Electricity Rules. In the event of non-compliance, AEMO may refer the matter to the AER for consideration.

In light of this responsibility, the AER has formed a working relationship with AEMO to improve the accuracy of data held within the MSATS system. Since 2009, the AER has regularly met with AEMO to monitor levels of compliance with the MSATS procedures. In addition, the AER receives regular reports from AEMO, which capture inaccurate data levels each month. Based on this information, the AER has engaged with a number of registered participants, particularly local network service providers, and requested remedial actions to improve compliance.

The AER welcomes the AEMC's proposal for improving the monitoring and reporting of MSATS data by AEMO and the AER, including the timing of customer transfers. We share the AEMC's view that accurate MSATS data is vital to the efficient operation of the customer transfer process. We note that in our submission to the AEMC's recent consultation paper on the governance of retail market procedures, we argued against the removal of the civil penalty from rule 7.2.8(d). We argued that without the civil penalty attached to the requirement on registered participants to comply with the MSATS procedures, the AER would have limited enforcement capabilities regarding the customer transfer process.

In our view, the monitoring of MSATS data would be enhanced if practical changes were made to AEMO's reporting metrics. Currently, AEMO's MSATS data error reports do not include a range of relevant information, such as financially responsible market participant errors and the misuse of objection codes. We also consider that these error reports would be more useful if they represented data in a continuous manner. For example, the local network service providers' error reports are compiled using data for the last week of each month. We believe data which considers each day of the month would provide a greater insight into overall levels of compliance. It will also allow a more accurate comparison of behaviour over time as all available data is considered. Overall, we consider improvements to these error reports would enable the AER to undertake its compliance and enforcement responsibilities

with respect to MSATS data more effectively. Therefore, we would support any recommendations from this review of electricity customer switching which would help facilitate the improvement of these error reports.

*Proposed metering data provider incentive scheme*

The options paper proposes to introduce an incentive scheme on regulated metering data providers, to encourage such parties to provide timely special meter reads.

In our view, the administrative effort involved in developing and implementing an incentive scheme for special meter reads, which is a small segment of distribution networks business models, does not warrant its introduction. In any event, we consider that the revenue earned from each special meter read undertaken provides metering data providers with sufficient incentive to undertake timely reads.

In future, competition will hopefully drive efficiencies as additional players enter the metering data provider market. Furthermore, the introduction of smart meters in Victoria will eliminate the need for special meter reads, while their possible introduction in other jurisdictions will further make this service obsolete.

We recommend relying on the compliance regime to resolve any issues regarding special meter reads not being undertaken within a reasonable time frame. We also note that there has not been a large volume of customer complaints regarding the timeliness of special meter reads.

If you have any queries relating to this submission, please contact Sarah McDowell, Acting Director, on 02 6243 1360.

Yours sincerely



Andrew Reeves  
Chairman  
Australian Energy Regulator