

Ask for: Ty Crowhurst
Telephone: (03) 6270 3670
Facsimile: (03) 6237 3262
E-mail: ty.crowhurst@auroraenergy.com.au



Your Ref: EPR0038

In reply quote: NW/-30546998

19 December 2013

Ms Victoria Mollard
AEMC Advisor
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Ms Mollard

ISSUES PAPER: REVIEW OF ELECTRICITY CUSTOMER SWITCHING

Aurora Energy Pty Ltd, ABN 85 082 464 622 (Aurora) is an incorporated, State Government owned fully integrated energy and network business, with complementary activities in telecommunications and energy-related technologies. In this document, reference to Aurora should be taken as reference to Aurora in its capacity as the provider of distribution services licensed by the Regulator under the *Electricity Supply Industry Act 1995*.

Aurora welcomes the opportunity to provide comment on the Issues Paper *Review of Electricity Customer Switching*, released by the AEMC on 3 December 2013 (the Issues Paper).

Aurora considers that the current customer switching arrangements under the NEM are both efficient and fit for purpose. Aurora is uncertain that increased complexity or regulation will provide a customer benefit in excess of the increased cost that would be incurred.

The attachment to this letter provides Aurora's answers to the questions posed in the Issues Paper.

Please contact Ty Crowhurst on 6270 3670 or via e-mail at ty.crowhurst@auroraenergy.com.au if you have any further queries regarding this matter.

Yours sincerely

A handwritten signature in blue ink, appearing to read "AVoss".

Anton Voss

General Manager Commercial Regulatory and Strategy
Aurora Energy

Attachment to Aurora Submission to Issues Paper: Review of Electricity Customer Switching

This attachment to Aurora's submission to the Issues Paper: *Review of Electricity Customer Switching*, released on 3 December 2013 (the Issues Paper) provides Aurora's answers to the questions posed by the AEMC.

For ease of identification, the questions posed by the AEMC are presented in boxed text.

Question 1 Criteria for the review

Are the proposed criteria for assessing the efficiency of the switching process appropriate in guiding the development of the AEMC's recommendations under this review?

Aurora considers that, conceptually, the proposed criteria should be fit for purpose.

Question 2 Regulatory frameworks for the customer transfer process

(a) Are there any other regulatory instruments that the AEMC should consider as being part of the regulatory framework that applies for small customer transfers in the NEM?

Aurora considers that the AEMC has provided an exhaustive list of regulatory instruments pertaining to small customer transfers in the NEM.

(b) Do the regulatory frameworks governing the customer transfer process allow for efficient outcomes in accordance with our assessment framework? What evidence, if any, is there to demonstrate that this is or is not the case?

Aurora considers the regulatory frameworks to be fit for purpose.

(c) Are there any specific factors, specified in jurisdictional codes, that the AEMC should consider as allowing for efficient outcomes in accordance with our assessment framework?

There are no relevant provisions in Tasmanian jurisdictional codes.

(d) Are appropriate incentives currently placed on parties under the regulatory framework for the customer transfer process to allow for efficient outcomes in accordance with our assessment framework?

Aurora considers that there are appropriate incentives currently in place.

(e) *Do the current compliance and enforcement provisions governing the customer transfer process allow for efficient outcomes in accordance with our assessment framework (e.g. in relation to the timeliness and accuracy of the customer transfer process)?*

Aurora considers that the current compliance and enforcement provisions governing the customer transfer process do allow for efficient outcomes.

Question 3 MSATS customer transfer process

(a) *Does the current MSATS customer transfer process promote timely and accurate customer transfers in accordance with our assessment framework?*

Aurora considers that the current MSATS customer transfer process is both fit for purpose and meets the requirements of the assessment framework.

(b) *What potential enhancements could be made to the customer transfer process, both in terms of timeliness and accuracy, that could facilitate a more effective customer transfer process?*

Aurora understands that current delays in the process are designed to accommodate the three-month reading cycle for type 6 meters. Aurora expects that the future roll-out of remote-read-capable meters by retailers as suggested under the Power of Choice framework will address this issue, albeit at increased cost to the consumer.

An interim approach may be to permit customer transfers if the meter has been read during the 21 days prior to the transfer date. Alternatively, customer transfers could be performed on a "special read" basis, where the customer pays a fee for the above-standard service of unscheduled meter reading. Aurora notes, however, that this latter approach may decrease any incentive a customer may have to change retailers.

(c) *Are there any different ways of structuring charges for the provision of metering data, in order to incentivise metering data providers to supply more timely and accurate meter reads, for the purpose of facilitating an effective customer transfer process?*

In Tasmania, where the majority of small customer installations have Type 6 meters, the charging structure is of little consequence to the timeliness of data provision. The only ways to provide more "timely" data are:

- introduce remote-read-capable meters;
- read the existing meters more frequently; or
- require a "special read" on customer churn.

Each of these solutions introduces an additional cost to customers which may not be off-set by the benefits received by customers through expedited churn.

Aurora is uncertain how a charging structure would have an effect upon the accuracy of meter reading.

Question 4 Jurisdictional customer transfer processes

Does the current jurisdictional customer transfer processes promote timely and accurate customer transfers in accordance with our assessment framework?

This question does not apply in Tasmanian because there are no current jurisdictional customer transfer processes.

Question 5 Objections to the MSATS process

(a) Does the current objections framework allow for efficient outcomes in accordance with our assessment framework? What evidence, if any, is there to demonstrate that this is, or is not, the case?

Aurora considers that the current objections framework does allow for efficient outcomes in accordance with the assessment framework.

(b) Are there any particular aspects of the objections framework that could be further refined in order to improve the efficiency of the objections MSATS process? (e.g. particular objections codes that are redundant?)

Aurora has no comment on this issue.

(c) What underlying factors create these objections? How could these be resolved under the current customer transfer framework?

Anecdotally, the factors underlying objections include:

- human error, which can be addressed by training;
- invalid\unclear information, which can be addressed by data quality improvements and data validation and checking; and
- access issues which can be addressed through better engagement with customer to ensure they understand that access to the metering equipment on site is an obligation upon them.

Question 6 Continuation of MSATS processes

Does the current continuation of the MSATS process beyond 65 business days allow for efficient outcomes in accordance with our assessment framework?

Aurora understands that the 65 day limit relates not to a timeframe in which customer transfers should be completed, but to the number of days in advance of a transfer that notice can be given of the intention to transfer. In particular, the 65 business day limit allows a customer transfer to correspond with the Next Schedule Read Date (NSRD) published to the NEM, which is related to the quarterly meter reading schedule undertaken generally on Type 5-6 meters.

Question 7 Billing and market settlement

Do the current arrangements for billing and market settlement allow for efficient outcomes in accordance with our assessment framework?

Aurora considers that the current arrangements for billing and market settlement allow for efficient outcomes in accordance with the assessment framework.

Question 8 Customer experiences with the customer transfer process

What are typical customer experiences where the customer transfer process has broken down?

Aurora has no comment on this issue.

Question 9 Customer transfer process for large customers

Are there any aspects of the customer transfer process for large customers that could be applied for the purpose of effecting timely and efficient small customer transfers?

The timeframes surrounding customer transfers are related to the availability of metering data.

The primary difference between large and small customers (apart from those small customers with remotely readable meters) is the availability of data from remotely read meters.

Question 10 Customer experiences with the customer switching process

(a) Do small customer experiences with the customer transfer process demonstrate efficient outcomes in accordance with our assessment framework? What evidence, if any, is there to demonstrate that this is, or is not, the case?

A review of several sites to which links were given in the Issues Paper seems to indicate that fewer than 20 percent of customer complaints related to customer transfers: the majority concerned billing issues.

- (b) *What is the reason for the rising trend in evidenced customer complaints submitted to jurisdictional ombudsmen relating to customer transfers? Does this specifically relate to the MSATS transfer process?*
- (c) *Are the current compliance and enforcement arrangements associated with the customer transfer process sufficient to respond to the various customer transfer issues that are being raised with jurisdictional ombudsmen?*
- (d) *To what extent have the current compliance and enforcement arrangements applying to the customer transfer process been utilised to date?*

Aurora has no comment on these issues.

Question 11 Small customer transfer timeframes

- (a) *Is up to 30 calendar days for the completion of a small customer transfer considered to be a reasonably acceptable timeframe in which to complete a switch?*

Aurora considers that 30 calendar days is reasonably acceptable.

- (b) *For customers that experience switch times in excess of 30 calendar days, what are the main reasons for (and obstacles to faster) switching times?*

Aurora understands that inability to obtain meter readings to meter access issues are a major delaying factor for many customer transfers.

- (c) *Does the AEMO MSATS data on small customer transfer timeframes suggest that the existing customer transfer process allow for efficient outcomes in accordance with our assessment framework?*

Aurora considers that the data do suggest that the existing customer transfer process allows for efficient outcomes in accordance with the assessment framework

Question 12 Large customer transfer timeframe

- (a) *Does this AEMO MSATS data on large customer transfer timeframes suggest that the existing customer transfer process allows for efficient outcomes in accordance with our assessment framework?*

Aurora considers that the data do suggest that the existing customer transfer process allows for efficient outcomes in accordance with the assessment framework.

(b) In terms of possible improvements, what lessons from the large customer transfer experience could be applied to the small customer transfer experiences?

Aurora notes that access to meters and reading availability are greatly improved due to the remote reading capability of the metering infrastructure associated with larger customers. Aurora notes that this capability comes at a higher cost to the customer.

Question 13 Objections to the customer transfer process

Does this AEMO MSATS data on objections to the customer transfer process suggest that the existing customer transfer process allow for efficient outcomes in accordance with our assessment framework?

Aurora considers that the data does suggest that the existing customer transfer process allows for efficient outcomes in accordance with the assessment framework.

Question 14 Evidence on the customer transfer process

Are there any other aspects of the customer transfer process that could be improved to allow for more efficient outcomes in accordance with our assessment framework (e.g. issues with erroneous transfers)? What evidence, if any, is there to demonstrate that these aspects are, or are not, a problem?

Aurora has no comment on this issue.