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Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Lodged online: Reference EPR0038 Options Paper

## REVIEW OF ELECTRICITY CUSTOMER SWITCHING OPTIONS PAPER

Alinta Energy Retail Sales Pty Ltd (**Alinta Energy**) welcomes the opportunity to comment on the “*Review of Electricity Customer Switching*” Options Paper (**Options Paper**).

Alinta Energy is both a generator and retailer of electricity and gas in Western Australia and the Eastern States energy markets. It has over 2500MW of generation facilities and in excess of 700,000 retail customers, including around 100,000 customers in Victoria and South Australia. As an incumbent retailer in WA and a new entrant retailer in the National Energy Market, Alinta Energy is well placed to comment on the Issues Paper.

Alinta Energy acknowledges that the Australian Energy Market Commission (**AEMC**) has been requested by the Standing Council on Energy and Resources (**SCER**) to review the existing in-situ electricity customer switching arrangements in the NEM with the view of identifying potential measures to increase efficiencies and better support customer choice, a number of which have been outlined in the Options Paper. From the outset Alinta Energy notes that (as far as it is aware) there has been no evidence of a material market failure with respect to switching in any NEM jurisdiction. There is also no evidence to suggest that the current enforcement and compliance provisions are lacking or do not provide sufficient incentive for retailers to comply with their consumer transfer obligations.

The following submission outlines Alinta Energy's comments on the potential measures outlined in the Options Paper.

Should you have any questions or wish to discuss our submission further, please contact Lauren Zambotti, Regulatory Advisor on (02) 9372 2667 or via email: [lauren.zambotti@alintaenergy.com.au](mailto:lauren.zambotti@alintaenergy.com.au)

Yours sincerely

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## REVIEW OF ELECTRICITY CUSTOMER SWITCHING OPTIONS PAPER

### Options to address the timing of customer transfer process

*Option A1: reduce the maximum prospective timeframe for customer transfer requests, as set out in the Market Settlement and Transfer Solutions (MSATS) Procedures, from 65 business days to 21 business days*

As outlined by the AEMC in the Review of Customer Switching Issues Paper (**Issues Paper**) the maximum 65 business days is not representative of the average timeframe in which a customer transfer completes. Alinta Energy agrees with the AEMC's view that actual, average switching times are more relevant, which based on AEMO data (provided in the Issues Paper) in the NEM suggests that in most cases 30 days is an achievable timeframe for customer transfers and suggests that this would reflect an appropriate reduction in the maximum prospective timeframe.

*Option A2: allow customer transfers to occur on the basis of estimated reads, which would provide an alternative to the current practice of obtaining an actual meter read for a transfer request to complete*

As outlined in Alinta Energy's submission in response to the Issues Paper, the use of estimated reads (including customer reads) are unlikely to improve transfer arrangements in a cost efficient manner relative to any perceived public benefit, whilst their use would also expose retailers to a higher level of risk and uncertainty.

Whilst this option may have the potential to provide a significant impact on the reduction of transfer times, the complexity and cost of the implementation of the proposed option (as described in the Options Paper) is not proportionate to the potential benefit to consumers. The option as outlined in the Options Paper makes obvious the high level of complexity both from an administration and operational perspective that would be required to use estimated reads for the purpose of customer transfers. These complex operational and administrative issues need to be explored and agreed resolutions reached before the use of estimated reads for customer transfers can be contemplated.

The proposed option also presupposes that both the "winning" and "losing" retailer are prepared to accept the use of an estimated read to facilitate the transfer process. The outlined process in the Options Paper has not contemplated the scenario where the "losing" retailer does not wish to use an estimated read to finalise an account, the Options Paper only proposes an objection criteria based on a perceived discrepancy relating only to the value of the estimate itself.

As the use of estimates is being proposed as optional a retailer must also have the ability to choose whether to except an estimate, as the "losing" retailer may face additional risk

where they are expected to issue a final account based on an estimate, where the estimate is not reflective of actual consumption. Furthermore the increasing penetration of advanced metering infrastructure has the potential to render the changes out-dated for an increasing number of consumers.

*Option A3: introduce an incentive scheme on regulated metering data providers to encourage such parties to provide more timely and accurate special meter reads*

Alinta Energy does not believe that special read fees are cost reflective in most jurisdictions and acknowledges that the cost of special reads is being addressed by the AEMC in the rule change relating to distribution network pricing arrangements. Cost and the effectiveness of special meter reads remains a key consideration for retailers in determining their use.

Any incentive scheme, including the one proposed in the Options Paper, will come at a cost through increased administration requirements which will ultimately be passed onto consumers. Whilst being supportive of an incentive scheme, any such scheme needs to be considered in terms of benefit versus additional administrative burden and cost. The introduction of the proposed incentive scheme will not address the physical barriers that exist from time to time around meter access. One of the benefits from the introduction of “smart meters” was to elevate such access issues. A continued market driven roll out of smart meters across jurisdictions will aid in addressing transfer related issues.

Alinta Energy is of the view that the AEMC review of the pricing for special meter reads and the proposed incentive scheme are intrinsically linked and that the AEMC pricing review needs to be completed before any further assessment of the proposed incentive scheme.

*Option A4: increase monitoring, and public reporting, of statistics associated with the timing of the customer transfer process, by the Australian Energy Market Operator (AEMO) and the Australian Energy Regulator (AER)*

While this option will not directly affect transfer timeframes experienced by consumers, it will provide greater visibility of transfer timelines experienced by consumers. Alinta Energy believes this option would not pose significant cost or resource requirements and may seek to provide an indirect incentive to affect customer transfers in a timelier manner.

### **Options to address the accuracy of data used in the customer transfer process**

*Option B1: cleanse the MSATS data that is used in the customer transfer process and develop an industry-agreed standard for addresses in the MSATS database*

Alinta Energy supports this option and believes that adoption of a data accuracy policy similar to that adopted in New Zealand and the incorporation of a standardisation of address

data (and retrospective cleansing of existing addresses) would be beneficial. The preliminary option to improve data accuracy should relate to addresses recorded in MSATS, with further cleansing aspects to be incorporated in AEMO's audit program.

*Option B2: increase monitoring, and public reporting, of statistics associated with the accuracy of the data that is used in the customer transfer process by the AEMO and the AER*

Alinta Energy is of the view that option B2 is supplementary to option A4. Whilst the publishing of data itself will not improve operational functionality, the transparent disclosure of relevant information may in of itself provide the necessary incentive for improved performance. However if Option B1 is implemented this Option would no longer provide any additional benefit or serve a valid purpose.

*Option B3: introduce an obligation for the National Metering Identifier (NMI) number to be displayed on all small customer meters*

This option to affix "stickers" to meters while seemingly relatively inexpensive to implement fails to give adequate consideration to a number of issues. Their remains the issue of access in order to affix the sticker to the meter, with any potential roll out of "stickers" taking some time.

Further and more specifically the fact that industry has some concerns that a NMI is considered confidential information and where this is visible and not secure, personally identifiable information could be compromised. Alinta Energy does not believe a transfer should or necessarily could be affected without the provision of the relevant supply address as this acts as confirmation the NMI and site transferred are in fact one and the same.

*Option B4: confirm and strengthen the obligations on retailers to co-ordinate to resolve erroneous transfers in a timely manner*

Retailers are aware of their obligations relating to erroneous customer transfers, further it remains in a retailers best interests to rectify an erroneous transfer as quickly as possible, as there is little advantage in maintaining a customer who does not wish to remain with a retailer who is not their retailer of choice.

The proposed option has a number of wide ranging practical difficulties as there are numerous considerations and issues that need to be taken into account. These include:

- who has the right to dispute a transfer;
- what happens if a retailer doesn't agree a transfer was erroneous;
- what constitutes an erroneous transfer;

- in the case of joint account holders or shared properties what happens if a legitimate request was made that is disputed by another responsible party; and
- what happens if the original retailer refuses to accept a retrospective transfer.

These issues are complex and in Alinta Energy's view best addressed on an individual level between the retailers involved, noting the incentive that already exists on retailers to rectify these issues.

### **Options to address the effectiveness of the objections framework**

*Option C1: undertake a project to improve the functioning of the objections framework that forms part of the customer transfer process with the objective of promoting efficiency of this particular element*

Alinta Energy would support a review of the objections framework (with retailer involvement). The review of the objections framework should be conducted in consultation with both retail and distribution business and any recommended changes should be adopted in all NEM jurisdictions. Additionally to assist in clarifying the use of the reviewed framework detailed guidelines should be produced outlining when each of objections should be used and how they operate.

### **Conclusion**

As previously stated in the absence of an identified market failure there is a limited need to make substantial market changes as the further deployment of advanced metering infrastructure will more effectively address any perceived shortcomings of the customer transfer process without significant expense. However Alinta Energy supports implementation of or further consideration of Options A1, A4, B1, B2 and C1 that can be adopted without material costs being incurred and that may assist in providing a more streamlined consumer experience when switching retailers.