

22 December 2016

Mr Ed Chan

Director

Australian Energy Market Commission

PO Box A2449

SYDNEY SOUTH NSW 1235

**Energy Networks Australia submission to the AEMC's Draft Rule Determination:
*Using estimated reads for customer transfers***

Dear Mr Chan,

Energy Networks Australia welcomes the opportunity to make a submission to the Australian Energy Market Commission (AEMC) in response to the "*Using estimated reads for customer transfers*" draft rule determination published by the AEMC on 27 October 2016.

Energy Networks Australia is the national industry association representing the businesses operating Australia's electricity transmission and distribution and gas distribution networks. Member businesses provide energy to virtually every household and business in Australia.

Energy Networks Australia welcomes the AEMC's decision not to proceed with the proposed rule change.

Energy Networks Australia agrees that an efficient transfer process that supports customer choice and promotes confidence in the integrity of the market processes is a critical component of a competitive retail energy market. Energy Networks Australia however notes that:

- A significant improvement in customer transfer times has occurred since the rule change to introduce customer transfers was initially proposed.
- The proposed rule does not resolve the problem of customers with chronic access issues, as the proposed rule only allows customers to transfer based on an estimated read if their previous reading was an actual read. This means that customers with chronic access issues will probably be ineligible to transfer on an estimated read.
- A significant number of remotely read interval meters have been installed since the competition in metering rule changes were made in November 2015, and the continued roll out of remotely read interval meters will have a strong impact on reducing transfer times; as well as being the most effective solution in addressing chronic access issues. If implemented, the proposed rule on estimated reads would therefore only be an interim measure until advanced meters are rolled out to customers.
 - Although it is accepted that many existing type 5 and 6 meters will remain on the system for many years, it is expected that customers shopping around between retailers to find a better deal, could be offered a smart meter as part of the package offered by the retailer. Some retailers are already deploying significant numbers of smart meters across the NEM, as the smart meter allows them to offer products and benefits to retailer cost serve; including the ability for a remote read. It therefore is likely that customers who regularly change retailers will have an opportunity to accept

a smart meter, hence permitting future changes of retailers based on remote meter reads.

- To recover the administrative costs of providing an estimate without transferring costs to others, LNSPs would be expected to charge a fee for an estimated read. It should be noted that some LNSPs such as Energex already have approval from the AER to charge a fee for an estimated read.
- Implementation of the proposed rule change would be complex, resulting in increased costs of inputs to Networks, retailers and AEMO, which are ultimately borne by customers.
- The proposed rules would potentially create confusion for consumers resulting in more customer complaints, which could reduce customer confidence in the transfer process. Processes and procedures could be implemented to hopefully minimise confusion to customers. However implementing these processes will add significant cost, which will ultimately be borne by customers.

If further information is sought on this matter, please contact Mr Peter Cole, Director-Future Networks, on 02 6272 1511 or by email on pcole@energynetworks.com.au.

Yours sincerely,



John Bradley
Chief Executive Officer

