

24 December 2013

Mr John Pierce
Chairman
Australian Energy Market Commission
Level 5, 201 Elizabeth St
Sydney NSW 2000

via website: submissions@aemc.gov.au

Dear Mr Pierce

Australian Energy Market Commission (AEMC) Market Review – Review of Electricity customer switching - EPR 0038

Thank you for the opportunity to make a submission in response to the AEMC Market Review – Review of Electricity customer switching – EPR 0038 released on 3 December 2013.

The Energy Networks Association (ENA) 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. ENA members own assets valued at over \$100 billion in energy network infrastructure.

ENA understands that the purpose of the review is to examine the existing customer switching arrangements in the National Electricity Market (NEM) to better support customer choice, and to make customer switching between retailers more efficient.

The focus of the AEMC Issues Paper is on switching times. While the ENA is a strong supporter of improvements that contribute to the National Electricity Objective we believe that, taking into account the current level of technology in the market (ie metering and associated communications), the opportunity for improvements with customer switching times are at the margin rather than a step change.

ENA Key messages

1. The ENA supports the view that the most efficient way to improve customer switching times is to enable the more widespread roll-out of smart meters.
2. ENA supports a regulatory framework that facilitates the installation, on an economic basis, of metering required to support consumers to respond to cost-reflective pricing; enables the benefits of distribution network derived benefits being passed on to consumers; and removes restrictions to the roll out of advanced meters by networks based on an economic business case.

The AEMC has identified the key hindrance to achieving faster switching times is the requirement to process a switch with an 'actual' meter read (and it is not efficient for transfers to take place on any alternative basis).

For 'smart' meters with communications attached actual reads can be made on a daily basis however currently these meters account for less than 20% of meters in the market. Other meters require a manual read at the premises. Currently all Local Network Service Providers (LNSPs) offer the service of a special read for retailers or customers who elect to seek an earlier transfer than the next scheduled read date.

In the longer term, as more meters have communications attached, a step change will be achieved in switching times. This is evidenced in Victoria where there is a high percentage of smart meters and where switching times are significantly shorter and also for larger customers in the NEM (over 160 MWh pa) who already have type 4 meters which include communications.

The other significant constraint to reducing the switching time is the cooling off period of 10 business days which is seen as an essential consumer protection and needs to be maintained.

In ENA's view pursuing a mandatory reduction in the maximum transfer time of 65 business days is unlikely to be effective, and unlikely to reduce average switching times which ENA understands are around 20-30 business days. We therefore do not believe that the proposed Options paper would add any further value to this review process.

The importance of the metering framework has recently been emphasised by the ENA in a letter to the AEMC on metering and in its submission to the AEMC on the Distribution Network Pricing Arrangements. ENA considers that it is essential that the regulatory framework should facilitate the installation, on an economic basis, of metering required to support consumers to respond to cost-reflective pricing; that enables the benefits of distribution network derived benefits being passed on to consumers; and removes restrictions to the roll out of advanced meters by networks based on an economic business case.

If you have any questions please do not hesitate to contact me on 02 6272 1510 or Jim Bain on 02 6272 1516.

Yours sincerely



John Bradley
Chief Executive Officer