



AGL Energy Limited

T 02 9921 2999

F 02 9921 2552

agl.com.au

ABN: 74 115 061 375

Level 24, 200 George St

Sydney NSW 2000

Locked Bag 1837

St Leonards NSW 2065

Conrad Guimaraes

Project Leader

Australian Energy Market Commission

Submitted online via: <https://www.aemc.gov.au/contact-us/lodge-submission>

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RRC0038 - Maintaining Life Support Customer Registration When Switching

AGL Energy (AGL) welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) draft decision for maintaining life support customer registration when switching (**draft decision**).

The intended aim of the rule change is to reduce barriers to switching for customers with life support equipment. In evidence provided by retailers during the previous consultation, there was no indication that such a barrier existed. In fact, data provided by AGL to the AEMC has shown a higher level of churn amongst customers with life support registered in New South Wales, Queensland and South Australia, which at the very least shows that there is not a real barrier to these customers for changing retailers and in fact are more active in sourcing better market offers than the general energy consumer.

Draft Decision

The AEMC has made a more preferable rule change from the Energy & Water Ombudsman NSW (EWON) rule change request (which had sought costly and complex B2B systems to be established) and proposed that retailers should provide a copy of the life support registration form back to a customer who requests it. According to the AEMC the reason for not pursuing the proponents recommended rule change was that *there is limited evidence around the extent of the issue, and the Commission considers that the cost of the proposed solution would likely outweigh the benefits.*¹ We agree with AEMC that the initial rule change represented higher costs than benefits to the market due to the lack of evidence. Based on this position, we therefore question whether the AEMC preferred rule change appropriately demonstrates a greater benefit than cost given the absence of evidence.

In our submission below we highlight several considerations that AEMC should factor in to whether there is a demonstrated need for regulation and examples of costs involved with this preferred rule change.

¹ See Australian Energy Market Commission Draft Determination [RRC0038 Life Support Registration](#) p.ii



Implementation

The AEMC proposes commencement of the draft decision by 4 March 2021, approximately one week after the final decision is made. It will be impossible for retailers to implement this solution in a week as has been suggested by the AEMC draft decision. While in the first instance we do not believe that the threshold for creating regulatory obligations on retailers has been met by the AEMC's consideration of this rule change, should it proceed we recommend serious consideration about the commencement date in light of the issues that we identify, suggesting that no earlier than 1 August 2021 should be considered.

If you have any questions, please contact Kat Burela on 0498 001 328 or at kburela@agl.com.au.

Regards

A handwritten signature in blue ink, appearing to read 'Patrick Whish-Wilson'.

Patrick Whish-Wilson

A/g General Manager Policy & Markets Regulation



Overview

According to the Office of Best Practice Regulation (OBPR), any imposition of mandatory obligations on business and the community for which there is a reasonable expectation of widespread compliance should undergo the appropriate cost-benefit analysis to ensure that it is informed by evidence and necessary.² This forms part of the governments wider commitment to deregulation and lessening red tape.

The AEMC have not demonstrated any need for this rule change which amounts to regulatory obligations on retailers, and we believe that pursuing a rule change of this nature sets a dangerous precedent for creating obligations without a market need. We do not agree that this solution will represent overall benefits or efficiencies for customers, as we outline below.

While we have provided the AEMC with data that life support customers are extremely active in seeking out new offers and therefore not impeded from transferring due to the need to provide a medical confirmation form, neither EWON nor the AEMC has identified how many customers would even use this service from their previous retailer should it be put in place. This type of assessment is important in helping determine whether there is an overall benefit above cost to requiring such a change. In the first instance, we would encourage the AEMC to consider conducting a trial to understand more greatly what, if any, issue currently exists, to what extent this proposed rule change would address any suggested underlying issue and what the likely usage rate be if introduced.

Further considerations for the AEMC

Customer

The AEMC's preferable rule change assumes of some benefit to customers, we note that there is a range of exceptions including:

- **Saves opportunity** - A customer requesting the medical confirmation form from the losing retailer will represent a saves opportunity for the losing retailer. Given the recent decision for Faster Switching³, which removes notification from a losing retailer, we consider that this is an inconsistent decision with the Faster Switching decision.
- **Need to return to doctor** - There are many circumstances in which a customer will need to return to the doctor, and the frustration of the process not delivering an acceptable medical confirmation form from a losing retailer will only further agitate and increase consumer distrust, for example:
 - If the winning retailer believes the form from the retailer/distributor is not legible, the customer will be directed to their doctor.
 - Retailers would be able to accept the medical confirmation for the purposes of registering life support equipment at the premise, but other purposes, such as life support concessions would not be supported. For example, in NSW the winning retailer

² <https://pmc.gov.au/regulation/guidance-policymakers>

³ <https://www.aemc.gov.au/rule-changes/reducing-customers-switching-times>



would not know how far in to the 2-year concession period the customer is, so these customers would still be required to go to the doctor to receive their life support concession.

- **Customer uptake** – given the customer has made an active decision to transfer away from their current retailer, it is not clear how many customers are expected to want to use this system to contact their losing retailer to receive a copy of their form?

Systems and processes

- The AEMC consider the more preferable rule change as low cost, and therefore any benefits to customers will justify regulation. We note that there are still industry costs associated to systems and processes, including: **Communications** – retailers will need to alter existing communications to include information about this new obligation. Retailers will also need to establish a system for sending out forms to the customer when requested.
- **Call agents** – retailers will need to create new scripting for call agents so that they:
 - Are aware that customers are able to request and submit medical confirmation forms.
 - How to manage requests received over the phone for medical confirmation forms, including collecting information for a consumer that is no longer an active customer, such as a new address or email address (if one is not currently on record).
 - Customer Service Call agents may not have visibility of customer life support forms, as retailers may have a specialised team for managing life support processes (such as confirming that forms are accurate and appropriate). This will mean that Customer Service Call agents could not advise the customer if the medical confirmation form, they are requesting is valid for their purposes (e.g. within 4 years, or 'legible', or appropriately dated).
- **Sending the form** – may include manual solution (such as printing/scanning of forms) and digital solutions (to extract and email the form).
- **Receiving the form** – for the winning retailer receiving the form, what is the expectation for a form that is received and determined to be ineligible? Outbound call success rates are not high, and so the customer will not have submitted a valid form. These types of exceptions require resourcing to manage.
- **Determining the age of the form** – as we note above, it is unclear how retailers will determine the age of a form. For example, will this be the date that it has been signed by a medical practitioner or lodged with the losing retailer? If the date is not legible, or the losing retailer has not time stamped the lodgement date, will the form be invalid?

Finally, we note that the NSW Social Code is currently undergoing amendments. One of the proposed changes will be for the NSW Government to be responsible for confirming valid concessions and passing the result of this on to retailers as of 1 July 2022. In this situation, retailers will not have a copy of a medical confirmation to pass back to retailers, and advice that they can reuse medical confirmation forms will not be applicable. This will only cause further distrust and inconvenience for the customer.

Given all the above, we strongly encourage the AEMC to not implement a rule change given that:

- The evidence shows life support customers are active and are not impeded from transferring retailers because of the need to obtain a new medical confirmation form.
- The additional customer complexity and ambiguity created by the preferred rule, and



- The additional industry costs that will be created for a rule that the AEMC has not assessed on how often it will be utilised by life support customers.

While we do not support the making of the EWON or AEMC preferred Rule, if the AEMC decides to make their more preferred Rule, we strongly urge the AEMC to provide appropriate time for industry to carry out the necessary implementation changes to avoid unintended and negative customer impacts. Our view is the AEMC preferred Rule should commence no earlier than 1 August 2021, if the AEMC makes a final decision by the end of February 2021.