

3 September 2020

Ms Meryn York
Chair
Australian Energy Market Commission
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Reference code: RRC0038

Dear Ms York,

Maintaining life support customer registration when switching

AusNet Services is pleased to have the opportunity to make a submission to the Australian Energy Market Commission's (**AEMC**) consultation paper on rule changes proposed by the Energy and Water Ombudsman NSW (**EWON**) to make changing retailer easier for life support customers. The consultation proposes further changes to the protections provided to customers requiring life support equipment and seek to remove potential barriers life support customers face in changing retailers.

We would support any amendments to the life support rules that improve protections and provide greater access to retail competition, where implementation costs are justified. However, the benefits of the EWON proposal in removing barriers to retailer competition are eroded by the requirement of jurisdictional concession schemes for the life support customer to provide the retailer with the same medical confirmation paperwork. Additionally, the proposed change would have high implementation costs.

In Victoria where AusNet Services operates, the Distribution Network Service Provider (**DNSP**) role when interacting with customers is governed by Victorian energy retail and electricity distribution codes rather than under the National Energy Retail Rules (**NERR**). The Victorian life support rules were updated in December 2019. NERR reforms typically result in consequential changes to these Victorian codes because a unified approach across the National Electricity Market (**NEM**) is important as national retailers register the vast majority customers with life support. Therefore, the associated B2B arrangements apply across the NEM.

We suggest some improvements to the proposed rule changes that would improve the life support process with a lower implementation cost. Retailers with the responsibility of "registered process owner" could case manage any life support customers with transfers in error situations or the life support customer moving premises. Additionally, we suggest the AEMC give regard to the alterations the Essential Services Commission (**ESC**) made in the recently updated the Victorian life support rules, such as:

- the ability to remove life support registration without a 15-business day delay where the customer provides explicit informed consent; and
- a strong obligation on retailers to ask the customer whether they require life support when signing up the customer to a new or renewed offer.

Please find our completed stakeholder feedback template addressing the questions posed in the consultation paper.

If you have any queries on our submission, please do not hesitate to contact Justin Betlehem on 03 9695 6288.

Yours sincerely,

A handwritten signature in black ink that reads "C. Eddy". The signature is written in a cursive style with a long horizontal stroke extending to the right from the end of the name.

Charlotte Eddy

Manager Economic Regulation

ATTACHMENT 1 STAKEHOLDER FEEDBACK TEMPLATE

The template below has been developed to enable stakeholders to provide their feedback on the questions posed in this paper and any other issues that they would like to provide feedback on. The AEMC encourages stakeholders to use this template to assist it to consider the views expressed by stakeholders on each issue. Stakeholders should not feel obliged to answer each question, but rather address those issues of particular interest or concern. Further context for the questions can be found in the consultation paper. Stakeholders are also encouraged to provide evidence to support claims where possible.

SUBMITTER DETAILS

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CHAPTER 5 – SECTION 5.1 – ISSUE IDENTIFIED BY EWON

1. Do stakeholders agree that requirements for medical confirmation to be resubmitted deter life support customers from changing premises or retailer? If so, what are the main barriers or costs that may deter switching activity by life support customers?
2. What is the appropriate allocation of responsibility between life support customers and businesses with respect to the resubmission of medical confirmation?

AusNet Services agrees the requirement for medical confirmation may deter life support customers from changing retailers, but the benefits of the proposed EWON in removing barriers to retailer competition are eroded by the requirement of jurisdictional concession schemes for the same medical confirmation paperwork. Additionally, life support customers visiting medical practitioners to receive advice on their plans to manage unexpected outages, and to confirm their need for life support protections, is an essential component of the protection framework.

Only customers not receiving a life support associated hardship support grant are deterred from changing retailers by the requirement of medical confirmation. The barrier is not financial as medical practitioners' visits would already be regular, and it may only be a matter of reluctance on the part of the customer and doctor to administer the paperwork.

Under the current life support rules, customers can register for life support protections and provide medical confirmation information afterwards. Retailers and DNSPs are required to notify each other of life support registrations. Additionally, retailers and DNSPs are required to notify customers registered with life support several times before deregistering life support. We consider the allocation of responsibility for assigning and maintaining life support records provides more than adequate levels of protection.

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<p>3. How do retailers and DNSPs record, share, use and maintain life support information in practice?</p>	<p>The current life support process is summarised by:</p> <ul style="list-style-type: none">- Customers contact retailers or DNSPs providing information on life support equipment requirements;- Retailers and DNSPs are required to notify each other of life support registrations, via B2B transactions.- Customer provides medication confirmation to the retailer or DNSPs;- the Retailer or DNSP receiving either the customer's initial life support information or medical confirmation has additional obligations as a Registered Process Owner (RPO).- Customer registered with life support receive additional customer protections by retailers and DNSPs;- Life support registration is removed when the customer provides advice to their Retailer and DNSP that life support equipment is not required. Upon receipt of that advice the Retailer notifies the DNSP or the DNSP notifies the retailer via B2B transactions that the site is deregistered;- The RPO may undertake to confirm life support equipment medical confirmation and after notifying customers registered with life support several times can deregister the life support status and notify the DNSP or current retailers.
<p>4. Are there any other obligations imposed on retailers, DNSPs or customers relating to life support outside of the NERR (for example under jurisdictional concession schemes)? If so, what are those obligations and how do they interact with the obligations under the NERR?</p>	<p>The issue of concession schemes for life support customer are subject to different jurisdictional requirements. Retailers are subject to these obligations and we do not have detailed knowledge of these obligations.</p>
<p>5. Do stakeholders agree with the Commission's description of scenarios where life support customers may be required to resubmit medical confirmation? Should additional scenarios be contemplated?</p>	<p>We agree with the four presented scenarios. Additionally, we consider the scenario EWON included in the rule change of a rectification of customer that had been transferred in error should be contemplated.</p>

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6. What are the costs and benefits of rule 125(14) relating to life support deregistration? Are there risks that life support customers will be deregistered inadvertently?

AusNet Services and other registered participants have implemented rule 125(14) or the similar Victorian obligations that mirror rule 125(14). Therefore, there are no more implementation costs associated with 124(14), only case management costs. Businesses can choose to validate life support registration records by requesting medical confirmation. We consider rule 125(14) and similar Victorian obligations strike the right balance in allowing businesses to manage old and incorrect records and providing a high level of protection to customers with life support equipment.

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CHAPTER 5 – SECTION 5.2. – ISSUE MATERIALITY

<p>1. What are the short and long term impacts (financial and other) on life support customers of higher barriers for engagement in the retail market?</p>	<p>AusNet Services is not aware of short term or long term issues that life support customers have higher barriers for engagement in the retail market. Contacting life support customers and encouraging them to talk to their medical practitioner regularly promotes greater awareness of their needs and understanding of their emergency plan in the event of an unexpected outage. In Victoria, the retail rules require retailers to ask customers if life support equipment is required (or still required) at the renewal of market offers.</p>
<p>2. What are stakeholder views with respect to the difficulty and costs of customers securing medical confirmation when they change premises or retailer?</p>	<p>An important element in the regulatory framework of protecting customers with life support equipment is awareness. Although life support registration prevents disconnections for non-payment and ensures planned outages are notified (along with other non-mandatory protections distribution businesses provide), it does not prevent planned or unplanned outages. Customers need to have emergency plans in place and understand what to do in the event of an outage. We consider that customers regularly talking to their medical practitioner improves this awareness and the medical confirmation paperwork is important in maintaining the integrity of life support records and justifying expenditure on other non-mandatory protections distribution businesses provide. Therefore, we think the current framework strikes the right balance and the costs of securing medical confirmation are justified.</p>
<p>3. What quantitative or qualitative evidence do stakeholders have with respect to the issue raised by EWON that may clarify its materiality?</p>	<p>Retailers and customer advocates are better placed to provide evidence on the barrier to competition issues raised by EWON. Anecdotally, we have evidence that life support customers still change retailers. Our staff process typically process more than 25 retailer changes for our life support customers per month.</p>
<p>4. Do stakeholders think there are any risks that customers may be incorrectly deregistered with switching or moving? What processes are in place to reduce any risks?</p>	<p>We consider the regulatory framework of protecting customers with life support equipment is effective in protecting customers. Incorrect de-registration would only typically occur as a result of multiple or severe breaches of rules.</p>

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CHAPTER 5 – SECTION 5.3 – PROPOSED SOLUTIONS

<p>1. What are stakeholder views on sharing of medical confirmation forms between businesses as proposed by EWON? Would this solution address the issue raised by EWON?</p>	<p>AusNet Services considers that the sharing of medical confirmation forms from the outgoing RPO to an incoming RPO would require new secure interfaces and new storage systems to comply with relevant privacy rules. It would not be secure enough to just email completed forms containing private and sensitive information between businesses.</p> <p>Furthermore, the EWON proposed change would not be the most elegant way to address poor customer outcomes from a correction of a transfer in error, such as the example presented in the EWON attached case study. If retailers are struggling to manage a customer transfer process, they may not be able to reliability and promptly transfer private and sensitive information between each other. Perhaps a better way to protect customers in these circumstances is stop the retailer RPO's obligations from ceasing immediately when customers transfer, and require the outgoing retailer RPO to retain the customer's life support registration information for the customer or the site for a reasonable amount of time.</p>
<p>2. What are the costs and benefits of the solution proposed by EWON?</p>	<p>As discussed above, we expect the cost of implementing the EWON proposed solution would be high. The current life support process is effective in protecting transferred life support customers from incorrect de-registrations. DNSPs retain their life support records and the new retailer is required to ask the customer if life support equipment is required and register life support on the basis of any verbal or written indication. Customers with life support equipment are likely to be receiving regular medical treatment and be needing the paperwork for jurisdictional concession schemes.</p> <p>Therefore, the benefits would only be limited to reducing the inconvenience of the customer and their medical practitioner in managing the life support confirmation request.</p>
<p>3. What life support information should be shared between businesses as part of EWON's solution? How could this information be most efficiently shared?</p>	<p>AusNet Services is satisfied the current regulatory framework and B2B procedures promote adequate sharing of life support records between participants. We do not support changes to rules that would require additional sharing of life support information (including signed medical paperwork) between participants.</p>

<p>4. What are stakeholder views on the two alternative pathways proposed by EWON? Would these address the issue raised by EWON?</p>	<p>We, in principle, would support universal medical confirmation form which is accepted by all businesses. However, it would also have to apply all jurisdictions for the purpose of eligibility for concession schemes.</p>
<p>5. Are there additional solutions that the Commission should consider to in order to address the issue?</p>	<p>As we indicated above, a better way to improve protections to life support customers may be to extend obligations on retailer RPOs to manage life support customers' records after the life support customer (or registered site) has transferred for a fixed period of time (e.g. 30 business days). During this time, the retailer may be able to fully process a customer's move to a new premises and de-register life support at the old premises. It would also prevent a life support customer that had been transferred in error from having to re-register paperwork once the error is corrected.</p> <p>Additionally, AusNet Services would recommend the AEMC assess the Victorian life support rules, recently updated in Dec 2019 to identify other improvement opportunities. We consider, the recent Victorian reform by the Essential Services Commission had the advantage of learning from the experiences of the NERR life support changes and made favourable improvements to the framework. These include:</p> <ul style="list-style-type: none"> - the ability to remove life support registration without a 15-business day delay where the customer provides explicit informed consent; and - a strong obligation on retailers to ask the customer whether they require life support when signing up the customer to a new or renewed offer. <p>We are supportive of the current Victorian life support framework and would recommend the AEMC consider any alignment opportunities.</p>

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CHAPTER 5 – SECTION 5.4 – IMPLEMENTATION

<p>1. What are the system and policy changes required for each of EWON's proposed solutions to be implemented? What are the potential costs and benefits of these changes?</p> <p>2. What are the potential privacy issues related to EWON's proposed solution? How could those privacy issues be overcome?</p> <p>3. What are stakeholder views on the compatibility of forms currently used by retailers and distributors between other retailers and distributors? Would these forms be mutually acceptable to businesses?</p>	<p>As discussed above, we consider that the sharing of medical confirmation forms from the outgoing RPO to an incoming RPO would require new secure interfaces and new storage systems to comply with relevant privacy rules. It would not be secure enough to just email completed forms containing private and sensitive information. We expect the cost of implementing the proposed solution would be high.</p>
<p>4. Are there any other issues the Commission should consider in relation to sharing life support information?</p>	<p>AusNet Services is cognisant that life support records are sensitive, private information and subject to high levels of protection under the privacy act. Any new obligation requiring changes to system to store or transmit life support confirmation paperwork would be costly to implement.</p>
<p>5. Should medical confirmation provided to the RPO "expire" after a certain period? What are the costs and benefits of this approach, particularly if new medical confirmation was not required when a customer changes premise or retailer?</p>	<p>As indicated above we, in principle, would support universal medical confirmation form which is accepted by all businesses. However, it would also have to apply all jurisdictions for the purpose of eligibility for concession schemes.</p> <p>All issues in relation to life support information sharing have been included in this submission.</p> <p>We consider the current arrangements that allow businesses to request life support confirmation where required already strikes the right balance of protections and efficiency. There is no expiry of medical confirmation today, and nor should there be. Medical confirmation should last until the customer changes address or a new customer becomes the account holder.</p>