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Maintaining life support customer registration when switching Consultation Paper

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (Powershop) thanks the Australian Energy Market Commission (the AEMC) for the opportunity to provide comments in response to the AEMC's Maintaining life support customer registration when switching Consultation Paper (the Paper).

Background on the MEA Group

MEA Group is a vertically integrated generator and retailer focused entirely on renewable generation. We opened our portfolio of generation assets with the Mt Millar Wind Farm in South Australia, followed by the Mt Mercer Wind Farm in Victoria. In early 2018 we acquired the Hume, Burrinjuck and Keepit hydroelectric power stations, further expanding our modes of generation. We have supplemented our asset portfolio by entering into a number of power purchase agreements with other renewable generators, and through this investment in new generation we have continued to support Australia's transition to renewable energy.

Powershop has reviewed the Paper and the change requested by the Energy and Water Ombudsman of New South Wales (EWON) and understand that EWON received a minute number of complaints for the last year across NSW. The Paper does not advise if any of those complaints referred to retail switching or its process. We do not consider there is enough evidence provided to confirm that there is a material process deficiency in the market, therefore a credible risk to propose significant changes.

Please find below our response to the questions raised in the Paper.

QUESTION 1: ASSESSMENT FRAMEWORK

(a) Do you agree with the assessment framework outlined by the Commission? Are there other factors that should be taken into consideration?

Powershop is satisfied with most of the assessment framework; to achieve the objectives of the national energy retail objective (NERO) as well as the ability for the AEMC to be able to make a more preferable rule. It is the basis of this assessment alone that determines in our view that the rule change request is not required, it does not achieve the NERO and without any evidence to support materiality or risk, a preferable rule change is not required.

QUESTION 2: ISSUES RELATING TO LIFE SUPPORT OBLIGATIONS AND SWITCHING

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?

Powershop has seen no evidence to suggest that resubmitting medical confirmation deters life support customers from changing premises or retailer. However, we acknowledge re-submitting medical confirmation forms may be challenging for some life support customers.

Powershop has encountered scenarios where a customer has not been able to provide their medical confirmation form for an extended period, in these cases we provide extensions to the customer's preferred date. While existing provisions and customer service processes should largely address the issue identified by EWON, Powershop acknowledges that market participants will have different approaches to this.

2. What is the appropriate allocation of responsibility between life support customers and businesses with respect to the resubmission of medical confirmation?

The allocation of responsibility is fair to the extent that life support customers are required to provide medical confirmation form, confirming their eligibility, however Powershop does see an improvement opportunity to the current process which will make it simpler for customers and more efficient for the market. Powershop has detailed our solution in response question 4, 5. *Are there additional solutions that the Commission should consider to in order to address the issue?*

3. How do retailers and DNSPs record, share, use and maintain life support information in practice?

Powershop (and the energy market) share the necessary life support information through the Australian Energy Market Operator (AEMO) business-to-business (B2B) procedures.

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?

The payment of the life support concession in Victoria and New South Wales requires retailers to obtain and retain up to date paperwork about the customer's life support equipment before the concession rebate can be paid. Any industry changes to the retention of life support registration should bear in mind the concession process.

Specifically, if there is the development of a universal life support registration form then this form should record the details that are required by each or the state governments. Crucially, this evidence should then be accepted by the state governments for the payment of the concession rebate.

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?

Powershop believes the AEMC's description of the different scenarios reasonable, however we note that the requirements stated may not be applied verbatim throughout the industry.

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?

Not Applicable.

QUESTION 3: MATERIALITY

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?

As detailed in response to Question 1, Powershop has not seen evidence that life support customers consistently experience higher barriers of engagement to participate in the retail market. However, it is fair to assume some life support customers experience some challenges obtaining medical confirmation.

2. What are stakeholder views with respect to the difficulty and costs of customers securing medical confirmation when they change premises or retailer?

The need to obtain medical confirmation from a medical practitioner could prove difficult for some customers, specifically customers who live in a rural areas (travel costs) or customers who have a disability. Powershop assist customers in this situation by providing an extension until their next scheduled appointment. Powershop consider that this is likely to be common practice among retailers

3. What quantitative or qualitative evidence do stakeholders have with respect to the issue raised by EWON that may clarify its materiality?

As previously advised, Powershop has seen no evidence, quantitative or qualitative, that supports the issue raised by EWON. Furthermore, the case study provided by EWON did not relate to the normal switching process, rather the case study was based on a single transfer in error for one customer and one retailer.

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?

Powershop has seen no evidence to suggest that the current arrangements lead to a customer being deregistered. Powershop see greater risk by using a medical confirmation form sharing solution between retailers.

Hypothetically, if a customer signs up with retailer A and advise they require life support but do not provide their medical confirmation form, retailer A would raise the Life Support Notice (LSN) reflecting no medical confirmation provided. If that customer were to switch to retailer B, retailer B would have no view on a customer’s life support situation. The customer might also assume that retailer B would already know they require life support (not understanding the requirements of the Rules). This scenario could have catastrophic consequences but also highlights the need for a ‘central source of truth’ for life support customer information.

QUESTION 4: SOLUTIONS

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?

Powershop believes that due to the sensitive nature of medical confirmation forms, market participants different approaches to data management, privacy obligations and compliance processes, there is a strong resistance to share customers’ private medical information with another party. Retailers are required to obtain a customer’s explicit informed consent to share medical confirmation forms, serious consideration of a future process must be undertaken as to what participants would need to do if the customer did not consent to their information being shared. Furthermore, an additional consent process will add further resourcing costs to try and reach customers to gain their consent.

2. What are the costs and benefits of the solution proposed by EWON?

Without any evidence to analyse and support the rule change, it is hard to analyse the benefits and costs of such a change, given the number of uncertainties on how this would also work in practice. We have tabled some high-level observations based on a retailer-to-retailer sharing solution.

Costs	Benefits
Further resource and process extensions to obtain a customer’s consent to share medical confirmation forms.	Life support customers will not have to provide their medical form to their new retailer.
Retail system development costs to make the solution scalable.	Retailers will not have dedicated resources to contact customers to try and obtain the medical confirmation.
Potential distribution system development costs to make the solution scalable.	
Potential AEMO B2B build costs.	
Staff training costs.	
IT costs to build a secure file transfer solution to ensure customer privacy is maintained.	

3. What life support information should be shared between businesses as part of EWON's solution? How could this information be most efficiently shared?

Powershop find the current system driven AEMO LSN process provides enough information to the customers distribution network to ensure the customers safety.

4. What are stakeholder views on the two alternative pathways proposed by EWON? Would these address the issue raised by EWON?

Powershop views the solutions proposed by EWON would involve further system development to cater for the solution to work effectively. Powershop discusses a preferred solution in response to question 5.

5. Are there additional solutions that the Commission should consider to in order to address the issue?

Based on the lack of evidence provided to support the paper, Powershop does not view this as a material issue with any significant issue to address. However, we agree that it is impractical to provide a medical confirmation form every time a customer switches retailer, creating a potential barrier for some life support customers, for a variety of reasons.

Flagging a site as life support

Powershop believes a centralised 'single source of truth' approach to maintaining medical confirmation forms would be desirable for positive customer outcomes and efficient operation of the market. Powershop propose that distribution networks be the sole participant responsible for obtaining and maintaining medical confirmation forms. At a high-level, Powershop see this solution working in the following way:

1. A life support customer signs up with Retailer A.
2. Retailer A raises a 'Registered - No Medical Confirmation' LSN to the distribution network. This ensures the customer's account is flagged and additional protections are in place.
3. The distribution network commences the process to obtain the customer's medical confirmation.
4. Once the customer provides the medical confirmation to the distribution network, the distribution network secures and stores the medical confirmation.
5. Distribution network raises 'Registered - Medical Confirmation' LSN to Retailer A.
6. Retailer A acknowledges the updated LSN, and the customer's account remains flagged as requiring life support.

Customer switching retailers

Under this solution, the medical confirmation form remains with the distribution network, so if a customer switches retailer but remains in the same distribution network, the solution will play out as follows:

1. Life Support customer switches from Retailer A to Retailer B.
2. Retailer B raises and flags the site in their systems and raises a 'Registered - No Medical Confirmation' LSN to the distribution network.
3. When the customer switches to Retailer B, because the distribution network already knows the customer requires life support, and they know the customer has changed retailer, the distribution network can raise a 'Registered - Medical Confirmation' LSN to Retailer B, who can subsequently update there systems to reflect the medical confirmation.
4. Retailer B acknowledges the updated LSN, and the customer account remains flagged as requiring life support.

Customer moves to a new house and is in a new distribution area, but remain with the same retailer

In this case, the retailer would follow the same process as outlined in 'Flagging a site as life support'.

Customer moves to a new house, but remain in the same distribution network, but with a different retailer

In this case, the retailer and distribution network would follow the same process as outlined in 'Customer switching retailers'.

Benefits of this solution

Centralising this requirement with distribution networks provides the following benefits:

1. Distribution networks know when a customer has switched retailers, therefore they are in the best position to be the holder of medical confirmation forms across a switch in retailer.
2. It removes the need for system development to facilitate a retailer-to-retailer information sharing process.
3. Addresses the privacy risks associated with sharing sensitive information.
4. Utilising existing market procedures.

QUESTION 5: IMPLEMENTATION

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?

Powershop cannot provide commentary on system change and policy change requirements given the significant 'unknowns' of how the processes would work. Powershop would need to clearly understand:

- What happens if a registered life support customer switches without having provided their medical confirmation form to their previous retailer?;

- What would a retailer's requirements be if a customer did not consent to their medical confirmation form being shared?;
- How would existing LSN market procedures work with the EWON solution?

2. What are the potential privacy issues related to EWON's proposed solution? How could those privacy issues be overcome?

There are significant privacy concerns related to EWON's proposed solution, with only system development solutions, or resource-intensive manual work provided. As advised throughout our submission, the materiality of this issue has not been proven and therefore requires proper examination and consultation, with a regulatory investment test conducted to determine whether the proposed changes are required.

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?

Powershop's view is that a single life support and concession form would be a far more customer friendly solution than the current state-specific forms and processes that industry and customers need to grapple with.

4. Are there any other issues the Commission should consider in relation to sharing life support information?

Powershop would encourage the Commission to consider:

1. The materiality of the issues using empirical evidence; and
2. Whether the EWON solution balances customer outcomes while meeting the objective of maintaining an efficient market. As discussed earlier, Powershop's view is that centralising the requirements of the RPO at distribution networks is a more cost-effective solution, and more customer-centric solution.

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?

Medical confirmations should always be treated on a case by case basis with encouragement of customers to continually update and engage their retailer.

The concession framework works differently in each state jurisdiction, making it very cumbersome. This factor compromises the changes requested when we also need to consider the different mechanisms and processes market participants undertake for life support. Finally, a customer using life support equipment does not always equate to a life support concession, again compromising the proposed changes.

Powershop looks forward to further discussion and consultation on this matter. If you would like to discuss any aspect of this submission, please do not hesitate to contact me.

Yours sincerely



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