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Tuesday, 23 October 2018

Mr John Pierce AO
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Mr Pierce

RE: ERC0236 AEMC, Metering installation timeframes, Draft rule determination, 13 September 2018

ERM Power Retail Pty Ltd (ERM Power) welcomes the opportunity to respond to the AEMC Meter Installation Timeframes, Draft Decision (the Draft Decision).

About ERM Power Retail

ERM Power is an Australian energy company operating electricity sales, generation and energy solutions businesses. The Company has grown to become the second largest electricity provider to commercial businesses and industrials in Australia by load¹. A growing range of energy solutions products and services are being delivered, including lighting and energy efficiency software and data analytics, to the Company's existing and new customer base. The Company operates 662 megawatts of low emission, gas-fired peaking power stations in Western Australia and Queensland.

www.ermpower.com.au

General Comments

ERM understands that a number of customers in the market have experienced unfortunate delays in the installation of meters since the beginning of metering contestability, resulting in a poor customer experience and detriment. Whilst ERM Power's customers have not experienced the chronic issues highlighted in the proponent's rule change, we have been frustrated by the constraints of the current regulations that limit our provision for flexible appointment setting. In this respect, we welcome the draft rule that recognizes the current requirement for retailers to provide customers with at least four business days' notice of a planned interruption as being inflexible, and in itself can cause unnecessary delays. Allowing retailers with the flexibility to conduct planned interruptions at shorter notice, as long as the customer consents, will help to accommodate customers' changed arrangements and lead to greater efficiencies in appointment setting.

However, there are other aspects of this Draft Decision that have us concerned. We believe many of the proposed rules will be very challenging to implement and are likely to result in inefficient service delivery and threaten retailers' abilities to respond to more complex metering situations, particularly those typical of business customers. It is our view that the Commission has sought to impose the maximum timeframes with insufficient analysis on the feasibility or impact to retailers and the costs to customers. Of great concern, if our customers need time to



respond to notices and coordinate appointment setting internally before making commitment to appointment times, we will be forced to install meters regardless of their readiness. New obligations of installing a meter by a deadline date if an alternate date cannot be agreed, places a compressed time limit on that appointment negotiation. This lack of flexibility will cause extreme detriment to business customers and can put their operations at risk.

For ERM Power, the main issue with the rules around mandated deadlines to install meters is that the Commission has accepted the notion that the promptness of install is paramount to the installation occurring at a convenient time for the customer. This may be true in the case of a residential customer, but for business customers, installing on a date that is inconvenient could result in great detriment. The compounding issue is that the rules disregard the prolonged time it can take for a business customer to negotiate and agree on an appointment time, particularly if they are weighing up and determining disruptions to business processes or production.

The introduction of metering contestability brought fundamental changes to metering processes and interaction between participants since its introduction in December 2017. It would be premature to impose mandated timeframes when the industry has been working together to improve processes and reduce installation times through this transition. It is our view that mandated timeframes will be a distraction to the improvements that have been made so far, with resources diverted to meet the new stringent deadlines.

Our concerns are explained in greater detail below.

Timeframes for New Connection Customers

For new connections, it is clear that the proposed timeframes are more stringent than what has been imposed on jurisdictional distributors. Further, we are concerned that the new proposed timeframes will be problematic for our business customers who raise new connection requests well in advance of the required energization date, but do not settle on a specific agreed date until the site is ready for the meter installation and to be energized. The proposed compliance timeframe places a firm obligation on retailers to make an agreed date or be subject to the mandated timeframe. However, often Registered Electrical Contractors (REC) appointed by the customer require flexibility in setting dates, which often move around with rescheduling to accommodate all parties on site. The rules need to allow for flexibility to accommodate business customers' needs. The concept of 'best endeavours' to the mandated timeframes will accommodate delays from exceptional circumstances with business customers and be consistent with the service provision and flexibility our customers require.

We understand that the draft rules allow retailers to gain an exception to the proposed meter installation timeframes for new connections in limited circumstances, where there are safety constraints preventing work from proceeding, multi-occupancy site restrictions, preparation work is required, or the site is not accessible. We believe that a further exception should be made when the retailer has been unable to establish contact with the customer or settle on an agreed date.

RECOMMENDATION

Include a 'best endeavours' requirement on the retailer for adherence to the mandated new connection timeframes, to accommodate circumstances where the retailer has been unable to establish customer contact or, an agreed timeframe has not been settled, beyond the control of the retailer.

OR

Ensure exceptions to the timeframe include 'delays from customer contact unable to be established' or 'delay in agreement on a specific date' under Rule 7.8.10A (b) of the NER.



Allowing for exceptions of unsuccessful contact and flexibility for business customers

We also believe that an exception for 'lack of successful contact' and 'delayed appointment setting' should be extended to meter fault rectification timeframes, where the customer has not been the initiator of the metering work and may not have responded to notices to inform them of the metering fault. ERM Power is a business only retailer and every installation that results in a power interruption requires adherence to an appointment time so as to not interrupt our customers' business operations. This makes agreed appointment setting within a set period even more onerous for retailers such as ERM Power.

Metering faults and errors can take different forms, and it is rare for a meter fault to cause loss of power. The customer may not respond to notices to establish a suitable meter installation time, may not be ready or are doing their own upgrades / electrical work, or the site contact may not be available. Where a meter fault does not cause a power outage, ERM Power can be faced with delays in coordinating appointments with the customer and sometimes the customer is reluctant to commit to timeframes. These issues may stem from difficulties on the customer's end such as lack of resources to coordinate, low priority consideration for the customer, the need for alignment with the customer's own electrical works or obtaining a correct site contact, a role that may change regularly. Delays may even occur with investigations around the meter location for difficult sites such as those with pumps on remote sites. Further delays in setting up appointments may occur as we are dealing with intermediaries, appointed by the customer, who may want to conduct their own investigations of the 'faulty meter' before allowing engagement with a Metering Coordinator to arrange an appointment time. Delays may be common when coordination needs to be arranged with property managers.

To not allow flexibility in providing business customers enough time to reach agreement with us to settle on a suitable appointment time is unworkable. Given we deal with business customers, ERM Power ensures that our Metering Coordinator always makes an appointment with the customer at a mutually agreed time. However, if customers are still coordinating a response to settle on an agreed time and ERM Power is forced to send a planned interruption notice and make the installation regardless to meet the mandated timeframe, our business customers may be extremely dissatisfied, and place their business operations at risk. In this case, lack of successful contact or appointment setting is beyond the control of the retailer and can result in customers unwilling to provide access permission.

It is highly likely that an inefficient, costly and wasteful process will ensue if Metering Coordinators are forced to schedule and visit the property to exchange the meter without establishing a suitable time with our business customers, albeit with prior notification of the interruption made by the retailer. If the retailer has attempted but has been unable to establish contact with the customer, or appointment scheduling has been difficult for the customer, such cases should be treated as other exceptions such as lack of access and the mandated timeframe should commence from when contact has been made to organize a successful appointment time.

RECOMMENDATION

Ensure exceptions to the timeframe include 'delays from customer contact unable to be established' or 'delay in agreement on a specific date' under Rule 7.8.10B (b) and 7.8.10C of the NER.

Metering Coordinators requesting exemptions with AEMO

Regardless of an agreed scheduled installation date for fault rectification, the draft rule retains the Metering Coordinator's requirement to seek exemption from AEMO where the mandated timeframe will not be met. We consider this requirement to be needless and inefficient when the retailer has the customer's consent to extend the installation timeframe beyond the mandated requirements.



Rather than add value or provide any kind of customer protection, this step may actually threaten the retailers service provision, particularly if AEMO's exemption process is delayed and the Metering Coordinator is exposed to non-compliance and unable to adhere to the agreed timeframe with the customer. The Commission has cited that market settlement inaccuracy from 'meters no longer recording data' warrants AEMO's oversight of any installation that falls outside of the 15-business day period. In making this draft rule, the Commission has failed to take into account that this type of meter fault situation is rare, is only a characteristic of small customers' meters where the energy value to be settled is low and will be rectified in the settlement timeframe (that is, settlement revisions). We maintain this obligation is disproportionate to the risks, and even more so, given parties will be sufficiently incentivized to ensuring any 'meter no longer recording data' be rectified as soon as possible, as retailers do not earn revenue from meters not recording data.

ERM Power also believes that metering issues such as family failure should accommodate longer installation timeframes of at least 25 business days, and ensure priority is given to rare instances of meter failures causing power outages. Family failures may need greater timeframes for rectification as bulk notification from distributors due to their testing regimes may make resourcing extremely difficult for Metering Coordinators with a high volume of transactions, and for reasons around scheduling appointments with customers we have cited above.

RECOMMENDATION

Remove the requirement for MCs to seek exemption from AEMO if the customer has consented to an installation date that falls outside of the mandated timeframe.

and

Acknowledge the lower priority for family failure type faults (and those that do not cause power failure). Extend the mandated timeframe for faults that do not cause power outage to be at least 25 business days and provide exceptions to this timeframe for 'delays from customer contact unable to be established' or 'delay in agreement on a specific date'.

Content of retailer interruption notices – 24-hour enquiries line

We are extremely disappointed the Commission has chosen not to progress the rule change to remove the 24 hours enquiry line, despite the significant feedback from stakeholders supporting its removal from the rules. Since the start of metering contestability, there has been no business customers call through to us with an interruption enquiry outside of business hours on the 24-hour enquiries line, yet we are forced to maintain this costly expense. The only calls through to this service line has been from customers incorrectly using it to report a distributor unplanned outage or other general enquiries unrelated to metering interruption. This supports our argument that multiple 24-hour service lines only cause customer confusion and have customers calling the wrong party, to the detriment of the customer and causing inconvenience and delays.

When this rule was made, the distributor's obligations were duplicated across to retailers for planned interruptions, though the circumstances are quite different. Customers with 'enquiries' to the retailer are more likely to be customers seeking more information about the planned interruption or wanting to change the appointment time. We maintain this service can be provided in business hours.

Where a customer calls out of hours due to a loss of supply, it is likely that the distributor will be bypassing the meter to reconnect supply as many Metering Coordinators do not operate outside of business hours. Retailers play no role here in the case of an emergency and shouldn't be receiving an emergency call. We do not support any 24-hour retailer enquiry or emergency number provision for the following reasons:



- To avoid confusion and risk - customers should have a single 24-hour number of the distributor for emergency /faults, consistent with current bill information and practices of restoring supply.
- Even in the unlikely event that a customer does call say, at 3am to make an enquiry or change the appointment time, retailers will not be able to confirm changed appointments until it is able to contact the MC/MP during business hours. Therefore, the customer will receive no confirmation and will have a poor service outcome if calling at this time.

We believe that this rule is excessive and disproportionate to the risks. It is clear from our experience that enquiries about the planned interruption / changing appointment times does not require 24-hour response and to provide this service is costly and ultimately borne by consumers.

Implementation timeframe

ERM Power is deeply concerned with the proposed implementation date. We believe the start date of the 1st January 2019, a mere 14 business days after the Final Decision is unrealistic and unworkable, falling over the Christmas period. We request a delay to the implementation until AEMO has configured any B2B changes, Victoria has considered jurisdictional derogation, retailers and Metering Coordinators have developed processes and procedures, retailers' website and systems have been altered and sufficient time has been given for retailers to renegotiate service level expectations with Metering Coordinators.

Rushing these steps to meet a 14-business day implementation over Christmas will lead to unacceptable risks such as inadequately tested market systems and hurried processes and manual workarounds that increase likelihood of errors and may force some participants into an unmanageable compliance risk situation. For smaller retailers, sufficient time is required for system changes to ensure compliance, when myriad other rule change implementation is monopolizing project development resourcing and companies have Christmas closure periods. We propose that a start date of at least 1st April 2019 will allow the minimum time for changes to be appropriately managed.

RECOMMENDATION

Remove the 24-hour enquiry line requirement from retailer planned interruption notices.

With the exception of changes to the provision of planned interruption notices, extend the commencement date of the proposed rules to 1st April 2019

Please contact me if you would like to discuss this submission further.

Yours sincerely,

[signed]

Libby Hawker

Senior Manager, Regulatory Affairs

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