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Confidential information has been omitted for the purposes of section 24 of the Australian Energy Market Commission Establishment Act 2004 (SA), sections 31 and 108 of the National Electricity Law and sections 223 and 268 of the National Energy Retail Law. Where the information has been omitted, it has been blackened.

5 August 2019

Reducing Customers' Switching Times

AGL Energy (AGL) welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) Reducing Customer Switching Times Rules consultation paper.

We support the principle and the Australian Competition and Consumer Commission (ACCC) Retail Electricity Pricing Inquiry Final Report (REPI) recommendation 9 of faster transfers as a mechanism for providing consumers greater control over the decision to switch retailers. It is in the customer's interest to ensure that a transfer occurs effectively and correctly.

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We consider this can only occur on an actual read as it is the only way to avoid consumer confusion regarding over and undercharging, as well as back end administrative costs associated with processes between market participants to correct payment flows following a true up.

[Redacted text block]

We therefore support reducing customer switch time based on options that contain an actual meter read. For digital meters with remote reading, transfers should occur on an actual read provided by the meter data provider on the nominated transfer date. For accumulation meters, or manually read digital meters, a transfer should only occur on an actual read, which can be NSRD, Special Read or last actual read. To ensure a faster transfer, the NSRD and last actual read options can be based on windows of their availability. For example, if a NSRD is to occur within the next xx business days or there is an actual last read within the last xx business days this can be used to transfer the customer.

We acknowledge the process to reduce customers' switching time is predominately reliant on the Australian Energy Market Operator's (AEMO's) Market Transfer and Settlement (MSATS) Customer Administration and Transfer Solution (CATS) procedures and that the proposed Rule changes the AEMC is considering relate to existing obligations and rights of parties in the National Electricity Rules (NER) and the National Energy Retail Rules (NERR) to support the proposed changes to AEMO's MSATS CATS procedures.



Specifically, the proposed rule changes are intended to consider customer protection issues (such as over and undercharging of customers), and in relation to meter churn and metering coordinators. This would be considered phase 1, with the HLD changes to be achieved through modifications of MSATS CATS and appropriate consultations, which would be considered phase 2.

There are four key issues that we wish to raise in relation to this stage of the process:

- 1) That AGL's responses in relation to phase 1 should not be considered tacit support of the proposals or approach intended by AEMO under phase 2 and that it may be more appropriate for the AEMC processes to be conducted after the AEMO consultation process has an outcome.
- 2) We do not support the inclusion of meter churn rule changes as these are not necessary or to the purpose of improving customer transfers under the REPI recommendations.
- 3) The overcharging and undercharging proposals are inequitable and as a result the losing retailer could be financially impacted by allowing customers to transfer on estimates.
- 4) The AEMC and AEMO should also consider including gas transfers.

We have provided further comments on the AEMC's consultation paper in the attachment. If you have any questions, please contact Con Hristodoulidis at CHristodoulidis@agl.com.au.

Yours sincerely

(signed for email)

Elizabeth Molyneux
GM Energy Markets Regulation



Inclusion of meter churn and metering coordinator nominations

The outcome intended by the REPI recommendations, and that should be sought to be achieved through this rule change process, is to help customers transfer, not to consider meter churn and MC nominations.

Under the Power of Choice (POC) reforms the AEMC developed a proposal to promote competition in metering and data services through the nomination of metering coordinators. Under the recommended approach, meter churn and customer transfers were considered two distinct events:

As a first step, the provision of metering services must be separated from retail energy contracts. This would allow the metering service providers to recover their costs over a longer period thus helping manage meter churn risk.¹

The intent of this split was to protect the integrity of the market and ensure that meters were not unnecessarily changed by retailers due to metering coordinator issues.

On this basis we believe that the proposed removal of 7.8.9 and 9.8.9 is not related to the matter of customer transfers for the purposes of achieving the REPI recommendations and should be removed from the AEMC's consideration under this process.

AEMO state in their proposal that "AEMO intends to propose that the MSATS procedures are amended to remove the ability for the MC, MP and MDP to delay or prevent a customer transfer from occurring" (page 9). This is based on a theoretical view that a retailer may appoint an MC that does not want to be the MC or the MDP does not have the expertise to provide the necessary metering data services for the site. POC has now been in place for nearly two years and AEMO should be able to see and provide data on how many customer transfers have been delayed to MC, MDP or MP objections being raised.

Further, AGL believes AEMO has misinterpreted the application of these metering provisions. Generally, if a retailer wins a customer with a competitive meter installed, the retailer relies on these NER provisions to appoint a MC they have a commercial arrangement with and can therefore continue to provide metering services to the customer without interruption.

AEMO is correct that the "original intent of clause 7.8.9(e)(1) was to facilitate a process which would enable a faster change of metering equipment subsequent to the appointment of a new retailer, in particular for customers who are seeking to obtain a new product or service upon transferring to a new retailer". AGL would go as far as to say that this intent has been met and these Rules are providing consumers with benefits. For example, AGL currently provides Energy Insights as a free of charge service to customers with digital meters. The ability to appoint an MC (and MDP) who we have a commercial arrangement with and can support such a service is of benefit.

Not allowing the MC appointment process as part of the Rules, means that where a customer's meter is provided by an uncontracted or less preferred MC, may limit the services a retailer can (or is willing to) offer as part of the transfer process.

¹ <https://www.aemc.gov.au/sites/default/files/content/2b566f4a-3c27-4b9d-9ddb-1652a691d469/Final-report.pdf> p 89



Customer Experience

Under section 2.3 of the Consultation Paper, the AEMC note that AEMO will consider a number of operational processes as part of the AEMO HLD framework. AGL is concerned that depending on the outcome of these operational processes, it may impact on customer experience outcomes. We list a few considerations below. This is not an exhaustive list but is more to provide caution that depending on how these operational processes are dealt will impact customers in different ways and may also lead to potentially another round of Rule changes.

1. It is unclear how the losing retailer is expected to manage and potentially cancel any pending de-energisation service ordered raised against the customer. If the losing retailer does not receive notification until the transfer has occurred, the losing retailer will have extremely short timeframes to issue a cancellation of a disconnection which may increase the occurrence of wrongful disconnections, for example:
 - In circumstances where the original retailer fails to cancel a de-energisation service order, the customer transfers out and is subsequently disconnected;
 - Where a customer is disconnected, transfers to another retailer, and the original retailer cannot rectify the disconnection (this is more applicable to gas).
2. We also note that last year, the AEMC finalised a rule change that allowed customers to provide meter self-reads to retailers to reduce bill shock.² This rule change was for the purposes of billing, not customers transferring because the current process allows for retailers to do a true-up through the NSRD before the customer transfers which can balance out any discrepancies from a customer self-read.

This rule change also excluded certain meter types with a recognition that some meters were too difficult for customers to read. AGL provided substantial information during this process to demonstrate how difficult certain meters are for customers to read. By removing the NSRD, it reduces the customers options and may result in them being billed on an estimate which the AEMC noted in their rule change had the potential for overcharging and customer bill shock. We address the AEMC's approach to overcharging below.

Equitable processes

Under and overcharging provisions

AGL does not believe the proposed amendments to 21(4), 30 and 31 of the NERR will meet the NEO. This proposal will result in inequitable results for retailers and substantially alters the existing clauses.

It is not clear from the AEMC Consultation Paper whether changing these provisions will only apply to transfer over and under charging scenarios or to all over and under charging scenarios. By enlarge, under and overcharging provisions are ordinarily triggered while the customer remains with the retailer. There are circumstances where it may occur once a customer has churned (for example, a system error results in a

² <https://www.aemc.gov.au/news-centre/media-releases/reducing-bill-shock-allowing-meter-self-reads>



customer being overcharged, but is not identified until sometime after the event and the customer has churned), but these are more limited.

If AEMC and AEMO proceed with enabling transfers on customer self reads, AGL believes a better option would be to require distribution networks to accept the customer reads and use them (ie, not to replace them with their own estimated read) for network billing purposes. Currently, gas distribution businesses accept customer self-reads but do not use them for network billing. AGL considers requiring both electricity and gas network distribution businesses to accept customer self-reads is a better outcome than the AEMO proposal that the losing retailer not be entitled to re-bill a customer following a transfer if it is subsequently identified by the losing retailer that the customer was under-charged.