



## Reducing customers' switching times

### Draft determination

**The Australian Energy Market Commission (AEMC or Commission) has made a draft rule to reduce customer switching times. The draft rule determination is in response to a rule change request submitted by the Australian Market Operator (AEMO). This rule change removes barriers to AEMO implementing changes to the market processes which facilitate customers changing retailers.**

### Context

The AEMC and AEMO provided joint advice to the Council of Australian Governments (COAG) Energy Council on 3 December 2018 in response to a request from the Senior Council of Officials. It addressed improvements to the customer transfer process in the NEM, taking into account the related recommendations 8 and 9 of the Australian Competition and Consumer Commission (ACCC) Retail Electricity Pricing Inquiry Final Report (REPI).

The current customer transfer process results in customers having to wait significant periods to access products and services they want and provides opportunities for losing retailers to conduct save activity. The ability of retailers to rely on a save strategy potentially inhibits competitive outcomes, as rather than proactively retaining customers, retailers may instead offer loyal customers nothing until they look to transfer.

AEMO's high level design proposes to create market processes that will provide for customers to transfer electricity retailers within two days irrespective of their metering type — being an accumulation or advanced electricity meter. This new process will cease retail save activity and allow customers faster access to prices and products that they want.

In developing the advice AEMO and the AEMC highlighted that the changes are largely within AEMO's control through procedure changes. The only changes required to the rules are clarifications and to make sure that consumer protections are adequate for a circumstance where more customers may change retailers based on self-reads and estimated reads. Given the nature of the rule change it is possible to progress them simultaneously.

The AEMC published a consultation paper seeking stakeholder's views on AEMO's rule change request on 4 July 2019. Stakeholder submissions were due by 1 August 2019 and the Commission received 22 submissions that are available on the project webpage.

### Draft rule determination

The AEMC released a draft determination and a draft rule for consultation on 26 September 2019. Submissions are due by **7 November 2019**.

The draft determination and draft rule are consistent with AEMO's rule change request. These changes facilitate the implementation of AEMO's high level design by removing elements of the Rules which prevent a faster transfer process and clarifying existing provisions. These changes are in the long term interests of consumers because they simplify the Rules and in doing so increase transparency and certainty within the customer transfer process.

The draft rule makes amendments to the national electricity rules and the national energy

retail rules that allow AEMO implement this high level design. It does this by removing outdated requirements in the customer transfer process and amending the standard contract terms and conditions to allow all types of customer transfers. The draft rule determination itself also provides clarity on some issues where industry has expressed doubt regarding the interpretation of the Rules, such as the use of estimate meter reads for final bills.

The Commission has also analysed consumer protections for customer transfer as part of this rule change process. This was because the high level design may result in a greater use of estimate meter reads being used for customer transfers. At this stage we consider the current Rules contain sufficient consumer protections and no further amendments are required.

For information contact:

Director, **Ben Davis** 02 8296 7851

Advisor, **James Hyatt** 02 8296 0628

Media: Communication Director, Prudence Anderson 0404 821 935 or (02) 8296 7817

26 September 2019