



Meridian Energy Australia Pty Ltd  
Level 15, 357 Collins Street  
Melbourne VIC 3000

7 November 2019

Australian Energy Market Commission  
Attention: Mr James Hyatt  
PO Box A2449  
Sydney South NSW 1235

Reference: ERC0276

Dear Mr Hyatt

### **Reducing customers' switching times (retail) draft rule determination**

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (MEA Group or Powershop) thanks the Australian Energy Market Commission (AEMC) for the opportunity to provide comments on the Reducing customers' switching times (retail) draft rule determination (the Determination).

#### 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 is an innovative retailer committed to providing lower prices for customers and which recognises the benefits to customers in transitioning to a more distributed and renewable-based energy system. Over the last five years, Powershop has introduced a number of significant, innovative and customer-centric initiatives into the Victorian market, including the first mobile app that allows customers to monitor their usage, a peer-to-peer solar trading trial and a successful customer-led demand response program. Powershop has also been active in supporting community energy initiatives, including providing operational and market services for the community-owned Hepburn Wind Farm, supporting the Warburton hydro project, and funding a large range of community and social enterprise energy projects through our Your Community Energy program.

Powershop broadly supports the Determination which is based on recommendations 8 and 9 of the Australian Competition and Consumer Commission (ACCC) Retail Pricing Inquiry Final Report (REPI).

Powershop agrees that the current switching time – up to 90 days for a customer with a manually read meter – is too long and delays the customer's ability to benefit from switching to a more competitive deal. Powershop also supports the recommendation (ACCC REPI Recommendation 8) to amend AEMO procedures so that retailers are only given a loss notification on the date of the transfer, in order to reduce 'save' activity. Powershop believes that this will be beneficial for consumers and competition.

### 3.1 AEMO's proposed procedure change

Powershop supports the removal of the opportunity for the losing retailer to be notified of a pending transfer prior to its completion (which supports ACCC REPI recommendation 8).

### 4. Meter read types and use of metering data

Powershop understands that to achieve faster transfer times, removing the ability for a retailer to choose to switch a customer on the next scheduled read (NSRD) would appear logical as the NSRD period can last up to 90 days, thus delaying the transfer. However, Powershop suggests that the AEMC reconsiders this removal as using the NSRD can produce a quick, accurate and free switching experience for the customer, where it coincides with the switching date.

Section 6.2 of the Determination allows retailers to submit a Change Request during the cooling off period. If the NSRD is within 12 business days of the customer switching to a new retailer, the customer would be able to be transferred on an actual reading, at no cost and within the shorter timeframes. Powershop estimates that this would be applicable for approximately 15% of transfers.

The compliance & monitoring processes outlined in Section 1.3 of the Determination necessitates that AEMO will be able to ensure that switching on an NSRD is correctly used and the objective of reducing customer switching times will be achieved.

#### 4.5.1 Use of estimated reads

To facilitate the reduction of customer transfer times, Powershop supports both the use of a previous read and a substituted read. For a previous read to be a viable method of transfer for a customer with a manually read meter, the data would need to be available for the winning retailer in the Market Settlement and Transfer Solutions database (MSATS). If a customer is switching retailers to obtain a more competitive energy deal, substituted readings are a viable and preferred option.

Powershop has reservations about switching customers on an estimate read when there is evidence in the industry that customers do not like estimated bills. Customers would likely prefer a switch to be completed on an actual meter reading.

The Energy and Water Ombudsman of NSW (EWON) Annual Report showed that during the 2018-19 financial year, EWON received over 15,000 billing complaints,<sup>1</sup> of which over 2,000 related to estimated reads. The customer dissatisfaction of estimate reads needs to be considered when determining how estimated reads may be used to facilitate this rule change. We note that NSW customers only made 375 complaints regarding a delayed transfer.<sup>2</sup>

#### 4.5.2 Use of customer self-reads

Powershop supported the AEMC's 2018 Estimate meter reads rule change, which allows customers to request an adjusted bill using a self-read where they have been billed using an estimated reading. Whilst the AEMC notes that transferring using a customer self-read is currently allowed under AEMO MSATS CATS procedures (p.13), Powershop does not believe that this will be used by the industry unless there is a consistent approach to managing customer self-reads across retailers, distributors and metering coordinators for network settlement purposes.

Powershop notes that the AEMC sees it as prudent that retailers make arrangements for the sharing of customer self-reads to avoid a mismatch between the end read and start read. Powershop would suggest that in lieu of a uniform approach between all stakeholders relating to network settlement, retailers would more than likely rely on transferring on a substituted reading.

Although this process would achieve quicker transfer times, Powershop believes that the AEMC could take a further step with this rule change and mandate the use of self-reads for network billing where a transfer takes place. This approach carries minimal risk as the same customer remains at the property. The approach would also produce a smoother customer experience by reducing undercharging / overcharging issues following a transfer.

### 5 Overcharging and undercharging rules

Powershop believes that the current rules regarding overcharging and undercharging work effectively and that clarifications are not required to accommodate transferring on estimates. Powershop does not support AEMO's suggested amendment to clause 30 of the NERR that would prevent a losing retailer from re-billing a customer that it had undercharged following a transfer on an estimate read.

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<sup>1</sup> <https://www.ewon.com.au/page/publications-and-submissions/annual-reports/2018-19> - page 29

<sup>2</sup> <https://www.ewon.com.au/page/publications-and-submissions/annual-reports/2018-19> - page 29

## Retail Contracts

Powershop agrees with the AEMC's determination relating to retail contracts, including standard retail contracts and market retail contracts.

## Cooling off periods

Powershop believes that AEMO's high-level design, which allows the reversal of a transfer where a customer exercises its cooling off rights, means that no changes to the existing cooling off period provisions are required. Powershop agrees with Energy Consumers Australia that preserving cooling off periods and managing them in parallel to customer transfers, delivers a better switching experience whilst preserving the customer's right to withdraw.

Powershop supports the intent of reducing switching timeframes as we believe it will have a positive effect on competition and the customer benefits associated with switching to a preferred offer faster. However, this effect needs to be balanced with the concerns customers have with estimated bills and the practice of switching a customer on an estimate read, potentially creating further distrust of the market.

If you have any queries or would like to discuss any aspect of this submission please do not hesitate to contact me.

Yours sincerely,



Haiden Jones  
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Powershop Australia Pty Ltd  
Meridian Energy Australia