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Electronic lodgement – submissions@aemc.gov.au (EPR 0038)

Dear John

RE: Issues Paper – Review of Customer Switching

United Energy appreciates the offer to respond to the AEMC's Issues Paper on the Review of Customer Switching.

Criteria for the Review

UE are generally supportive of the criteria of efficient allocation of costs predictability and transparency, simplicity of the process. Any change in the process will need to ensure that the benefits outweigh the costs and take into account both the smart meter roll out in Victoria and any smart meter roll outs in other jurisdictions.

The Issues Paper refers to lack of control in the meter read process and the risks this may create for retailers. However the Issues Paper gives little consideration to the role that customers and retailers play in the successful completion of a meter read at premises.

Regulatory frameworks for the customer transfer process

The list of regulatory instruments in the Issues Paper is reasonable for small customers, however, the following should also be added:

- The Electricity Customer Metering Code in Victoria which provides that customers must provide at all times convenient and unhindered access to metering and associated equipment (clause 2.1); and
- B2B procedures which are used by retailers to request a special meter read to enable an earlier transfer than on the next scheduled meter read.

The Issues Paper notes the Roy Morgan research suggests that customers find the switching process satisfactory. Issues which may prevent a successful transfer such as no access to gain an actual read or the request for a special read to appropriately align to a proposed transfer date in a change request in the MSATS systems do not appear to be a significant barrier for customers. Cost effective improvements in process such as raising customer awareness on access to metering equipment may be beneficial for customer transfers and metering services more generally.

UE considers that the current compliance and enforcements provisions are appropriate.

Customer Transfer Process

UE concur with the view in the Issues Paper that smart meters on small customers allow timely transfers as customers can readily transfer on an actual read any day. In contrast we query that the large customer transfer process is relatively straight forward, these customers are account managed, there are complex processes to support meter and role churn, and within day processes when meters are exchanged. There is also complexity in the arrangements when meters are churned before, on or after the retail transfer date and potential for lost or poor quality data in these processes.

The Issues Paper infers that customer switching times should be improved to below 30 business days. The Issues Paper does note that the 65 day timeframe has been established in the market taking account of manual meter read cycles which may be 30 or 90 days. Any change to meter read frequency for example so that all customers were on a 30 day meter read cycle would need to consider the additional costs of meter reading and changes in customer billing frequency. In Victoria manual meter reading routes will be less efficient following practical completion of the smart meter rollout and will require car travel between the premises.

An alternative is the possibility of a transfer on an estimated read, this would mean that the allocation of energy to the old and new retailer in the wholesale market, and to the old and new customers at the premises is by implication less accurate than a measured quantity. Estimated meter reads transfers may not be consistent with the National Measurement Act which would suggest that the financial transactions should be based on measured quantities. We understand that customers prefer their energy bills to be based on accurate measured data, probably more so for transfers. Victoria has not adopted estimated reads for transfers under the Electricity Customer Transfer Code.

The role of smart metering

The paper notes that Victoria has the highest percentage of small customer transfers within the 30 day and this may increase with the higher penetration of smart metering in the next year. In comparison to most other jurisdictions the small customer transfer process in Victoria is already around 20% higher.

UE concur with many of the benefits of smart metering outlined in the Issues Paper.

UE query the need for a further Options Paper in January/February as there appears to be no material issues. Industry via AEMO working groups has reviewed these processes previously and could do so again if they considered there is both sufficient need and a likely benefit.

If you have any questions in relation to this response, please feel free to contact me (03) 8846 9856.

Yours sincerely

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