

Project reference number: RRC0009

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

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Proposed Rule Change – Life Support Consultation Paper

ActewAGL Distribution provides the following comments in response to the AEMC consultation paper “National Energy Retail Amendment (*Strengthening protections for customers requiring Life Support equipment*) Rule 2017”.

General observations noted about the paper follow

1. Current market rules state that customer data is owned by the Retailer. The introduction of Power of Choice will place more emphasis on the ownership of this relationship to the Retailer.

If a customer registers as a Life Support customer with the DNSP and subsequent to that registration, a Customer Details Notification (CDN) is received from the retailer which is not related to Life Support (e.g. postal address update) and the Life Support flag is “No”; what action should the DNSP take? What mechanism is there to provide feedback about the mismatch?

2. CDNs are not an adequate tool as only Retailers can send them. Reciprocal specific notification mechanisms are required for Life Support. DNSP’s need a mechanism to update Life Support via the market.
3. CDNs do not allow future dates to be nominated, e.g. a customer requiring Life Support advises of their Life Support requirements at a new address that they are moving to in the future. How should this be managed by either the retailer and/or the DNSP?
4. There is no reference to a reconciliation process in this proposed rule change. Will the reconciliation process remain unchanged with a minimum of quarterly reconciliations?

Are participants only required to reconcile Life Support customers that originally registered with them?

As CDNs are required to be sent as part of the reconciliation, this creates issues with no Life Support specific market mechanisms that can be utilised by the DNSP. There is an underlying principle around who is the source of truth of the Life Support customer information; the Retailer or the DNSP?

Response to specific AER questions for consultation

Q1 (a): *Has the AER accurately characterised the problems with the Life Support rules?*

The AER state that the “life support registers have grown and have become increasingly inaccurate”. The Life Support register administered by ActewAGL Distribution has seen year on year increase in numbers. ActewAGL Distribution observes that customer awareness of consumer rights and responsibilities has grown and the increase in registrations is likely related to that awareness. The AER should publish their referenced national registration statistics for industry to view and provide more detail about the identified inaccuracies of Life Support registers.

Q2 (a): *Please provide any information you have on the size of the Life Support registers and how these have changed over time.*

ActewAGL Distribution systems generate a report of current Life Support register volume - not over time. The current numbers as at 18th June 2017 are 3,613 customers registered for Life Support (2% of the customer base).

Q2 (b): *Are the registration obligations proposed by the AER efficient and do they provide greater certainty and transparency for consumers and businesses? Are there more preferable arrangements?*

ActewAGL Distribution provides the following comments to support further improvement of the registration obligations.

- No source of truth has been defined in the process. More than one party owns data. Who owns the correct source of data?
- There is no adequate market mechanism available for DNSPs to advise Retailers of Life Support registration via the market.
- A preferable approach is to implement a two way Life Support only update instead of a multi-use Customer Detail Notification.
- The proposed implementation of a three letter approach and an additional requirement to contact the customer by an alternative means is cumbersome and will place an undue burden on participants.
- There is no indication that letters can be electronic (use of email). ActewAGL Distribution is transitioning systems taking into account the rapid changes in society’s adoption of social media and electronic communications and therefore prefers to utilise email.

Q2 (c): *Are the notification arrangements between retailers and distributors sufficient to achieve the requirement of keeping registers up to date?*

As stated in the response to question 2b, there is no market mechanism available for a DNSP to update Life Support details.

Q2 (d): As a retailer or distributor, what additional costs would you incur to comply with the changes to the registration process?

ActewAGL Distribution expects system changes including internal and external resources; legal input; and ongoing resource costs to manage the proposed changes.

Estimated costs might be: System changes = \$330K, Incremental ongoing FTE to manage process: 1FTE = \$120K; Ongoing training costs = \$100K.

Total amount: \$330K as a one off cost with annually recurring cost of \$220K.

These figures are very general and cannot at this stage be relied upon to develop accurate costings.

Q2 (e): Does the information pack proposed in the rule change request provide the appropriate information?

Yes.

Q3 (a): Is the medical confirmation process proposed in the rule change request appropriate for consumers, retailers and distributors?

The medical confirmation process does not provide clarity for consumers because the option is provided to either notify their Retailer or their DNSP. As energy markets have evolved, consumers are more exposed through media to energy retailers and not distributors. It would be more pragmatic to require consumers to register with their Retailer.

ActewAGL Distribution seeks guidance on the sharing of customer details with regard to Life Support.

1. Are copies of provided medical documentation to be shared between market participants; i.e. Does the DNSP need to share the medical confirmation documents with the customer's retailer?
2. If so, what is expected to happen with regard to those documents if customer changes their Retailer (churn)?
3. Would ActewAGL Distribution be required to provide copies of those documents to the new retailer?
4. What market mechanism will be implemented to share documents?
5. Is there a requirement to advise consumers of this sharing of documentation?

ActewAGL Distribution is concerned about any implications with regard to privacy law.

Q3 (b): As a retailer or distributor, what additional costs would you incur to comply with the changes proposed to the registration process?

There are significant costs associated with the proposed changes including system changes, new functionality and processes. Timeframes linked to 1st December 2017 make these changes extremely difficult to coordinate with other system changes considering current market activities required to implement the Power of Choice reforms.

If explicit informed consent is required when advising consumers about the sharing of their medical documentation between participants, there will be additional costs with implementing tracking of this as well as employee training (potentially required annually to maintain compliance).

If informed consent is required, how will the lack of customer identifiable information amongst DNSPs be managed?

If identifiable information (e.g. Date of Birth) is required to be stored by ActewAGL Distribution, significant system changes will be required to add this field and ongoing training for employees regarding appropriate identification of consumers and management of private information including third party authorities, etc.

Q4 (a): Does a voluntary process for deregistration strike the right balance between the needs of customers and businesses?

ActewAGL Distribution manages its systems and required customer information to best meet efficiency requirements. DNSP's should be allowed to determine how deregistration is managed.

Q4 (b): Should only the retailer or distributor who was originally notified by the customer when they registered be in control of the deregistration process?

This concept would create unnecessary system change requirements including a need to cross-reference who the customer registered with even if the customer contacts a different participant to de-register.

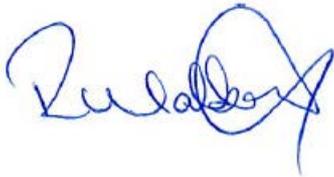
By way of some scenarios, difficulties are demonstrated in the following examples:

1. A Life Support customer may no longer be in a contractual relationship with the Retailer with whom they originally registered with; i.e. they have changed their Retailer. The original Retailer may not have the records relating to their Life Support registration anymore. How will the new Retailer manage the details of that customer in their register?

2. It is possible for a Life Support tenant to move out from rental accommodation and fail to close their retail account; when a new tenant calls to establish an account (including Life Support), the current rule sees a CDN with updated customer information overrule the Life Support flag and the DNSP removes it.
3. How would this be handled under the proposed rules?

ActewAGL Distribution trusts the commentary and questions asked contribute to the development of suitable policy around the needs of Life Support customers.

Yours sincerely



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