

Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

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21st December 2016

National Electricity Amendment (using estimated reads for customer transfers) Rule 2016 Draft Rule Determination

The Australian Energy Council (the Energy Council) welcomes the opportunity to make a submission to the Australian Energy Market Commission (the Commission) on the National Electricity Amendment (using estimated reads for customer transfers) Rule 2016 Draft Rule Determination.

The Energy Council is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses.

The Energy Council supports the Commission's decision not to progress this consultation to the point of making a draft rule on the use of estimated reads on customer transfers. The combined effect of the continued reduction in transfer times, improvements in the retail market and the implementation of the Metering Contestability Rule Change on 1 December 2017 provides a more than suitable solution to mitigating any concerns consumers may have with lengthened switching times. In our view the circumstances and scenarios put forward by the COAG Energy Council were no longer significantly material, and do not warrant such a change concurrent with implementing the complex metering contestability rule.

There have been significant improvements in transfer times, with retailers improving both the timing and accuracy of the customer transfer process. The Commission highlights that;

*"the average transfer time has reduced by one week (a 20 per cent improvement), a clear majority of transfers now take place in less than the recommended period of 30 days, and the proportion of transfers taking lengthy periods has decreased."*¹

The Energy Council submits that these improvements in both the timing and accuracy of transfers underpin effective retail competition and consumers now have confidence in a vibrant and competitive retail market.

The Commission made a final rule on the competition in metering rule change in November 2015 which requires all new and replacement meters for small customers to be advanced meters and sets out a framework for retailers to offer advanced meters to other consumers. Many retailers already offer advanced meters to consumers and consumers are already playing a more active role with their energy purchasing decisions. Retailers seeking to attract and retain customers have incentives to improve their services, including improving the timeliness of transfers, and innovation has already led to market based solutions to improve the speed and accuracy of transfer. The Energy Council therefore welcomes the Commission's removal of regulatory oversight to give way to this more economically efficient solution.

The expansion of competition in metering and related services enables participating consumers to access more diverse and innovative energy products, and empowers them to better understand and manage their energy use to save on their energy bills.

The improvements to competitive metering will also increase the penetration of digital meters with remote communication capability across various jurisdictions. This will in turn improve the efficiency of the customer switching process as digital meters allow meter reads to occur more frequently and access will no longer be an issue. The Energy Council submits that the improvements in transfer speed and decline in complaints for transfer delays will be mirrored across the various jurisdictions.

There may be a belief that the competitive advanced metering market provides no guarantee that all customers will be able to access advanced metering. In reality, the only customers who may not have guaranteed access to advanced metering are those where there is no telecommunications network that can access the meter. Under the competition in metering rule framework the power to choose remains in the hands of customers. Customers will continue to be provided with a variety of options to choose from, including a broader range of products enabled off the smart meter platform. Competition between retailers will continue to bring new and innovative products and technology to customers as a result of this policy. This will continue to improve the timeliness of transfers.

The Commission correctly highlighted that the proposed rule change would have led to complexities in implementation. The Energy Council submits that it would have required retailers to provide additional information at the time of transfer; adding complexity to the transfer process and potential confusion for consumers. This would be further exacerbated if there was an additional charge for switching using an estimated read.

Any questions about our submission should be addressed to Panos Priftakis, Policy Adviser by email to panos.priftakis@energycouncil.com.au or by telephone on (03) 9205 3115.

Yours sincerely,



Sarah McNamara
General Manager Corporate Affairs

ⁱ AEMC 2016, Using estimated reads for customer transfers, Rule Determination, 27 October 2016, Sydney