

9 June 2016

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235



Dear Mr Pierce

Consultation Paper: Improving the accuracy of customer transfers (ERC0195)

Energex Limited (Energex) appreciates the opportunity to provide a submission to the Australian Energy Market Commission (AEMC) on its consultation paper relating to a rule change request from the Council of Australian Governments (COAG) Energy Council. This rule change request, which flows from the AEMC's review of electricity customer switching arrangements in the National Electricity Market in 2014, proposes that obligations should be placed on retailers to resolve erroneous customer transfers in a timely manner and the implementation of an address standard in order to reduce errors and delays in processing transfers.

Energex participated in the consultation process for the Electricity Customer Switching Review and provided feedback to the AEMC on the issues raised with respect to accuracy of NMI address data in the Market Settlement and Transfers Solution (MSATS) system. While continuing to acknowledge that accurate NMI standing data underpins a large proportion of market functions, Energex has reservations about any proposal that would impact upon the physical premise address data currently used by distributors for the purposes of carrying out their responsibilities.

As a distribution network business, Energex provides distribution services to almost 1.4 million domestic and business connections, delivering electricity to a population base of around 3.3 million people. Energex relies on accurate NMI address data to identify the physical location of properties for the purposes of providing safe and reliable distribution services, including actioning service order requests for work to be undertaken at customers' premises and responding to power outages and emergencies. An inaccurate NMI address or an address that may not correspond with the actual physical location of the premises (such as an Australia Post delivery location) therefore has the potential to result in wasted time and a poor customer service outcome.

In recognition of the importance of accurate address data, Energex undertakes significant work with councils, developers, real estate agents and customers to ensure the accurate matching of the correct address (i.e. the rateable property address) with the NMI before it is entered into or updated in MSATS. In addition, on-going address reconciliations and updates are

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proactively undertaken by Energex to ensure that MSATS NMI address data continues to align with the relevant rateable property addresses held in council databases. Using the rateable property address provides a proven, consistent and accurate data-set that aligns with both the Department of Natural Resources and Mines records and relevant Australian Standards, i.e. AS4590 (Interchange of Client Information) and ASNZ4819 (Rural and Urban Addressing). It is strongly recommended that this work should continue and that the accuracy of physical address data should not be undermined in such a way that it would impact upon Energex's ability to meet its responsibilities in a timely manner.

Energex has noted that the AEMC's consultation paper acknowledges that erroneous transfers are only a small proportion of total transfers, i.e. approximately 2.2 per cent¹. However, it is also noted that only a small proportion of the total number of erroneous transfers may in fact be as a result of a NMI-address mismatch. This relatively low statistic is supported by the fact that, in Energex's experience, in the vast majority of instances the rateable property address does correspond with the customer's understanding of the premises address. Energex acknowledges, however, that issues do arise in situations where the customer's understanding of their address, or the address the customer prefers to use, differs from the property's official rateable address. Misunderstandings may occur, for example, where the property has multiple street frontages or is located on a suburb boundary. For this reason, Energex questions whether an alternative address standard would be effective in reducing delays or errors in customer transfers or whether there may be other, more cost-effective solutions available, such as improving NMI-address search capability within MSATS or placing greater emphasis on winning retailers to effectively validate their new customer's address in a timely manner.

Energex also notes the alternative solution proposed in the AEMC's consultation paper of including an additional address field in MSATS for retailers to record validated address data while leaving addresses used by distributors undisturbed². Although this solution would effectively address Energex's concerns, it is possible that the inclusion of a further address field in MSATS for the purposes of recording an address that may be different to the one used by distributors would potentially lead to additional complexity and confusion and more transfer errors.

Notwithstanding the above, Energex supports the aim of the COAG Energy Council's rule change request to minimise the number of instances in which customers have a poor experience of the transfer process as a result of a NMI-address mismatch. However, it is important that any proposed solution does not interfere with distributors' ability to fulfil their responsibilities and is a proportionate response to substantiated material deficiencies in current arrangements. With regard to the latter, Energex is not convinced that the extent of the issue is sufficiently great to warrant potentially costly IT system and process changes by market participants. Nor is Energex convinced that implementing an address standard would effectively resolve the issue as, regardless of the address standard chosen, it would only be effective where it aligns with the customer's understanding of the premises address (as is currently the case).

¹ AEMC, *Consultation Paper: National Electricity Amendment (Improving the accuracy of customer transfers) Rule 2016, National Energy Retail Amendment (Improving the accuracy of customer transfers) Rule 2016, National Gas Amendment (Improving the accuracy of customer transfers) Rule 2016*, 28 April 2016, pp. 13-14.

² AEMC, *ibid*, p. 28.

Energex therefore recommends that further work is undertaken to determine not only the extent of the issue but also whether the benefits to customers of implementing an address standard would significantly outweigh the costs for market participants to implement changes to systems and processes. If such a cost-benefit analysis were to determine that an address standard is warranted, Energex would support an incremental approach to implementation following completion of the major system and process changes being implemented to support the Power of Choice reforms commencing on 1 December 2017.

Should you have any queries regarding this submission, please contact Leigh Henderson, on (07) 3664 4118.

Yours sincerely



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