

Australian Energy Market Commission

RULE CHANGE

FINAL RULE DETERMINATION

National Energy Retail Amendment (Improving the accuracy of customer transfers) Rule 2017

National Electricity Amendment (Improving the accuracy of customer transfers) Rule 2017

National Gas Amendment (Improving the accuracy of customer transfers) Rule 2017

Rule Proponent
COAG Energy Council

2 February 2017

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About the AEMC

The AEMC reports to the Council of Australian Governments (COAG) through the COAG Energy Council. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the COAG Energy Council.

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Summary

Electricity and gas customers will benefit under a final rule to improve the process for addressing transfers that occurred without consent. The Australian Energy Market Commission (Commission) decided to make a final rule in response to a rule change request from the Council of Australian Governments (COAG) Energy Council. The rule change request was based on a recommendation in the Commission's 2014 Review of Electricity Customer Switching (Review).

Overview of final rule

The final rule, which is a more preferable rule, amends the National Energy Retail Rules. When a small electricity or gas customer indicates to a retailer that it was transferred to a new retailer without the customer's explicit informed consent, the relevant retailers are required to take specific steps to resolve the situation.

Once the new retailer is informed of this issue, either by the customer or by another retailer, the new retailer needs to determine whether it has a record of the customer's explicit informed consent to the transfer (if the transfer occurred within the last 12 months, the period during which consent issues can be raised under the National Energy Retail Law). If consent was obtained, the new retailer must give the customer a copy. If consent was not obtained, the new retailer must notify the customer's original retailer that the transfer was void.

The original retailer is then obliged to initiate a transfer of the customer back to the original retailer. The original retailer is also required to notify the customer that the transfer to the new retailer was void, and that the customer is taken to have remained a customer of the original retailer, on its original contract. The customer retains the ability to transfer to any other retailer in the normal way.

In addition, a retailer will be prohibited from de-energising a customer who has raised the issue of a lack of explicit informed consent to a transfer, if the issue has not been resolved. This will improve consumer outcomes by reducing the risk that a transfer without consent results in de-energisation.¹

The final rule differs from the rule proposed in the rule change request. The final rule has a broader application, which is consistent with the approach taken to these issues in the Retail Law: it applies to all transfers without consent, unlike the proposed rule which was limited to situations where one customer consented to transfer but a different customer was transferred in error (erroneous transfers). The final rule covers gas as well as electricity customers. The final rule is also more explicit regarding the responsibilities of each retailer, compared to the proposed rule which required the original or the new retailer, whichever was first contacted, to resolve the issue.

¹ Based on stakeholder feedback, the nature of the restriction on de-energisation has been revised from that in the draft rule.

Need for the rule

The Review identified that it often takes considerable time and effort on the part of a customer who has been erroneously transferred to ensure the retailers take the necessary steps to resolve the situation. The Commission's research and stakeholder submissions indicated that retailers may disclaim responsibility or fail to act promptly. Customers are, in some cases, disconnected for non-payment as a consequence of an erroneous transfer.

The Commission considers that the final rule, in establishing a clear process to resolve this situation, will assist in improving customer confidence in the transfer process and support customers exercising their choice of retailer. This will lead to more efficient outcomes in the retail markets.

While some changes to systems and procedures will be required, the Commission considers the benefits to customers will outweigh the costs. The final rule may also assist in reducing complaints to ombudsmen regarding transfers without consent.

No rule on an address standard

The rule change request also proposed a rule on the implementation of an address standard, with the aim of reducing transfer errors and delays caused by issues with customer addresses in the electricity and gas systems. The Commission has determined not to make a final rule on introducing an address standard.

The Commission's view is that the proposed rule is not likely to materially reduce transfer delays and errors. In forming this view, the Commission considered existing arrangements and changes since the Review, including data validation by distributors and retailers and recent improvements in transfer times and transfer accuracy.

The proposed rule would be costly and complex to implement, with retailers, distributors and the Australian Energy Market Operator (AEMO) being required to incur costs for system changes, business process changes and staff training. Most retailers' submissions on the impact of the proposed rule indicated that no savings would accrue from introducing an address standard in the manner proposed (an incremental approach where the address standard would only be applied to new connections and on customer transfer). Considering these factors, the Commission has concluded that the costs of implementing an address standard would be likely to outweigh the benefits. Submissions to the Commission's draft determination on the address standard indicated broad support for this conclusion.

Other planned activities will, however, improve the quality of address data used for electricity customer transfers. AEMO has recently confirmed that it will consider progressing a data cleanse of the addresses in the electricity market database following the publication of this final determination. The COAG Energy Council requested AEMO to undertake this action (which is another of the recommendations from the Review). A centrally-coordinated data cleanse is likely to be more efficient than an incrementally-applied address standard, and would place significantly less regulatory burden on market participants.

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1 Rule change request and rule making process

1.1 Introduction

On 26 November 2015, the Council of Australian Governments (COAG) Energy Council submitted two rule change requests to the Australian Energy Market Commission (Commission): the transfer accuracy rule change request and the estimated reads rule change request. These rule changes aimed to improve the process by which customers transfer to new retailers, based on recommendations from the Commission's Review of Electricity Customer Switching, published in April 2014 (Review). This final determination relates to the transfer accuracy rule change request.

A final determination on the estimated reads rule change request was published on the same date as this final determination, and is available on the Commission website.²

1.2 The rule change request: summary of issues and proposed solutions

The transfer accuracy rule change request proposed the following changes to the rules governing the electricity and gas markets:

- obligations on retailers to promptly resolve erroneous transfers;³ and
- the implementation of an address standard in order to reduce errors and delays in customer transfers.⁴

The rule change request considered that an erroneous transfer occurred if one customer has requested a transfer to a new retailer, but there is an error in processing their request and a different customer is transferred, without that customer's knowledge or consent.⁵

Although arising out of a review focused on the electricity market, the transfer accuracy rule change request required the Commission to consider whether the proposed changes should also apply to the gas retail markets.⁶

The proposed changes were intended to address two distinct issues with customer transfers:

² Reference ERC0196 under the Rule Changes: Open tab in www.aemc.gov.au.

³ This part of the rule change request related to the National Energy Retail Rules (Retail Rules).

⁴ This part of the rule change request related to the National Electricity Rules (Electricity Rules) and the National Gas Rules (Gas Rules).

⁵ Transfer accuracy rule change request p8.

⁶ Transfer accuracy rule change request p2.

- When a customer is erroneously transferred, it often takes considerable time and effort on the part of the customer to ensure the retailers take the necessary steps to resolve the situation.⁷
- When retailers are seeking to identify the details of a new customer for the purposes of requesting a transfer of the customer to the retailer, it is sometimes difficult to match the customer’s address with the meter identifier, due to various address-related issues. This difficulty in obtaining a correct customer-meter match may delay transfers or lead to erroneous transfers.⁸

To address the first issue, the rule change request proposed a provision that, if a customer complains to their current or previous retailer that they were erroneously transferred from their previous retailer, the retailer the customer initially contacts must resolve the complaint expeditiously, in accordance with its standard complaints and dispute resolution procedures, and notify the customer when the transfer has been rectified.⁹

To address the second issue, the rule change request proposed to oblige the Australian Energy Market Operator (AEMO) to choose and publish an industry address standard. Industry participants would be required to comply with the chosen address standard when entering new address data into the systems used for customer transfers. The rule change request would also require AEMO to detail how existing data would be brought into compliance with the address standard.¹⁰

1.3 The rule making process

On 28 April 2016, the Commission published a notice advising of its commencement of the rule making process and the first round of consultation in respect of the rule change request.¹¹ A consultation paper identifying specific issues and questions for consultation was also published with the notice. Submissions closed on 9 June 2016.

The Commission received 19 submissions on the rule change request as part of the first round of consultation. They are available on the Commission website.¹² A summary of the issues raised in submissions but not otherwise addressed in this final determination is contained in Appendix A, together with the Commission’s response to each issue.

On 24 June 2016, the Commission held a stakeholder workshop to discuss the rule change request and key issues raised in submissions. The agenda and presentations from the workshop are available on the Commission website.

⁷ Transfer accuracy rule change request p8.

⁸ Transfer accuracy rule change request p6.

⁹ Transfer accuracy rule change request p3.

¹⁰ Transfer accuracy rule change request pp2-3.

¹¹ This notice was published under section 95 of the National Electricity Law (Electricity Law), section 308 of the National Gas Law (Gas Law) and section 251 of the National Energy Retail Law (Retail Law).

¹² www.aemc.gov.au.

On 28 July 2016 the Commission published a notice advising that the time for making the draft determination had been extended by 10 weeks to 27 October 2016. This extension was required to allow time for further consultation with stakeholders regarding the complex issues that were raised in submissions and at the workshop. The draft determination (including a draft rule) was published on the specified date.

The second round of consultation closed on 22 December 2016. The Commission received 21 submissions on the draft determination, and these submissions have been posted on the Commission website. A summary of the issues raised in these submissions but not otherwise addressed in this final determination is contained in Appendix B, together with the Commission's response to each issue.

The publication of this final determination and the accompanying final rule conclude the rule making process for the transfer accuracy rule change request.

2 Final rule determination

The Commission has determined to make a more preferable final rule under the Retail Law in relation to resolving transfers that occur without consent.¹³ The more preferable final rule sets out the steps the relevant retailers must take when they become aware that a customer has been transferred to a new retailer without the customer's explicit informed consent.¹⁴

In relation to the implementation of an address standard, the Commission has determined not to make a final rule under the Electricity Law or the Gas Law.

This chapter outlines:

- the Commission's rule making test for changes to the Electricity Rules, Gas Rules and Retail Rules;
- the Commission's assessment criteria for considering the transfer accuracy rule change request;
- the Commission's consideration of the more preferable final rule against the national energy retail objective (Retail Objective);
- the Commission's consideration of the proposed rule on an address standard against the national electricity objective (Electricity Objective) and national gas objective (Gas Objective); and
- the consistency of the more preferable final rule with the Commission's strategic priorities.

Further information on the legal requirements for making this final rule determination is set out in Appendix C.

2.1 Rule making test

2.1.1 Contribution to objectives under the national framework

As the rule change request relates to all three sets of energy rules, the Commission must apply the following rule making tests:

- Under the Retail Law, the Commission may only make a change to the Retail Rules if it is satisfied that the rule will, or is likely to, contribute to the achievement of the Retail Objective and meets the consumer protection test.

¹³ As the Retail Rules do not apply in Victoria, this rule will not apply in that jurisdiction. However, the Essential Services Commission of Victoria may wish to consider whether to include an equivalent provision in the Victorian Energy Retail Code or Electricity Customer Transfer Code.

¹⁴ Section 38 of the Retail Law requires a retailer to obtain a customer's explicit informed consent to a transfer. Further details are set out in section 3.3.1 of this final determination.

- Under the Electricity Law, the Commission may only make a change to the Electricity Rules if it is satisfied that the rule will, or is likely to, contribute to the achievement of the Electricity Objective.
- Under the Gas Law, the Commission may only make a change to the Gas Rules if it is satisfied that the rule will, or is likely to, contribute to the achievement of the Gas Objective.

2.1.2 The objectives

The Retail Objective is:¹⁵

“to promote efficient investment in, and efficient operation and use of, energy services for the long term interests of consumers of energy with respect to price, quality, safety, reliability and security of supply of energy.”

In addition, under the Retail Law the Commission must, where relevant,¹⁶

“satisfy itself that the Rule is compatible with the development and application of consumer protections for small customers, including (but not limited to) protections relating to hardship customers.”

This is referred to as the consumer protection test.

The Electricity Objective is:¹⁷

“to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to:

- (a) price, quality, safety, reliability and security of supply of electricity; and
- (b) the reliability, safety and security of the national electricity system.”

The Gas Objective is:¹⁸

“to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas.”

15 Retail Law section 13.

16 Retail Law section 236(2)(b).

17 Electricity Law section 7.

18 Gas Law section 23.

2.1.3 Additional rule making tests - Northern Territory

From 1 July 2016, the Electricity Rules, as amended from time to time, apply in the Northern Territory, subject to derogations set out in Regulations made under the NT legislation adopting the Electricity Law.¹⁹ Under those Regulations, only certain parts of the Electricity Rules have been adopted in the NT.²⁰ As the proposed rules relate to the Retail Rules, and to parts of the Electricity Rules that currently do not apply in the Northern Territory, the Commission has not assessed the proposed rules against additional elements required by Northern Territory legislation.²¹

2.2 Assessment criteria

In assessing the rule change request against the objectives the Commission has considered the following criteria:

- Will these changes promote competition in the retail electricity market?
- Will these changes promote transparency and certainty of supporting legal frameworks?
- Will these changes have a disproportionate regulatory and administrative burden?
- Are the proposed changes to the Retail Rules compatible with consumer protections?

The following sections provide further explanation of these criteria.

2.2.1 Promoting competition

The Commission considered whether improving the process for resolving erroneous transfers, and implementing an address standard to improve the accuracy of customer transfers, will promote customer confidence in the transfer process and support customers in exercising choice. Consumer participation in the market – particularly by changing (or threatening to change) retailers – is a fundamental driver of competition.

Where competition is effective, retailers will have strong incentives to provide products and services that consumers value and set prices that reflect costs. They will also seek out ways to lower costs and invest and innovate to meet changing consumer preferences. Retailers that do not effectively compete in this way risk losing profits and being forced to exit the market. Given the importance of competition in driving

¹⁹ National Electricity (Northern Territory) (National Uniform Legislation) (Modifications) Regulations.

²⁰ For the version of the Electricity Rules that applies in the Northern Territory, refer to: [http://www.aemc.gov.au/Energy-Rules/National-electricity-rules/National-Electricity-Rules-\(Northern-Territory\)](http://www.aemc.gov.au/Energy-Rules/National-electricity-rules/National-Electricity-Rules-(Northern-Territory)).

²¹ National Electricity (Northern Territory) (National Uniform Legislation) Act 2015.

efficient outcomes in markets, and hence in promoting the long-term interests of consumers under the objectives, a key consideration of the Commission in assessing this rule change request is the degree to which the proposed rule is likely to promote competition between retailers.

2.2.2 Transparency and certainty of legal frameworks

The legal framework relating to transferring to a new retailer and resolving erroneous transfers should be clear and understandable for all participants. Such transparency is integral to consumer confidence and engagement in the market.²² The Commission considered whether there is a need for greater transparency and certainty in relation to the procedure for resolving erroneous transfers, given the difficulties consumers currently appear to face in obtaining a prompt resolution to the erroneous transfer.

2.2.3 Regulatory and administrative burden

The Commission considered whether the implementation or operation of the proposed rules would result in a disproportionate regulatory or administrative burden on market participants, compared to the benefits of the proposed rules. Any new provisions should be simple and practicable from a consumer's perspective. From the perspective of businesses, the new rules should be simple and should be the minimum necessary to achieve their intended objectives. If regulation is excessive or complex, it increases costs for businesses which are likely to be passed through to consumers in the form of higher prices.

2.2.4 Compatibility with consumer protections

In simple terms, the consumer protection test can be interpreted as: Can the proposed rule changes be made without causing problems for, or conflicting with, the development and application of consumer protections for small customers?

The "application" of consumer protections relates to consumer protections as they currently exist and as they are presently applied, both within and outside the Retail Rules. More specifically, the Commission considered whether the proposed changes relating to the resolution of erroneous transfers would impede currently applicable consumer protections, or are consistent with such protections.

Considering the "development" of consumer protections requires a forward-looking assessment. The Commission considered whether the proposed changes are likely to be compatible with the future legislative development of consumer protections, and with consumer protections that may be developed through other regulatory avenues, such as judicial decisions.

²² As discussed above, consumer participation in the market promotes retail competition and hence efficiency, which is the principal consideration in the objectives when determining what is in the long-term interests of consumers.

The Commission considered whether the proposed provisions on the resolution of erroneous transfers are compatible with the development and application of:

- relevant consumer protections within the Retail Law and the Retail Rules;
- consumer protections under the general law, including the Australian Consumer Law;
- consumer protections under retail energy laws and regulations of jurisdictions participating in the National Energy Customer Framework (NECF); and
- where relevant, consumer protections under energy laws and regulations of Victoria.

2.3 Summary of reasons for making a more preferable final rule

The Commission's more preferable final rule is published with this final rule determination. The more preferable final rule sets out the steps that relevant retailers must take when they become aware that a customer has been transferred to a new retailer without the customer's explicit informed consent.

The final rule is largely the same as the draft rule, with some changes to the de-energisation provision in response to stakeholder comments.²³

The Commission has determined not to make a final rule requiring an address standard to be implemented.

2.3.1 Resolving transfers that occurred without consent

Having regard to the issues raised in the rule change request and in submissions, the Commission is satisfied that the final rule will, or is likely to, contribute to the achievement of the Retail Objective and the consumer protections test for the following reasons:

- **Promoting competition.** The final rule establishes a clear process, setting out specific obligations for each retailer in resolving the situation when a small customer has been transferred without consent.²⁴ Currently there are deficiencies in the process for resolving such transfers, as noted in section 3.1, such that customers often experience delays and difficulties in resolving the situation (extending in some cases to disconnection). The final rule improves the process for resolving transfers that occurred without customer consent. This should improve customer confidence in the transfer process and support customers in exercising choice and thus enhance their participation in the market. For retailers, increased consumer participation in the market provides incentives to offer prices that closely reflect costs and in turn drives competition.

²³ See section 3.6.3 for a discussion of these changes.

²⁴ The Retail Law requires explicit informed consent, as discussed in section 3.3.1.

Increased competition in the market leads to more efficient outcomes promoting the long term interests of consumers.

- **Transparency and certainty of legal frameworks.** As noted above, the final rule is likely to provide customers with greater clarity and certainty of the legal framework relating to the resolution of transfers that took place without consent. The final rule clarifies the consequences of the customer's contract with the new retailer being void under section 41(1) of the Retail Law, particularly in relation to the impact on the customer's contract with the original retailer. This improved process and increased clarity is likely to improve customer confidence and engagement in the market, especially given the difficulties consumers currently face in obtaining a prompt resolution to transfers without consent. A quicker and clearer resolution process will also be of benefit to the retailers involved.
- **Regulatory and administrative burden.** The final rule is likely to require some changes to retailers' internal procedures, limited changes to the retail market procedures administered by AEMO, and (if desired by retailers) new electronic transactions for business-to-business communications (known as B2B transactions). However, based on stakeholder comments, for most parties the costs associated with these changes are not likely to be high. Once implemented, the final rule is also likely to reduce retailers' administration costs associated with delays and complaints relating to the resolution of transfers without consent.
- **Compatibility with consumer protections.** The final rule can be made without causing problems for, or conflicting with, the development and application of consumer protections for small customers. The proposed changes are consistent with current consumer protections and are likely to be compatible with the future development of consumer protections. The proposed provisions on the resolution of erroneous transfers are compatible with the development and application of:
 - relevant consumer protections within the Retail Law and the Retail Rules - in particular, the final rule will make the provisions of the Retail Rules and retail market procedures more consistent with the existing consumer protections in the Retail Law;
 - consumer protections under the general law, including the Australian Consumer Law;
 - consumer protections under retail energy laws and regulations of jurisdictions participating in the NECF; and
 - consumer protections under energy laws and regulations of Victoria.

More preferable rule

As set out in Appendix C, the Commission may make a rule that is different (including materially different) from a proposed rule if it is satisfied that, having regard to the

issues raised by the rule change request, the more preferable rule will, or is likely to, better contribute to the achievement of the Retail Objective than the proposed rule.

The Commission considers that the more preferable final rule will, or is likely to, better contribute to the achievement of the Retail Objective than the proposed rule for the following reasons:

- The more preferable final rule has a broader application, which is consistent with the approach taken in the Retail Law. While the proposed rule applied only to erroneous transfers of electricity customers,²⁵ the relevant sections of the Retail Law do not distinguish between erroneous transfers and other transfers of small customers without consent,²⁶ nor between transfers of gas and electricity customers. It is appropriate that this rule should follow the scope of the sections of the Retail Law it is seeking to implement and clarify. Thus, the more preferable final rule applies to customers with standard or market retail contracts for electricity or gas, who have been transferred to a new retailer without their explicit informed consent, in jurisdictions that have adopted the NECF.
- The rule change request proposed that if a customer makes a complaint to their current or previous retailer regarding an erroneous transfer, the retailer the customer initially contacts must resolve the issue.²⁷ However, current customer transfer systems only allow the original retailer (not the new retailer) to initiate a re-transfer,²⁸ while only the new retailer will be able to ascertain whether the transfer occurred without consent.²⁹ For these reasons the more preferable final rule sets out specific obligations on the original retailer and the new retailer, in accordance with their roles and powers in the electricity and gas customer transfer systems, and without requiring extensive changes to those systems. The final rule also requires whichever retailer the customer contacts first, if that retailer is not the customer's new retailer, to inform the new retailer of the issue of transfer without consent.
- The more preferable final rule includes amendments to other provisions of the Retail Rules as necessary so that the new rule interacts with existing rules in an appropriate manner. One key additional change is to prohibit a retailer from

²⁵ Transfer accuracy rule change request p14.

²⁶ There is no mention of erroneous transfers, as such, in the Retail Law. Section 41 of the Retail Law addresses the consequences of finding that explicit informed consent was not obtained for a transaction (including a transfer, as per section 38(a) of the Retail Law). An erroneous transfer would, by its nature, be a transfer for which the affected customer did not provide explicit informed consent, so an erroneous transfer is one type of transfer without explicit informed consent.

²⁷ Transfer accuracy rule change request p3.

²⁸ CATS Procedure section 7.3(a). Gas Retail Market Procedures: NSW s6.2.1(a) and s11.1.1(a); VIC s4.1.1(ai); QLD s4.1.1(ai); SA s32(2) and s80(1); TAS s3.3.1(a).

²⁹ Section 38 of the Retail Law requires a retailer to obtain a customer's explicit informed consent for the transfer of the customer to the retailer from another retailer. Section 40 of the Retail Law requires a retailer to keep a record of each explicit informed consent provided by a customer to the retailer.

de-energising a customer who has raised the issue of lack of explicit informed consent to the transfer, unless the issue has been resolved.³⁰ This will improve consumer outcomes by reducing the risk that a transfer without consent results in de-energisation (as occurs in some cases currently).³¹

2.3.2 Implementing an address standard

Having regard to the issues raised in the rule change request and in submissions regarding the implementation of an address standard, the Commission is not satisfied that the proposed rule to implement an address standard will, or is likely to, contribute to the achievement of the Electricity Objective or Gas Objective for the following reasons:

- **Effectiveness.** Since the research for the Review was conducted in 2013, transfer times and the number of erroneous transfers - the key factors which led to this rule change request - have reduced significantly.³² Most retailers indicated that they already undertake substantial address validation and some have systems in place which use an address standard. Many distributors use address data from local government bodies, and have questioned whether a different source of address data would be any more accurate. AEMO has a number of mechanisms in place to accommodate common types of address errors and increase the chances of obtaining a correct customer-meter match, and leads programs to correct specific issues with address data and address matching.³³ From stakeholder engagement carried out as part of this rule change process, there was no clear evidence that implementing a new address standard would reduce transfer errors or delays compared to the current processes. Furthermore, it appears from our research that an address standard would have limited effectiveness as it is only likely to assist in avoiding a very small subset of transfer errors and delays, as these errors and delays have many different causes.
- **Consumer confidence.** The Commission considers it unlikely that the proposed address standard, relative to the current arrangements, will provide significant improvements to consumer confidence in the market, because for the reasons

³⁰ This provision has been revised since the draft rule, in response to stakeholder comments. See section 3.6.3 for further details.

³¹ Energy and Water Ombudsman of NSW (EWON) noted in its submission to the consultation paper that erroneous transfers can result in disconnection.

³² Transfer times in the NEM have fallen by nearly 26 per cent between 2013 and 2015 - a fall from 29 days to 21.5 days. Transfer times will continue to improve as advanced meters are installed. The number of erroneous transfers occurring in the electricity market has also reduced from 2.8 per cent in 2013 to 1.7 per cent in 2015. The number of erroneous gas transfers in South Australia has reduced by more than 50 per cent, and in NSW the rate of erroneous gas transfers has varied slightly but remains very low. (These are the only two gas markets with data on erroneous transfers.) Gas transfer times have reduced slightly between 2013 and 2015.

³³ For example, AEMO's recently-completed Enumeration Project removed duplicate address attributes in electricity and gas address data to improve the ability to match a customer's address with the relevant meter identifier, helping to reduce operational and regulatory issues and issues with customer satisfaction. See section 4.3.3.

noted above it is unlikely to be effective in reducing transfer errors and delays by an appreciable amount.

- **Proportionality.** A number of changes would be needed to implement the proposed address standard. Most retailers and distributors advised that changing IT systems and processes to comply with the new standard would impose costs. The Commission considers that these costs are likely to outweigh any minor benefits that the implementation of an address standard would provide. As such, the Commission does not consider that the proposed address standard rule represents a proportionate response to the issues identified by the rule change request.

2.4 Consistency with Commission's strategic priorities

This rule change request relates to the Commission's strategic priority relating to consumers, which has a focus on consumer protection, engagement and participation.³⁴ In addressing transfers without consent, the more preferable final rule provides appropriate protection for consumers in circumstances where they would otherwise suffer detriment due to no fault of their own. Having these protections in place is likely to support consumers in engaging in the market.

³⁴ Commission, Strategic Priorities for Energy Market Development, Final Priorities, 26 November 2015, pp15-17.

3 Detailed discussion: Resolving transfers without consent

This chapter discusses the following topics in relation to resolving transfers that occurred without the customer's consent:

- issues the transfer accuracy rule change request seeks to address;
- solution proposed in the rule change request;
- current arrangements and relevant background;
- stakeholder comments on the consultation paper and on the draft determination;
- analysis and conclusions regarding making a more preferable final rule, including a discussion of changes since the draft rule; and
- operation of the more preferable final rule.

3.1 Issues the rule change request sought to address

In the rule change request the COAG Energy Council noted that customers who have been erroneously transferred to a new retailer often encountered difficulty in getting the situation resolved. Although the rule change request did not define erroneous transfers, they were considered to occur if one customer requested a transfer to a new retailer, but there is an error in processing their request and a different customer is transferred, without that customer's knowledge or consent. This could occur, for example, when a retailer raises a transfer request and enters an incorrect National Metering Identifier or NMI (or, for gas, an incorrect Meter Installation Registration Number or MIRN) to be transferred.³⁵

The rule change request explained the nature of the problem it is trying to address as follows:³⁶

“Under the current arrangements, an erroneous transfer is unlikely to be identified until it has occurred. A customer may identify they have been wrongly transferred when they receive a new customer welcome pack, or first electricity bill, from a new (unfamiliar) retailer.

A key issue is that an erroneous transfer cannot be resolved without considerable input from the wrongly transferred customer. That is, the customer may be required to coordinate communications between the two affected retailers, and effectively undertake the planning for a reversing in-situ customer transfer request. Retailers may not always have an incentive to take responsibility to promptly resolve an erroneous transfer.”

³⁵ Transfer accuracy rule change request p8.

³⁶ Transfer accuracy rule change request p8.

The rule change request further illustrated the impacts of erroneous transfers on the retail system:³⁷

“Erroneous transfers increase time and resource costs for retailers, customers, energy ombudsmen and potentially metering data providers, who must allocate time and resources towards reversing the erroneous transfer.”

3.2 Solution proposed in the rule change request

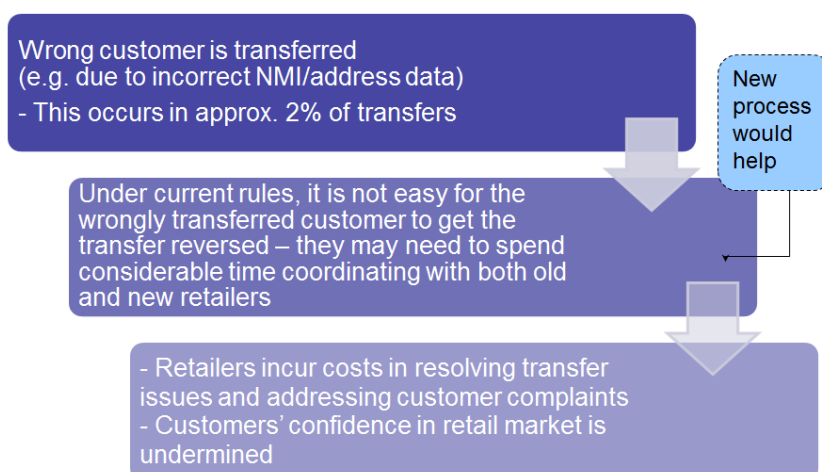
The rule change request proposed an amendment to the Retail Rules to assist with the resolution of erroneous transfers. It proposed a new rule in Part 2 of the Retail Rules providing that, if a small customer complains to their current or previous retailer that they were erroneously transferred from their previous retailer, the retailer the customer initially contacts must:

- resolve the complaint expeditiously, in accordance with its standard complaints and dispute resolution procedures; and
- notify the customer when the transfer has been rectified.³⁸

The proposed rule drafting provided with the rule change request specified that these new provisions would apply to electricity customers only.³⁹ However, the rule change requested the Commission to consider whether there are benefits in applying these changes to gas retail markets as well.⁴⁰

Figure 3.1 summarises the problems identified and the proposed solution in relation to the resolution of erroneous customer transfers.

Figure 3.1 Erroneous transfers: issues and solution



³⁷ Transfer accuracy rule change request p8.

³⁸ Transfer accuracy rule change request p3.

³⁹ Transfer accuracy rule change request p14.

⁴⁰ Transfer accuracy rule change request p2.

3.3 Current arrangements and relevant background

There are various mechanisms and processes in the Retail Law and in the retail market procedures (consisting of the CATS Procedure and the Gas Retail Market Procedures) which relate to the resolution of erroneous transfers or, more broadly, transfers without consent. This section discusses:

- the provisions of the Retail Law relating to customers transferred without their consent;
- dispute resolution provisions; and
- retail market procedures to re-transfer customers to their original retailer.

3.3.1 Provisions of Retail Law regarding transfers without consent

The Retail Law provides that a retailer must obtain the explicit informed consent of a small electricity or gas customer for certain transactions, including the transfer of the customer to the retailer from another retailer, and the entry by the customer into a market retail contract with the retailer.⁴¹ This is a civil penalty provision.

Explicit informed consent is defined as follows in section 39 of the Retail Law:

Box 3.1 Definition of explicit informed consent in Retail Law

(1) Explicit informed consent to a transaction is consent given by a small customer to a retailer where:

- (a) the retailer, or a person acting on behalf of the retailer, has clearly, fully and adequately disclosed all matters relevant to the consent of the customer, including each specific purpose or use of the consent; and
- (b) the customer gives the consent to the transaction in accordance with subsection (2); and
- (c) any requirements prescribed by the Rules for the purposes of this subsection have been complied with.

(2) Explicit informed consent requires the consent to be given by the small customer:

- (a) in writing signed by the customer; or
- (b) verbally, so long as the verbal consent is evidenced in such a way that it can be verified and made the subject of a record under section 40; or
- (c) by electronic communication generated by the customer.

⁴¹ Retail Law sections 38(a) and (b).

If a retailer (the new retailer) did not obtain a customer's explicit informed consent to a transfer to the new retailer - which would include cases of erroneous transfer⁴² - the transfer to the new retailer and the contract with the new retailer are void.⁴³ The Retail Law states that consent was not obtained if the customer raises the issue of lack of consent with the retailer within 12 months after the date of the transfer, and the retailer admits that consent was not obtained, or does not produce a record of the consent within 10 business days after the issue is raised.⁴⁴

The Retail Law also provides that the wrongly transferred customer is:⁴⁵

“liable to pay the original retailer all charges for the sale and supply of energy as if the void transaction had not occurred and the sale and supply had occurred with the original retailer being the customer's retailer.”

If the new retailer has already billed the customer under the void arrangement, the customer's payments to the new retailer can be offset against the customer's liability to the original retailer.⁴⁶ There is no time limit on the application of these payment provisions.

The status of the customer's contract with their original retailer, when the customer's transfer to and contract with the new retailer have been established to be void, is important to the Commission's final determination. The Commission's considered view is that section 41 of the Retail Law operates such that, when a transfer is made void by section 41(1), the customer's contract with the original retailer is taken never to have terminated, and to have continued in effect. This means that once a transfer without consent is resolved, the small customer should be in the same position it would have been in had the erroneous transfer not occurred.

3.3.2 Dispute resolution procedures - retailers

The Retail Law provides guidance and a framework for a complaints and dispute resolution process for small customers. The Retail Law requires that retailers develop standard complaints and dispute resolution procedures. Under the Retail Law every retailer must develop, make, regularly update and publish on its website a set of procedures detailing the retailer's procedures for handling small customer complaints and disputes.⁴⁷ Small customers may make complaints concerning matters relevant to retailers, and retailers are to attempt resolution in accordance with their standard complaints and dispute resolution procedures. The Retail Law prescribes that outcomes of the process must be communicated to the customer, and retailers must

42 In an erroneous transfer (where one customer consented to a transfer but another customer was transferred instead), the customer who was transferred did not provide consent.

43 Retail Law section 41(1).

44 Retail Law section 41(2).

45 Retail law section 41(5)(a).

46 Retail Law section 41(5)(b).

47 Retail Law section 81.

also provide customers with the contact details of the relevant energy ombudsman if the customer wishes to have the dispute resolved by an independent party.⁴⁸

The Retail Law provides for small customers to engage the energy ombudsman to resolve disputes that were not resolved to the customer's satisfaction through the retailer's complaints and dispute resolution procedures.⁴⁹

3.3.3 Procedures for resolving erroneous transfers of electricity customers

Although, as noted above, a customer who was transferred without consent is taken to have remained on their contract with the original retailer, certain steps need to be taken within the customer transfer system to give effect to this position under the Retail Law. Retail Rule 57 provides that small customers must be transferred in accordance with the relevant retail market procedures. For electricity customers, the key document is entitled *MSATS Procedures: CATS Procedure Principles and Obligations* (CATS Procedure), developed and administered by AEMO.

The original retailer from whom the customer was wrongly transferred may raise a change request in accordance with the CATS Procedure for a re-transfer of the customer. (Note that the customer's current retailer - the new retailer - cannot initiate the transfer process.) Transfer requests must be made using an appropriate change reason (CR) code. To correct an erroneous transfer a retailer is likely to select CR1025, "Transferred in Error." This code is to be used where:⁵⁰

“the current retailer transferred the NMI in error and requests the new retailer to transfer it back. A wrong NMI was selected by the current retailer to transfer.”

This code allows transfers based on a previous meter read or an estimated read. The date of the requested re-transfer can be retrospective, up to 130 business days prior to the date of the request,⁵¹ so if the erroneous transfer is identified within 130 business days of occurring, a re-transfer can be made effective on the date of the erroneous transfer.

3.3.4 Procedures for resolving erroneous transfers of gas customers

The Gas Retail Market Procedures address transfer errors in different ways, as set out briefly in the table below. In all jurisdictions, transfer requests are made by a retailer other than the customer's current retailer, i.e. only the original retailer, not the new retailer, can initiate the re-transfer (as for electricity transfers).

48 Retail Law section 82.

49 Retail Law section 83.

50 CATS Procedure section 7.1. There is currently no change reason code that clearly covers the broader category of transfers without consent.

51 CATS Procedure Table 7-A.

Table 3.1 Provisions on correcting gas transfer errors in each state

State	Key provisions	Section of RMP
NSW & ACT	<ul style="list-style-type: none"> • There is a process for submitting and giving effect to 'transfer error correction requests' in respect of 'genuine transfer errors' (where a transfer was registered in error). • The 'error correction date' can be up to 185 business days prior to the date of the request. (Note that, for wholesale market settlement purposes, this is not the same as a retrospective transfer.) 	Chapter 11
South Australia	<ul style="list-style-type: none"> • If a customer's current retailer becomes aware of an error in AEMO standing data as the result of lodging an incorrect transfer request, the retailer must inform AEMO and the original retailer. • The original retailer may then lodge an 'error correction notice' which AEMO must process in the prescribed way. • An 'error correction transaction' takes effect as from the date of the erroneous transfer, which may be up to 425 days prior to the date the error correction notice was lodged. (Note that, for wholesale market settlement purposes, this is not the same as a retrospective transfer.) 	Division 2.2.3
Victoria	<ul style="list-style-type: none"> • No specific process for correcting transfer errors. • A transfer request can nominate a retrospective transfer date, up to 118 business days prior to the date of the request. 	Chapter 4
Queensland	<ul style="list-style-type: none"> • No specific process for correcting transfer errors. • A transfer request can nominate a retrospective transfer date, up to 185 business days prior to the date of the request. 	Chapter 4
Tasmania	<ul style="list-style-type: none"> • A 'customer transfer notice' can nominate a retrospective transfer date, up to 130 business days prior to the date of the notice, if required to correct an erroneous transfer. 	Section 3.3

3.4 First round stakeholder comments on impacts of proposed rule

The majority of the following stakeholder comments are drawn from stakeholder submissions to the consultation paper (available on the Commission website under project code ERC0195), but some comments are drawn from the public workshop held by the Commission and informal bilateral consultations undertaken by the Commission in preparation for the draft determination. Key stakeholder groups for this part of the rule change request were consumer groups, ombudsmen and retailers.

Comments are organised with reference to the following assessment criteria:

- improving customer confidence in the transfer process (and hence improving retail competition);
- improving transparency and certainty of legal frameworks; and
- regulatory and administrative burden.

3.4.1 Improving customer confidence in transfer process

There were few comments that explicitly linked improving the process for resolving erroneous transfers with improved stakeholder confidence. However, most stakeholder submissions (with the exception of Red/Lumo's submission) agreed that the current resolution process has drawbacks and could be improved, and, more generally, that a smooth transfer process would benefit the retail market.

Relevant comments are set out below by stakeholder category.

Consumer groups and ombudsmen

- Energy and Water Ombudsman of South Australia (EWOSA): Streamlining the process to resolve erroneous transfers would enhance the customer experience with the transfer process. Implementation of the rule change request would increase customer confidence in the transfer process, as well as result in retailers handling customer transfers more effectively, thereby promoting competition.⁵²
- Energy Consumers Australia (ECA) (general comment): Delays in customer transfer not only restrict immediate choice. If the transfer process is identified as a 'hassle', this will dissuade other customers from entering the market and transferring.⁵³

Retailers

- AGL (general comment): Responsive and accurate transfers underpin effective retail competition. An accurate transfer process that occurs in a timely manner means consumers will have confidence in the market, leading to a vibrant and competitive retail environment.⁵⁴
- Red/Lumo: The competitive market has ensured that there are appropriate processes in place to ensure that a speedy resolution is available if an erroneous transfer occurs.⁵⁵

⁵² EWOSA, submission to consultation paper, p2.

⁵³ ECA, submission to consultation paper, p2.

⁵⁴ AGL, submission to consultation paper, p1.

⁵⁵ Red Energy, Lumo Energy, submission to consultation paper, p3.

3.4.2 Transparency and certainty

Most stakeholder submissions agreed that improving the process for resolving erroneous transfers would improve the transparency and certainty of the legal frameworks, given that the current process is very far from being certain and transparent to customers, or even to retailers.

Consumer groups and ombudsmen

- Public Interest Advocacy Centre (PIAC): Specifying the responsibilities of the original and new retailer will provide clarity and reduce delays.⁵⁶
- EWOSA: The transparency and certainty of legal frameworks would be improved if this rule change request is implemented.⁵⁷
- Energy and Water Ombudsman of Victoria (EWOV) does not believe that many customers would understand the procedural options and obligations under the CATS Procedures. EWOV supports the proposal to clarify retailer roles in the rules to ensure there is clear guidance to all parties about how to quickly fix transfer errors.⁵⁸

Retailers

- AGL: There needs to be a clear industry process to ensure the aggrieved customer is clearly identified as erroneously transferred. AGL would like to see clear timeframes for this new process. Currently, there is no specific time for resolving erroneous transfers, as it is manual and the time for resolution depends on multiple actions from multiple parties.⁵⁹
- ERM: Where the original retailer does not initiate the return-transfer, the rights and responsibilities of the new retailer are unclear. This represents a significant liability to the new retailer.⁶⁰

Distributors

- Endeavour Energy supports the proposal in principle as a common sense way of reducing the complexity a customer faces in rectifying an erroneous transfer.⁶¹

⁵⁶ PIAC, submission to the consultation paper, p6.

⁵⁷ EWOSA, submission to consultation paper, p2.

⁵⁸ EWOV, submission to consultation paper, p5.

⁵⁹ AGL, submission to consultation paper, p6; AGL letter to Commission dated 29 August 2016 pp1-2.

⁶⁰ ERM Business Energy, submission to consultation paper, p6.

⁶¹ Endeavour Energy, submission to the consultation paper, p1.

3.4.3 Regulatory and administrative burden

Some stakeholders noted that changes to the retail market procedures for electricity and gas would need to be made, together with system changes for retailers (and potentially some distributors). However, some stakeholders considered that the direct benefits to retailers (in terms of reduced complaints to ombudsmen) would offset retailer costs - even without considering the benefits to customers and the market more broadly.

Consumer groups and ombudsmen

- PIAC: The compliance burden involved in implementing a standardised process is likely to be less than for the alternatives, such as increasing incentives for retailers to move more quickly once an error is identified. The proposal does not seem to be particularly onerous, and the efficiency gains, including reduced delays, are likely to offset the costs of compliance.⁶²
- EWOSA: While there may be costs associated with updating processes to resolve erroneous transfers, these are likely to be at least partially offset - if not more than offset - by savings associated with reduced complaints to ombudsmen.⁶³

Retailers

- Origin: There may be further benefits associated with this approach to the extent there is a reduction in ombudsman complaints and the associated resolution costs.⁶⁴
- AGL: Implementation tasks include amending NSW and SA gas retail market procedures to allow retrospective transfers, changes to gas distributors' systems in those states, and developing new B2B transactions for retailers.⁶⁵

Gas distributor

- Jemena: A process of retrospective error correction impacts wholesale gas balancing as it changes retailer allocations and trading positions. To allow retrospective transfers in NSW and the ACT, system changes would be required, and this may be expensive.⁶⁶

⁶² PIAC, submission to the consultation paper, pp6-7.

⁶³ EWOSA, submission to consultation paper, p2.

⁶⁴ Origin, submission to the consultation paper, p1.

⁶⁵ AGL response to Commission titled "Technical issues and implementation requirements for AEMC proposed rules related to customer transfers" 28 August 2016, p19.

⁶⁶ Retrospective transfers are currently possible under the Gas Retail Market Procedures for Victoria, Queensland and Tasmania - see section 3.3.4. AEMO commented that the desirability of consistent provisions on this issue across the gas markets has already been a subject of discussion, independently of this rule change request.

3.5 Second round stakeholder comments on draft rule

3.5.1 Overview

The more preferable draft rule was published with the draft determination for the second round of consultation, and 19 stakeholders took the opportunity to comment on the draft rule on resolving transfers without consent.⁶⁷ There were a number of general comments in support of the draft rule, indicating agreement with the analysis and conclusions regarding this rule that were set out in the draft determination.⁶⁸

Some retailers did not consider that the rule was required, stating that the market currently provides appropriate remediation processes in cases of erroneous transfers.⁶⁹

A summary of the specific comments and queries on the draft rule, together with the Commission's response to each issue, is set out in Appendix B. An outline of key comments on the draft de-energisation provision is set out below, as the Commission has revised the rule in response to these comments.

3.5.2 Comments on de-energisation provision

The de-energisation provision proposed in the draft rule prohibited a retailer from de-energising a customer if the customer transferred to the retailer within the last 12 months and the retailer does not have a record of that customer's explicit informed consent to the transfer. This would require the retailer to obtain and read or listen to the record of consent to ensure it was given by the correct customer and was a valid consent.

AER, PIAC and the energy ombudsmen for NSW and South Australia supported the de-energisation provision, on the grounds that it would help safeguard customers from the worst consequences of being transferred without consent.⁷⁰

However, the AEC and almost all retailers that commented on the draft rule opposed it. Issues that retailers commonly raised included the following:⁷¹

- The requirement to check for the customer's explicit informed consent may assist in cases where the retailer has not obtained the consent at all, or the consent is clearly defective. However, it will not help in cases of erroneous transfer, as the

⁶⁷ Seven retailers, four distributors, three energy ombudsmen, AEC, Energy Networks Australia (ENA), PIAC, AEMO and the Australian Energy Regulator (AER) submitted comments on the draft rule.

⁶⁸ Submissions to the draft determination: AEMO, p5; AER pp1-2; EWON, pp1-2; EWOSA, pp1-2; EWOV, p1; PIAC, p1; Ausgrid, p1; ENA, p1; Endeavour Energy, p1; Energex, p1; Ergon Energy, p1.

⁶⁹ Submissions to the draft determination: Simply Energy, p1; Red/Lumo, p1; AEC, p1.

⁷⁰ Submissions to the draft determination: AER, p2; PIAC, pp2-3; EWON, p2; EWOSA, p2.

⁷¹ Submissions to the draft determination: Red/Lumo pp4-5; ERM pp4-5; AGL pp2-3; Origin pp1-2; AEC p2; EnergyAustralia pp2-3; M2 Energy p1.

consent record (which was obtained from the customer who did wish to transfer) will not allow address-NMI mismatches to be identified.⁷²

- Therefore the rule will not be effective in preventing erroneously transferred customers from being disconnected, and retailers will not be able to know whether they have complied with the rule.
- This provision is too broad, imposing new processes with attendant costs on all disconnections, while only helping with a subset of the small number of transfers without consent.
- A more appropriate approach would be to prohibit disconnection only where the customer has raised the issue of lack of consent and the issue has not been resolved.

3.6 Analysis and conclusions regarding more preferable final rule

3.6.1 Benefits of this rule change

The Commission considers that the issue raised in the rule change request regarding the resolution of erroneous transfers is an important issue that should be addressed. The Commission reached this conclusion after considering comments made by stakeholders, particularly ombudsmen, regarding the difficulties incurred by customers who have been transferred erroneously,⁷³ as well as the research undertaken for the Review. Not only does the current situation, particularly the lack of clarity regarding retailers' responsibilities, lead to a negative impact on the customers involved, but it is also likely to affect the retail market generally via decreased consumer confidence. In addition, retailers incur the costs of complaints to ombudsmen due to deficiencies in the current processes for resolving erroneous transfers. Most stakeholders who commented on this issue agreed that the current processes should be improved.

Due to the issues with the current processes noted above, the Commission has concluded that implementing this part of the rule change request would improve consumer outcomes, both for those consumers directly affected and more generally, as consumer confidence in retail markets is likely to improve. Clarity and certainty for both retailers and consumers would increase, as the operation of section 41 of the Retail Law and the responsibilities of each retailer to correct transfers without consent would be reflected in the new rule.⁷⁴ Stakeholders noted that retailers are also likely to

⁷² Erroneous transfers are described in section 3.1. Commission staff reviewed sample consent records for transfers conducted online and by telephone. It appears that for online transfers, at least, consent records may not show any address errors.

⁷³ Ombudsmen for several jurisdictions provided case studies illustrating these difficulties, in their submissions to the consultation paper and in informal correspondence.

⁷⁴ Submissions from a range of parties indicated some confusion as to how section 41 of the Retail Law is intended to operate.

benefit from a reduction in complaints to ombudsmen regarding the resolution of transfers without consent.

While some changes to systems and procedures would be required, the Commission considers that the benefits of this rule change to customers would outweigh the burdens of implementing it, and that (as discussed in section 2.2.1) the rule change would meet the Retail Objective.

3.6.2 More preferable final rule

After reviewing the relevant provisions of the Retail Law, Retail Rules and retail market procedures, and considering the interactions between these three instruments, the Commission considers that the rule as proposed in the rule change request would not operate as effectively as the more preferable final rule, and that the more preferable final rule would better meet the Retail Objective.

The rule change request proposed that if a customer makes a complaint to their current or previous retailer regarding an erroneous transfer, the retailer the customer initially contacts must resolve the issue within the timeframes set out in its dispute resolution procedures.⁷⁵ However, neither the original retailer nor the new retailer is able to resolve this issue on its own. As noted in sections 3.3.3 and 3.3.4 above, current customer transfer systems only allow the original retailer (not the new retailer) to initiate a re-transfer. Furthermore, only the new retailer is able to determine whether a transfer occurred without consent, as the new retailer is required to keep the record of consent.⁷⁶

The more preferable final rule specifies the obligations of the original retailer and the new retailer (corresponding to the obligations imposed by the Retail Law, and generally consistently with the transfer process set out in the retail market procedures), including timeframes for completing each key step. It also specifies the resolution that is required - the transfer of the customer back to the original retailer - and clarifies that the customer is on the customer retail contract it was on with the original retailer prior to the void transfer.⁷⁷ The final rule also requires whichever retailer the customer contacts first, if that retailer is not the customer's new retailer, to inform the new retailer of the issue of transfer without consent.⁷⁸ These changes will provide additional transparency and certainty (as compared to the proposed rule), increasing the benefits of this rule change.

⁷⁵ Transfer accuracy rule change request p3.

⁷⁶ Retail Law section 40.

⁷⁷ In some cases the customer may be on a deemed customer retail arrangement instead. These situations are explained in rule 57A(5) of the more preferable final rule.

⁷⁸ This will cover cases where the customer complains of the transfer without consent to a retailer that is neither the customer's original retailer nor their new retailer.

The proposed rule applied only to erroneous transfers of small electricity customers.⁷⁹ However, the relevant sections of the Retail Law (outlined in section 3.3.1 above) do not distinguish between erroneous transfers and other transfers of small customers without consent, nor between transfers of gas and electricity customers. The more preferable final rule reflects the Retail Law in applying to small electricity and gas customers who have been transferred to a new retailer without their explicit informed consent. This will extend the benefits of the rule change to a greater number of customers compared to the proposed rule, improving the prospects of the rule change increasing general customer confidence in the transfer process.

The more preferable final rule specifies that a retailer must not de-energise a customer who has raised the issue of lack of explicit informed consent to a transfer, unless the issue has been resolved.⁸⁰ This is intended to avoid a customer who has raised a consent issue from being de-energised while the new resolution process discussed above is undertaken. This will enhance consumer protections and help increase customer confidence in the transfer process and the retail market generally.

3.6.3 Changes to rule based on stakeholder comments on draft determination

The Commission has considered all comments on the draft rule, and has undertaken further informal consultation and research to arrive at an informed view on the issues raised in the submissions. As outlined in section 3.5.2 above, submissions from retailers consistently noted issues with the de-energisation provision in the draft rule. This provision prohibited de-energisation of customers who had transferred to the retailer within the last 12 months, unless the retailer reviewed the consent record and confirmed that the customer consented to the transfer.

The de-energisation provision was designed to protect customers from the worst consequence of transfer without consent, and as such was supported by the AER, PIAC and ombudsmen. It was proposed on the basis that if a retailer reviewed a record of a customer's consent to transfer, the retailer would be able to identify whether there was an issue with the consent (for example, consent was not given, or the consent was not explicit and informed) and whether there was an address error such that the customer who had given consent to transfer was not the customer at the address that the retailer was seeking to disconnect (an erroneous transfer). If either of these issues were identified when the consent record was reviewed, de-energisation would not be permitted.

However, retailers noted in their submissions that a review of a consent record would not allow a retailer to identify an erroneous transfer arising from an address-NMI mismatch. Commission staff reviewed sample consent records for online transfers and transfers by telephone to assess this claim, and found that, while a record of a transfer

⁷⁹ The rule change request considered that an erroneous transfer occurred if one customer has requested a transfer to a new retailer, but there is an error in processing their request and a different customer is transferred, without that customer's knowledge or consent. Transfer accuracy rule change request p8.

⁸⁰ This part of the final rule differs from the draft rule, for the reasons set out in the following section.

by telephone might enable address issues to be identified (if the record was carefully reviewed), a consent record for an online transfer would not. A retailer would, under the draft rule, review the consent record and, having no reason to suspect the transfer was erroneous, proceed to de-energise the customer. The requirement to review consent records in the draft rule would therefore not fulfil its full intended purpose as customers who had been erroneously transferred could still be de-energised.

Given this issue, the Commission concluded that, while a prohibition on de-energisation in certain circumstances remains a useful consumer protection, a more targeted approach should be adopted in the final rule. Under this approach, the de-energisation prohibition would apply where the customer has raised the issue of lack of informed consent to a transfer and the issue remains unresolved. This is consistent with the approach taken in the Retail Law, where the customer protections relating to explicit informed consent (specifically, the voiding of the transaction that occurred without consent) apply only after the customer has raised the issue of lack of consent.⁸¹

The customer may raise the issue of lack of consent to transfer with any retailer, under another part of the new rule. If the customer contacts a retailer that is not the customer's new retailer, the contacted retailer must notify the new retailer, and the new retailer will be taken to have been contacted by the customer for the purposes of establishing lack of consent under the relevant provision of the Retail Law.⁸²

Under the approach in the final rule, a customer who has raised the issue of lack of consent to transfer, and whose transfer will become void if the lack of consent is established, is protected from de-energisation while the issue is investigated and resolved in accordance with the new resolution process described below. The Commission considers that this approach avoids the problems outlined above with the draft rule and better targets the customers which the Retail Law seeks to protect, and as such better meets the Retail Objective than the draft rule.

3.7 Operation of more preferable final rule

3.7.1 Key provision: resolution process in new Retail Rule 57A

The key provision of the more preferable final rule is new rule 57A of the Retail Rules. As the Retail Rules do not apply in Victoria, this rule will not apply in that jurisdiction. However, the Commission encourages the Essential Services Commission of Victoria to

⁸¹ Retail Law sections 41(1) and (2).

⁸² See final Retail Rules 57A(1) and (2) and Retail Law section 41(2)(a). The phrase "for the purposes of this rule and subrule 116(1)(c1)" was added to the final version of Retail Rule 57A(2) to ensure that the de-energisation provision would apply if the customer raises the consent issue with any retailer, not just the new retailer. For this reason, the protection offered by the final de-energisation rule is broader than the existing protections in Retail Rules 116(1)(b) and (c), which prohibit de-energisation if the customer has made a complaint, directly related to the reason for the proposed de-energisation, to the new retailer or to the energy ombudsman, and the complaint remains unresolved.

consider whether to include an equivalent provision in the Victorian Energy Retail Code or Electricity Customer Transfer Code.⁸³

Rule 57A sets out obligations on the relevant retailers where a small electricity or gas customer indicates that it was transferred to a new retailer without the customer's explicit informed consent. This covers circumstances where the customer was transferred in error as well as cases where some form of consent was given, but it was not explicit and informed as required by the Retail Law.

The customer is not required to say the specific words "I was transferred without explicit informed consent" to trigger a retailer's obligations under the more preferable final rule. It will be sufficient if, for example, the customer complains about receiving a bill from a retailer it does not recognise, or asks its original retailer why it was sent a final bill.

The process this complaint initiates is as follows:

Table 3.2 Steps in the resolution of transfers without consent

Rule	Party	Action	Timeframe
57A(1)(a)	Retailer that is not customer's new retailer	If a small customer contacts a retailer that is not the customer's new retailer, the contacted retailer must notify the new retailer in writing and request the new retailer to comply with rule 57A(3) - see below. ⁸⁴	Within 3 business days of being contacted by the customer
57A(3)(a)	New retailer	If explicit informed consent was obtained from the customer, provide the customer with a copy of the record of consent; or	Within 10 business days of being contacted by the customer or by another retailer under rule 57A(1) ⁸⁵
57A(3)(b)		If the customer transferred to the new retailer more than 12 months before the new retailer was notified of the issue, notify the customer that the transfer is not void; or ⁸⁶	
57A(3)(c)		If explicit informed consent to the transfer was not obtained, notify the original retailer: <ul style="list-style-type: none"> that the transfer is void and the customer is taken to have remained a customer of the 	

⁸³ Section 41 of the Retail Law, the key provision of the Retail Law to which the more preferable final rule relates, is already reflected in section 3E of the Victorian Energy Retail Code.

⁸⁴ See the discussion of transitional rules in Table 3.3, in relation to AEMO's obligation to amend the CATS Procedure to take account of the amending rule. This should include an ability for the contacted retailer to identify the customer's new retailer in circumstances where the customer raises the issue of transfer without consent.

⁸⁵ This time period is consistent with the Retail Law. Under section 41(2)(c) of the Retail Law a retailer is required to produce a record of consent within 10 business days of the issue being raised.

⁸⁶ Under section 41(2)(b) of the Retail Law, a customer can only raise the issue of lack of consent within 12 months after the date of the transfer.

Rule	Party	Action	Timeframe
		original retailer; and <ul style="list-style-type: none"> of the date of the void transfer.⁸⁷ 	
57A(4)(a)	Original retailer	Submit a request for the transfer of the customer to the original retailer under the relevant retail market procedures, with effect from the void transfer date, or if the procedures do not permit a transfer on this date, to the earliest date permitted under those procedures. ⁸⁸	Within 3 business days of receiving a notice from the new retailer under rule 57A(3)(c)
57A(4)(b) and 57A(5)	Original retailer	Give notice to the customer that the transfer to the new retailer was a void transfer, due to an absence of explicit informed consent, and that the customer is taken to have remained a customer of the original retailer. The notice must specify that the customer is on the customer retail contract it was on with the original retailer immediately prior to the void transfer (unless the contract has since expired, or the customer was initially on a deemed customer retail arrangement with the original retailer, in which case the customer will (still) be a on a deemed customer retail arrangement with the original retailer). Additional notice provisions apply if the customer is on a deemed customer retail arrangement.	Within 3 business days of receiving a notice from the new retailer under rule 57A(3)(c)
57A(6)	Original retailer	If the original retailer charged the customer an early termination charge as a result of the void transfer, credit the amount of the charge back to the customer.	On the first bill after the transfer back to the original retailer under rule 57A(4)(a)

In addition, final rule 57A(7) specifies that, in the period from the void transfer date to the date on which the customer's re-transfer to the original retailer is completed (the 'relevant period'), the new retailer must comply with the Retail Rules (for example, information and safety provisions) as if it were that customer's retailer. Requiring the original retailer to have complied with the rules in relation to that customer for the relevant period would not be reasonable, as during the relevant period the original

⁸⁷ Note that certain payment provisions in section 41(5) of the Retail Law will also come into effect if it established that the transfer is void. The customer is liable to pay the original retailer, not the new retailer.

⁸⁸ The retail market procedures set varying periods for retrospective transfers, which in some cases are aligned with wholesale market settlement periods. The maximum retrospective period for the electricity market is currently 130 business days. In the gas markets, the shortest period is 118 business days in Victoria, and the longest is 425 business days in South Australia (however, the 12-month limit in the Retail Law would still apply). See sections 3.3.3 and 3.3.4 above. Whether or not the transfer is retrospective to the date of the erroneous transfer, under the Retail Law the customer remains liable to pay the original retailer - see section 3.3.1.

retailer would not be aware that the transfer was void and the customer in fact remained a customer of the original retailer.

3.7.2 Changes to related provisions of the Retail Rules

The more preferable final rule contains changes to current provisions of the Retail Rules so that the new rule 57A interacts with existing rules in an appropriate manner and customers are adequately protected from the impacts of transfers without consent. Changes to other rules include the following:

Table 3.3 Changes to related rules

Rule	Change
3	Include definitions of "void transfer" and "void transfer date" - terms used in new rule 57A.
40	Allow a retailer to require a small customer to provide a new security deposit if the customer previously provided a security deposit which the retailer returned to the customer due to a transfer to a new retailer, and the customer was transferred back to the original retailer because the transfer to the new retailer was void for lack of consent. This change is required because rule 40(1)(a) currently only allows a retailer to request a security deposit at the start of a contract, not during its term.
49	Rule 49(1)(d) currently provides for a market retail contract to terminate when customer retail services start being provided under a different contract between the customer and the retailer or another retailer. The amendment clarifies that if the 'different contract' is made void due to lack of consent, customer retail services under the different contract are taken never to have commenced. This removes any ambiguity as to whether the original market retail contract remains in place when a transfer is made void.
57	Rule 57(1) currently prohibits a retailer from submitting a request for the transfer of a customer unless the retailer has obtained explicit informed consent to enter into the relevant contract. The amendment clarifies that this provision does not apply if the transfer is a re-transfer to the original retailer under rule 57A(4)(a), as described in Table 3.2. (Consent is not required in these circumstances because the customer is remaining on the same contract.)
58	Rule 58 currently requires a retailer to give notice to a customer that the retailer has commenced selling energy to the customer. A provision at the end of new rule 57A clarifies that this notice is not required upon the re-transfer of the customer to the original retailer under rule 57A(4)(a), as described in Table 3.2. (The retailer will, however, be required to provide a notice to the customer under rule 57A(4)(b), as described in Table 3.2.)
70	Rule 70(1)(c) is similar to rule 49(1)(d), but in relation to standard retail contracts rather than market retail contracts. It currently provides for a standard retail contract to terminate when the customer starts receiving customer retail services under a different contract with the retailer or another retailer. The amendment clarifies that if the 'different contract' is made void due to lack of consent, the customer is taken never to have received customer retail services under the different contract. This removes any ambiguity as to whether the original standard retail contract remains in place when a transfer is made void.

Rule	Change
116	This rule currently lists several circumstances in which a retailer must not arrange for de-energisation of a customer's premises. The amendment adds that a retailer must not arrange de-energisation if the customer has raised the issue of lack of consent and the issue has not been resolved. (Note that rule 107(2), a civil penalty provision, provides that a retailer must not arrange de-energisation except in accordance with rule 116, among other rules.) The issue may be resolved in the ways set out in new rule 57A: by the new retailer providing the customer with the record of the customer's explicit informed consent; by the new retailer notifying the customer that the transfer is not void under section 41(1) of the Retail Law because the customer transferred to the retailer more than 12 months ago; or by the original retailer transferring the customer back to the original retailer.
Transitional rules	AEMO must amend the retail market procedures as required to take account of the amending rule. This should include amendments to the CATS Procedure and the Gas Retail Market Procedures required to give effect to, or facilitate compliance with, the final rule. Amendments may include, for example, changing the definition of the "Transferred in Error" code to include transfers without consent, and ensuring a retailer can identify a customer's new retailer if the customer raises issues regarding consent to the transfer. AEMO's usual consultation procedures will apply in relation to these changes.

The implementation date for new rule 57A, and the amendments to the other rules noted above, is 3 August 2017 (six months from the date of publication of the final rule).

4 Detailed discussion: Address standard

4.1 Issues the rule change request seeks to address

The rule change request noted that despite existing rules and AEMO procedures on the maintenance of accurate metering data and information, there are many inaccuracies in the MSATS standing data. The COAG Energy Council cited the numerous submissions made to the Commission on the Review as evidence. It also cited one of the Review's findings that the main cause of errors in the transfer process is inaccurate address information associated with NMIs.⁸⁹

The rule change request noted that there are several factors which lead to inaccurate addresses in MSATS. These factors include:

- the local government's property description (the address that the customer associates with the premises) not aligning with the NMI Standing Data, or with data in the metering data provider's or retailer's systems;
- greenfield sites being re-addressed by builders or local governments following development, with these new addresses not being updated in MSATS;
- the NMI in MSATS not matching the customer's supply address as the data has not been updated in MSATS or the address has the wrong NMI assigned; and
- the distributor requiring the retailer to supply a local government rates notice to correct a supply address in MSATS. This may be difficult to procure for rental properties as it requires cooperation of the owner or their agent.

The rule change request stated that these inaccuracies can lead to lengthy transfer times, and in some cases, erroneous transfers.⁹⁰

The rule change request pointed out several impacts the above issues could have:⁹¹

“Inaccurate transfers, while comprising a small portion of total transfers, can have significant impacts on customers, and create costs for retailers, metering data providers, and energy ombudsmen. When transfers do not occur in an accurate manner, this has the potential to lengthen the transfer process, since retailers have to spend more time and effort finding the correct data and information for the customer who wishes to transfer. Further, one customer’s bad experience, through negative word of mouth and media reporting, can disenchant a broader customer population over time.”

89 Transfer accuracy rule change request pp6-7.

90 Transfer accuracy rule change request p8.

91 Transfer accuracy rule change request p9.

The rule change request was also concerned with reducing delays in the transfer process due to address mismatches, noting that inaccuracies with regards to addresses could also be a source of lengthy transfer times.⁹²

4.2 Solution proposed in the rule change request

The COAG Energy Council sought to oblige AEMO to choose an address standard. An address standard is considered to be not just a format for presenting addresses, but instead a comprehensive database of addresses, each with a unique identifier, against which an address provided by a customer can be validated. The rule change request noted three examples of an address standard that could be considered: the Australia Post address standard, the ANZLIC address standard, and the geo-coded National Address File.⁹³

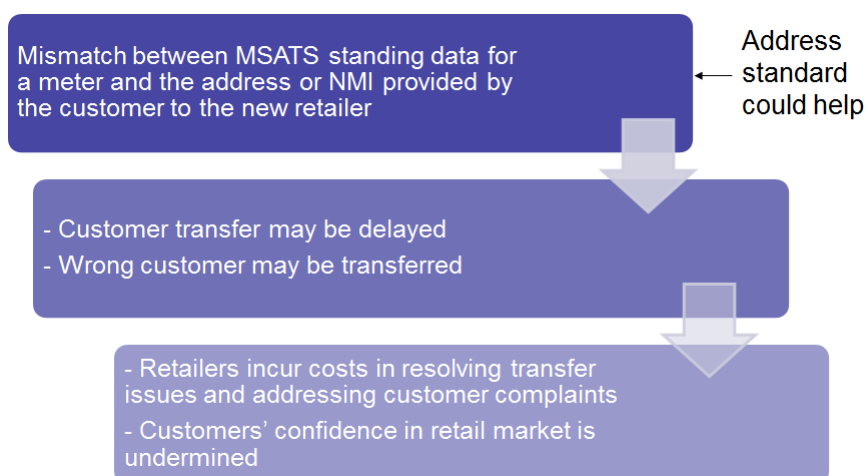
AEMO would have discretion to choose the appropriate address standard, after following the process under the Electricity Rules for consultation on procedure changes, and would be required to publish the address standard within six months following commencement of the new rule.

The proposed changes to the Electricity Rules would require industry participants to comply with the chosen address standard. The new standard would be used for any new NMI Standing Data entered into MSATS, and the rule change request would also require AEMO to detail how existing data would be brought into compliance with the address standard.

The rule change request also suggested the same changes be applied to the Gas Rules.

Figure 4.1 summarises the problems identified and the proposed solution regarding inaccurate address data and an address standard.

Figure 4.1 Address standard: problems and solution identified in the rule change request



⁹² Transfer accuracy rule change request p8.

⁹³ These were the three examples of an address standard mentioned in the Review.

4.3 Current arrangements and relevant background

4.3.1 Addresses in the customer transfer process

Address data, maintained by distributors, plays an important role in the customer transfer process. Supply addresses are included in fields in the electricity NMI standing data and gas MIRN database data.⁹⁴ Retailers commonly match addresses provided to them by prospective customers, with other supporting data and information, to the site addresses in the standing data to find the NMI and/or MIRN (as applicable) associated with that customer's property.⁹⁵

This process of address matching, called "NMI discovery" for electricity and "MIRN discovery" for gas, supports retailers' ability to place customer transfer requests in the systems managed by AEMO. AEMO's market systems are designed to have financially responsible market participants associated with a NMI or a MIRN, rather than with a property address, for the purpose of wholesale market settlement. Thus, a retailer undertakes these discovery processes to find the correct NMI or MIRN to transfer.

4.3.2 Existing obligations and arrangements

There are a number of obligations and standards applied to address data across the electricity and gas markets.

There are address formatting standards in place for electricity and gas address data. The format of the NMI standing data address fields is currently governed by AS4590 (Interchange of Client Information), published by Standards Australia.⁹⁶ However, it should be noted that this standard is not an "address standard" in the sense considered in the Review and the rule change request, as it does not provide address validation against a unique identifier.

Under the current rules and procedures, registered participants have obligations to meet minimum performance standards in collecting and processing information. The MSATS Procedures require:

- all new and existing standing data in MSATS to be kept current and relevant;⁹⁷

⁹⁴ The equivalent to NMI standing data is referred to as the "MIRN database" in the Gas Retail Market Procedures. This data is housed on the relevant gas distributors' own system and there is no centralised access point as there is with MSATS in electricity. Gas Retail Market Procedures: VIC clause 3.1; QLD clause 3.1; NSW & ACT clause 2.2(a); SA clause 58.

⁹⁵ Currently, address fields in MSATS or MIRN databases can only be amended by distribution businesses (rather than by AEMO or retailers). Distribution businesses have an interest in maintaining accurate information on the physical location of meters but, unlike retailers, they are not concerned with billing addresses or with addresses used by customers.

⁹⁶ AEMO's NSW/ACT retail gas project (NARGP) changes have brought an address standard for gas in NSW and the ACT which Jemena advises is AS4590 compliant.

⁹⁷ CATS Procedure clause 2.2 (i).

- relevant participants to update the standing data in MSATS within 20 business days of becoming aware that the data is no longer current or relevant.⁹⁸

In the electricity market, there exists a B2B Procedure called the Customer and Site Details Notification Process which states that the winning retailer must use reasonable endeavours to send a business document called CustomerDetailsNotification, containing some transaction data and customer site details, at the completion of transfer.

Similar provisions exist in the gas markets, where MIRN standing data is required to be kept up to date.⁹⁹ Retailers can also request updates to details such as addresses through B2B transactions.¹⁰⁰ Furthermore, each gas distributor must provide on a monthly basis a complete listing of MIRNs and associated addresses in those jurisdictions to support retailers' efforts in submitting MIRN discovery requests.¹⁰¹ Gas distributors have obligations to assist retailers in their MIRN discovery searches, and must provide this assistance by the next business day upon receiving a request.¹⁰²

4.3.3 AEMO's improvements to NMI discovery processes

AEMO has made improvements to the NMI discovery process over the years. AEMO advised the Commission that since 2011 retailers have been able to use their own systems to communicate with AEMO's NMI discovery system. This access method appears to have been well received as it is now used for nearly 50 per cent of NMI discovery searches using address details.

A 'wider matching' algorithm has also been built into the NMI discovery search function. If no exact matches are found using the address details provided, a wider address search is performed which can accommodate:

- misspelling of street or locality names;
- properties with a street number range (e.g. Flat 102 at 41-45 Major St); and
- adjacent postcodes, in case the customer provided a vanity address or was confused as to their suburb due to their property being located near a suburb boundary.

This assists retailers to make correct address-NMI matches despite the occurrence of common address related errors.

⁹⁸ CATS Procedure clause 2.2(j).

⁹⁹ Gas Retail Market Procedures: VIC clause 3.1.2; QLD clause 3.1.2; NSW & ACT clause 2.2(b); SA clauses 62(1) and (3).

¹⁰⁰ Obligations also exist for retailers and AEMO to keep address data in the MIRN database up to date in South Australia. See clause 61(1) of the SA Retail Market Procedures.

¹⁰¹ Gas Retail Market Procedures: SA clause 74A; NSW & ACT clause 5.2.2; QLD clause 3.2.2; VIC clause 3.3.1A.

¹⁰² Gas Retail Market Procedures: SA clause 76(3); VIC clause 3.4; QLD clause 3.4; NSW & ACT clause 5.3.

AEMO also leads programs to resolve specific issues with address data and address matching when they are identified. For example, the recently completed Enumeration Project removed duplicate address attributes from MSATS data and required participants to make similar changes to gas address data. Industry participants had experienced a number of operational and customer issues as a result of duplicate address attributes, such as:¹⁰³

- rejected NMI and MIRN discovery requests;
- increasing occurrences of exceptions requiring manual intervention by retailers and distributors; and
- the inability to meet customer expectations, leading to customer dissatisfaction and ombudsman complaints, and wrongful disconnections due to customers not receiving disconnection warning notices.

This project was completed in November 2016.¹⁰⁴

4.3.4 AEMO's proposed work on data cleansing

The Review recommended to the COAG Energy Council that AEMO perform a data cleanse of MSATS data.¹⁰⁵ As mentioned in the consultation paper, the COAG Energy Council has requested that AEMO carry out this recommendation.¹⁰⁶

AEMO has informed the Commission that it has been considering the best approach to this task, bearing in mind the potential overlap with this rule change request. AEMO's preferred approach includes the following:

- A comprehensive update and population of the existing Delivery Point Identifier (DPID) field in MSATS, which will assist retailers and market participants in finding the correct NMI with reference to Australian postal delivery addresses.
- Mandatory updating of the DPID field for any new or amended address data in MSATS. These obligations could be provided for in the MSATS Procedures.

AEMO notes that this would effectively provide a direct link between MSATS and the Postal Address File managed by Australia Post. AEMO does not consider that this centralised update of DPIDs would be prohibitively costly.

AEMO stated it will consider progressing this change following publication of this final determination on an address standard.¹⁰⁷

¹⁰³ AEMO, Project Implementation Plan – Enumeration Project, 7 September 2016, p4.

¹⁰⁴ Correspondence from AEMO staff member, 19 January 2017.

¹⁰⁵ Review p50.

¹⁰⁶ Consultation paper p3.

¹⁰⁷ AEMO, letter to Commission regarding an address standard in MSATS, 15 September 2016; AEMO, submission to the draft determination, p5.

4.4 Data on transfer errors and delays

4.4.1 Data on erroneous transfers – electricity

AEMO data on erroneous transfers is generated when a retailer uses the change reason code "Transferred in error" when requesting the re-transfer of a customer (usually after the customer notifies the retailer of the error). As such, a potential limitation of the data is that it does not capture those small customers who do not realise an erroneous transfer has occurred or do not seek to reverse the transfer.

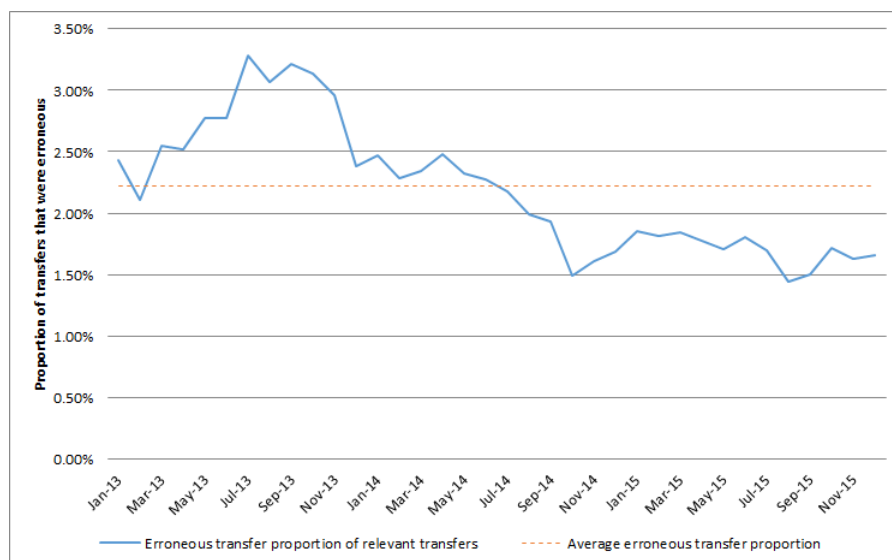
According to AEMO data on the use of the code "Transferred in Error," and as set out in the table below, in recent years the number of erroneous transfers has fallen significantly, from 50,227 in 2013 to 25,147 in 2015. (Note that this reduction is likely to be driven in part by the decrease in the total number of transfers taking place over those years.) However, even assessed as a percentage of the total number of transfers, the figures show a notable reduction: from 2.8 per cent in 2013 to 1.7 per cent in 2015.

Table 4.1 Erroneous transfers in the NEM

Year	Number of erroneous transfers	Rate of erroneous transfers (% of total transfers)
2013	50,227	2.8
2014	31,688	2.1
2015	25,147	1.7

Please see Figure 4.2 below for a graphical representation of this data.

Figure 4.2 Average and monthly erroneous transfers in the NEM



4.4.2 Data on erroneous transfers – gas

Data on erroneous transfers in gas markets is presented in the table below. It is presented by jurisdiction as the Gas Retail Market Procedures, which influence the data collected by AEMO, differ between jurisdictions.

We only present data for two jurisdictions: South Australia and New South Wales. The reason for this is that it is difficult to specify the number of erroneous transfers that take place in Queensland and Victoria as their procedures and B2B transactions do not differentiate between error corrections and other types of retrospective transactions. We have therefore omitted these jurisdictions from our analysis for gas markets.

Table 4.2 Erroneous transfers in NSW and SA gas markets

Year	Number of erroneous transfers	Rate of erroneous transfers (% of total transfers)
<i>South Australia</i>		
2013	947	3.1
2014	459	2.1
2015	275	1.5
<i>New South Wales</i>		
2013	2297	1.3
2014	1905	1.2
2015	2706	1.5

The data shows that, for gas, erroneous transfer rates have generally been improving (in South Australia) and remain low (in NSW). The actual number of erroneous transfers across the two jurisdictions has generally fallen (with the exception of 2015 in New South Wales).

Jemena advised the Commission that one of the reasons for higher erroneous transfers in NSW in 2015 has been the system changes required by the NSW and ACT Retail Gas Project.

4.4.3 Data on transfer times – electricity

AEMO data on in-situ transfer times for small electricity customers shows a clear improvement in transfer times across the NEM between 2013 and 2015, as set out in the table below. This improvement is evident even when Victoria (which has substantially improved transfer times with its rollout of remotely-read meters) is removed from the data. This data is presented in calendar days.

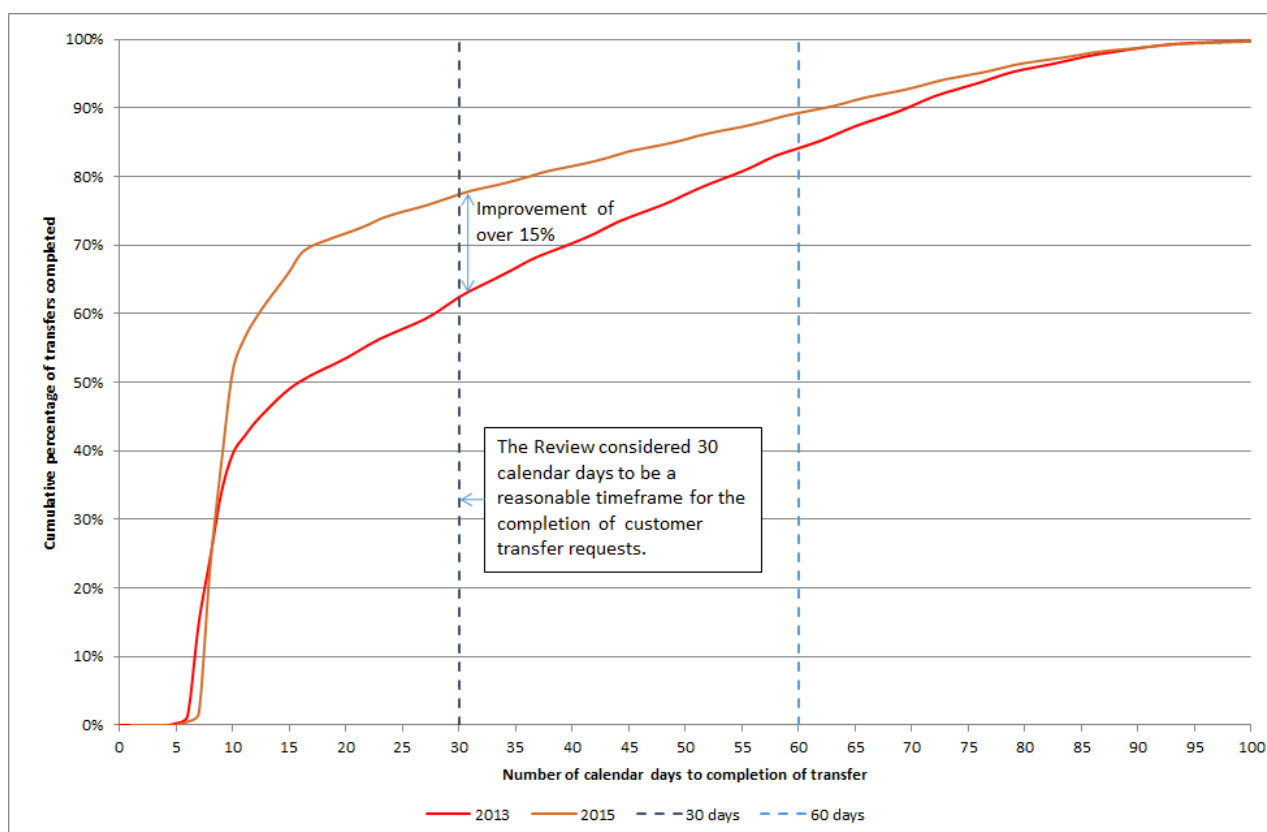
Table 4.3 Electricity transfer times

Statistic		2013	2015
Average transfer time in calendar days	NEM	29.24	21.48
	NEM excluding VIC	37.36	30.06
% completed in less than 30 days	NEM	61.6%	77.7%
	NEM excluding VIC	46.1%	47.3%
% completed in 30-60 days	NEM	22.4%	11.9%
	NEM excluding VIC	31.5%	19.8%
% completed in 60-69 days	NEM	6.0%	3.6%
	NEM excluding VIC	8.3%	6.2%
% completed in 70-79 days	NEM	5.7%	3.7%
	NEM excluding VIC	8.0%	6.3%
% completed in 80+ days	NEM	4.7%	3.4%
	NEM excluding VIC	6.6%	5.6%

The increasing speed of small customer transfers across the NEM – particularly the increase in transfers taking less than 30 calendar days¹⁰⁸ – is also represented graphically in the following figure.

¹⁰⁸ The Review considered (p18) that 30 calendar days is a reasonable timeframe for the completion of customer transfers.

Figure 4.3 Transfer times - cumulative completion - 2013 and 2015



4.4.4 Data on transfer times – gas

Gas transfer times have, on average, improved slightly between 2013 and 2015 (with differences in some states). Average transfer times, in business days, are set out in the table below for each state for which AEMO was able to provide data.

Table 4.4 Average transfer times for small gas customers

State	2013	2015
NSW, SA, VIC, QLD (combined)	30.7	30.1
NSW	34.5	36.5
SA	22.6	16.5
VIC	29.6	28.7
QLD	40.9	23.0

4.4.5 Customer complaints to ombudsmen on transfer delays and errors

Energy and water ombudsmen report data on numbers and trends in consumer complaints regarding energy issues, including in relation to transfer delays and

transfers in error. The number of complaints regarding transfer delays and errors has decreased significantly in recent years in most states. The figures for NSW, South Australia, Victoria and Queensland are shown in the following table.

Table 4.5 Ombudsmen data on complaints regarding transfer delays and errors¹⁰⁹

State	Type of transfer complaint	No. in 2013-14	No. in 2015-16	Change between years
NSW ¹¹⁰	Delay	1,010	410	59% decrease
	Error	1,083	573	47% decrease
SA ¹¹¹	Delay	450	209	54% decrease
	Error	105	133	27% increase
VIC ¹¹²	Delay	1,320	388	71% decrease
	Error	1,296	339	74% decrease
QLD ¹¹³	Delay	43	6	86% decrease
	Error	32	5	84% decrease

Note that the total number of complaints to ombudsmen (for all reasons) has fallen since 2013-2014 across the NEM, driven in part by better resolution of complaints at the retailer level.¹¹⁴ In Victoria, complaint figures were most likely also affected by the introduction of remotely-read meters.

4.5 Stakeholder comments

In submissions to the consultation paper the majority of stakeholders, including almost all industry participants, were either opposed to an address standard, expressed reservations, or expressed conditional support upon demonstration of the benefits offsetting costs following thorough industry consultation. Many stakeholders

¹⁰⁹ Figures for NSW and South Australia cover electricity, gas and water. Figures for Victoria and Queensland are for electricity only.

¹¹⁰ Information available on EWON website, www.ewon.com.au.

¹¹¹ Information from annual reports, available on EWOSA website, www.ewosa.com.au.

¹¹² Information from annual reports, available on EWOV website, www.ewov.com.au.

¹¹³ Information from annual reports, available on EWOQ website, www.ewoq.com.au. EWOQ has published its report for 2015-2016, which shows further declines in the number of complaints regarding electricity transfer errors and delays.

¹¹⁴ See the discussion of complaints to energy ombudsmen in section 8.3 (pp86-88) of the Commission's 2016 Retail Competition Review, available on the Commission website, www.aemc.gov.au.

questioned the effectiveness of an address standard and the materiality of the issues it could address.

Some stakeholders expressed support for a rule change on an address standard. These included consumer groups, some retailers and select distributors (whose support tended to depend on the type of address standard that was chosen). However, there was little agreement among these stakeholders as to how to effectively implement an address standard.

In submissions to the draft determination, the majority of stakeholders expressed support for the Commission's decision not to make a draft rule on an address standard.

The following stakeholder comments are drawn from submissions to the consultation paper and the draft determination (both of which are available on the Commission website), as well as comments made in the public workshop and informal bilateral consultations undertaken by the Commission in preparation for this final determination.

Comments are presented in the following categories:

- section 4.5.1: comments made prior to publication of the draft determination on the effectiveness of an address standard in improving transfer times;
- section 4.5.2: comments made prior to publication of the draft determination on the effectiveness of an address standard in preventing erroneous transfers;
- section 4.5.3: comments made prior to publication of the draft determination on the proportionality and regulatory burden of an address standard; and
- section 4.5.4: comments made after publication of the draft determination on the Commission's decision not to make a draft rule on an address standard.

4.5.1 Effectiveness in reducing transfer times

Some retailers, ombudsmen and consumer groups commented on address mismatch as a cause of customer transfer delay and the effectiveness of an address standard in reducing these delays. Among distributors, only United Energy commented on transfer times specifically. Relevant comments are summarised below.

Consumer groups and ombudsmen

PIAC and EWOV considered that address mismatch is a cause of transfer delays, although EWOV stated that it did not know how commonly address mismatches cause transfer delays.¹¹⁵

¹¹⁵ PIAC, submission to the consultation paper, p3. EWOV, submission to the consultation paper, p3.

Retailers

Two retailers agreed that address mismatches can cause customer transfer delays:

- Powershop stated that address mismatch can cause transfer delays if a property cannot be identified.¹¹⁶
- Origin Energy agreed that address mismatch is a cause of transfer delay and also stated that an address standard would be effective in reducing transfer delays.¹¹⁷

Others

- AEMO did not consider that an incrementally-applied address standard would help with customer transfer issues.¹¹⁸
- United Energy did not accept that address issues are a major cause of transfer delays. It suggested costs and benefits be examined in detail.¹¹⁹

4.5.2 Effectiveness in preventing erroneous transfers

The effectiveness of an address standard in preventing erroneous transfers received comment from all stakeholder groups – that is, consumer groups and ombudsmen, distributors, retailers and AEMO. The views of these stakeholder groups are presented below.

Consumer groups and ombudsmen

EWON supported the concept of an address standard. EWON stated that there should be considerable benefit to an address standard which improves the accuracy of the customer transfer process.¹²⁰ While not commenting on the effectiveness of the address standard per se, EWOV and EWOSA also supported the address standard, including its application to gas.¹²¹

ECA stated that "Problems with understanding a customer's address has been identified as something that can severely hamper the customer transfer process." ECA therefore expressed its support for an address standard, but proposed that AEMO should only choose from nationally agreed standards.¹²²

116 Powershop, submission to the consultation paper, p1.

117 Origin Energy, submission to the consultation paper, p3.

118 AEMO, submission to the consultation paper, p2.

119 United Energy, submission to the consultation paper, p1.

120 EWON, submission to the consultation paper, pp1-2.

121 EWOV, submission to the consultation paper, pp4-5.

122 ECA, submission to the consultation paper, p3.

Distributors and ENA

Distributors generally did not express strong support for an address standard, and did not accept that an address standard would be effective in significantly reducing erroneous transfers, with few exceptions.

Many distributors and ENA agreed that address mismatches are a cause of erroneous transfers, however, the degree to which this was considered to be the case varied. ENA agreed that address mismatches are a cause of erroneous transfers, but highlighted that erroneous transfers due to address mismatches would form a subset of the 2.2 per cent of erroneous transfers for electricity between 2013 and 2015.¹²³ United Energy, Ergon Energy and Energex also made similar comments in their submissions.¹²⁴ Energex stated that due in part to the:¹²⁵

“probability that only a small number of erroneous transfers are actually caused by address mismatches, it is unlikely that changing the address standard currently used will significantly assist in improving customers’ experience of the transfer process in Energex’s distribution area.”

United Energy also supported this in its letter to the Commission in response to an information request on implementing an address standard, stating that address issues targeted by the address standard were not a material cause of erroneous transfers.¹²⁶

Energex, AusNet Services and Ergon Energy stated in their submissions that customers' understanding of their address may differ from the official rateable property address, and that this is the prime cause of erroneous transfers.¹²⁷ AusNet Services contended that the address standard as proposed in the consultation paper would not result in a material improvement to the address mismatch problem, and provided a range of causes of erroneous transfers, including typing errors, unit numbers being introduced following subdivision, vanity addresses and multiple street frontages.¹²⁸ Other comments considered that some address standard datasets (such as the Australia Post address data) would not be able to help with new connections quickly enough, or that the address data applies to the postal address rather than the connection point (these may differ for rural properties; distributors are interested in the connection point, not the postal address).¹²⁹

Several distributors stated in their submissions that existing processes with distributor managed address data were robust, and that implementing an address standard would not necessarily lead to any improvement. Ergon Energy and Energex pointed to

123 ENA, submission to the consultation paper, p1.

124 Submissions to the consultation paper: United Energy, p1; Ergon Energy, p1; Energex, p2.

125 Letter from Energex to the Commission dated 26 August 2016.

126 Letter from United Energy to the Commission dated 26 August 2016.

127 Submission to the consultation paper: AusNet Services, p2; ENA, p2; United Energy, p1; Ergon Energy, p1; Energex, p2.

128 AusNet Services, submissions to the consultation paper, p2.

129 AusNet Services, submission to the consultation paper, p3.

existing processes that ensure that NMI address data remains up to date.¹³⁰ Energex stated that it has an incentive to maintain accurate address information to fulfil its obligations to provide safe and reliable network services, and it maintains processes to ensure that both new NMIs entered into MSATS and existing NMI address data are consistent with the rateable property address. AusNet Services did not accept that its data entry processes were the cause of errors in the transfer process and outlined the data entry processes with new NMI address data, including cross checking with other sources such as LandVic's geo-spatial application data.¹³¹

Throughout the consultation for this rule change, several distributors in the electricity sector also commented on their use of data from state and local government agencies to maintain the currency of their address data with the rateable property address. These distributors commented that any address standard may be no better than, and could be less accurate than, their current address procedures.¹³²

Endeavour Energy considered that an address standard would help to reduce erroneous transfers, stating that distributor site address information may not reflect the needs of a retailer to progress a customer transfer.¹³³

Retailers

Retailers were not in general agreement as to the effectiveness of a rule change on an address standard.

Some retailers believed an address standard would be effective, but they expressed varying levels of support. AGL, for example, expressed in-principle support for an address standard, but urged the consideration of a full cost-benefit analysis, taking into account any unintended consequences.¹³⁴ Powershop supported the introduction of an address standard to provide industry clarity on address fields and structures in MSATS.¹³⁵ ERM Business Energy suggested that an address standard could mitigate the majority of erroneous transfers, stating that it believed the benefits would outweigh the costs based on projects undertaken within their own business.¹³⁶ Origin Energy stated that address mismatch is a driver of erroneous transfers and that an address standard would be effective.¹³⁷

Red Energy and Lumo Energy opposed the introduction of an address standard through a rule change. Red Energy and Lumo Energy reiterated the Review's finding

130 Submissions to the consultation paper: Ergon Energy, p1; Energex, pp1-2.

131 AusNet Services, submission to the consultation paper, p2.

132 Endeavour Energy, Ausgrid and SA Power Networks, meetings and teleconferences with Commission staff, July-August 2016.

133 Endeavour Energy, submission to the consultation paper, p2.

134 AGL, submission to the consultation paper, p5.

135 Powershop, submission to the consultation paper, p3.

136 ERM Business Energy, submission to the consultation paper, p1.

137 Origin Energy, submission to the consultation paper, p3.

that an address standard will not resolve all address related issues.¹³⁸ Instead, Red and Lumo Energy's submission recommended the Commission work with AEMO in reviewing the effectiveness of MSATS and cleansing MSATS data and to seek industry support to strengthen retail market procedures requirements placed on the meter owner to maintain information regarding the location of its meters.¹³⁹

Red Energy and Lumo Energy further stated with regards to the effectiveness of the address standard, that without an external check such as the current (admittedly arduous) process of obtaining a council rates notice:¹⁴⁰

“updating the address as per a customer’s request could potentially damage the integrity of the data in MSATS, and in turn increase the incidence of erroneous transfers.”

Some retailers supported a full data cleanse. Both Powershop and ERM Business Energy supported this option as they believed it would bring about greater benefits, despite the associated costs.¹⁴¹

Retailers and other stakeholders commented on their existing use of validation procedures when engaging in the customer transfer process. Some retailers already use existing standards, such as Australia Post's Postal Address File,¹⁴² or use Google Maps, Earth, LandVic or other sources of information.¹⁴³

Retailers generally considered that an address standard would not resolve all causes of erroneous transfers, and that erroneous transfers were caused by issues which an address standard may not fix, such as changes in addresses following development, gaps in land records, changes to postcodes by Australia Post, and customers using vanity addresses. Powershop stated that:¹⁴⁴

“to effectively address transfer errors and delays a more comprehensive approach is required by industry subject matter experts to cleanse address data.”

138 Red Energy and Lumo Energy, submission to the consultation paper, p2.

139 Red Energy and Lumo Energy, submission to the consultation paper, p3.

140 Letter from Red Energy and Lumo Energy to the Commission dated 26 August 2016.

141 Submissions to the consultation paper: Powershop, p2; ERM Business Energy, p5.

142 In bilateral stakeholder engagement, some retailers commented on their use of the Postal Address File and DPIDs for internal validation purposes.

143 Submissions to the consultation paper: Powershop, p1; AusNet Services, p2.

144 Letter from Powershop to the Commission dated 26 August 2016.

AEMO

AEMO stated that while an address standard is in principle worthy of consideration, unless applied retrospectively to current data sets, it would have little or no benefit to matters and issues relating to customer transfers in the foreseeable future.¹⁴⁵

4.5.3 Proportionality and regulatory burden

Consumer groups and ombudsmen

EWOSA commented that the costs associated with implementing an address standard, together with costs from updating the process for resolving erroneous transfers, will be at least partially offset by savings associated with more accurate and timely customer transfers.¹⁴⁶

PIAC agreed with the consultation paper's proposed incremental approach, stating this would provide the maximum benefit at a reasonable cost.¹⁴⁷ EWON and EWOV expressed support for this approach as it balanced benefits and costs.

Retailers

Retailers generally considered that the introduction of an address standard would be a costly exercise. For example, AGL commented that implementation of an address standard is not simple and may be costly. AGL noted that the validation data source may experience a lag behind the connection itself, and that retailers may need to undertake two separate validation processes if the chosen standard was a geographic standard (e.g. the Geographic National Address File) rather than the Australia Post standard.¹⁴⁸ AGL further commented that an address standard may cause issues for customers who have concessions for which they are eligible only if the energy bill has the same address as the rates notice. If the industry starts establishing new standards and addresses for energy invoices, AGL considered that customers receiving concessions may be affected.¹⁴⁹

Powershop and ERM Business Energy considered the benefits of an address standard with a data cleanse to be high. They recommended a full data cleanse of MSATS address data to yield the full benefits and did not consider the costs of such an exercise would be disproportionate.¹⁵⁰ ERM Business Energy did not support the incremental approach which would require retailer validation upon transfer, as data management

¹⁴⁵ AEMO, submission to the consultation paper, p1.

¹⁴⁶ EWOSA, submission to the consultation paper, p2.

¹⁴⁷ PIAC, submission to the consultation paper, p4.

¹⁴⁸ AGL, submission to the consultation paper, p6.

¹⁴⁹ Letter from AGL to the Commission dated 29 August 2016.

¹⁵⁰ Submissions to the consultation paper: Powershop, pp2-3; ERM Business Energy, p5.

and accountability requires a single source of truth; thus distributors should remain as the managers of NMI address data.¹⁵¹

Origin Energy supported the incremental approach, stating it would likely be the least cost approach to implementing an address standard over time.¹⁵²

Retailers were asked to consider the overall costs to their business of implementing an address standard incrementally (on transfer), taking into account any cost savings (e.g. from reduced numbers of erroneous transfers). Retailers who responded to this question did not identify any cost savings, but considered that costs to their business would be between \$430,000 and \$1,500,000 (per retailer).

Retailers also commented on other aspects of regulatory burden, such as the issues and costs potentially imposed on industry by imposing additional data requirements or changing the data sources already used. A change to this common address could lead to substantial issues with multiple authorities, including the provision of concessions to customers, which requires the use of an address associated with a rateable property address.¹⁵³

Distributors and ENA

Several distributors and ENA commented on the potential cost of an address standard.

United Energy stated that "due to the complex nature of Distributor and Retailer IT systems, and the stringent requirements of the market systems, even minor changes to data formats and transaction contents result in significant costs." United Energy further noted that these changes need to be agreed across the entire market, and will require extensive testing both individually and market-wide.¹⁵⁴

Ergon Energy encouraged the Commission to undertake industry consultation as the system upgrades would be costly and it was not evident that an address standard would deliver a proportionate benefit, particularly considering the number of customers impacted.¹⁵⁵ Energex stated that:¹⁵⁶

"As there are currently no significant issues with address mismatches in Energex's distribution area, any additional costs imposed as a result of the need to implement a new address standard are therefore unlikely to outweigh the benefits to our customers."

Distributors suggested that a standard that was not the official property address which the distributors currently use could create unintended burdens and consequences.

151 ERM Business Energy, submission to the consultation paper, p5.

152 Origin Energy, submission to the consultation paper, p4.

153 Letter from AGL to the Commission dated 29 August 2016.

154 United Energy, submission to the consultation paper, p1.

155 Ergon Energy, submission to the consultation paper, p2.

156 Letter from Energex to the Commission dated 26 August 2016.

These included difficulty in performing distributor obligations such as outage management and services for life support customers and for other service requests. Jemena agreed that similar issues apply to gas, stating that: ¹⁵⁷

“the address is a fundamental part of our system...any change to the address standard or opening up of our systems creates a risk of unintended consequences, which may ultimately be to the frustration of customers (for example a SAP outage to cutover may have implications for market billing and meter reading timeliness; the choice of standard may potentially agitate customers as having one suburb listed versus another which can impact property values).”

Several distributors provided information to the Commission on the changes that would be required in order to implement an address standard. They considered that implementation would be costly and would require extensive business process and IT system changes. Distributors across electricity and gas markets estimated costs to each of their businesses that ranged from \$1.5 million up to \$2.7 million, for a process that would involve incremental updates to address data in MSATS and in the gas equivalent, where address validation against the standard occurs upon transfer.¹⁵⁸

AEMO

AEMO's submission questioned whether an address standard would deliver benefits to the customer transfer process. AEMO considered that it would only have larger benefits if applied retrospectively to existing data (i.e. a full data cleanse). AEMO acknowledged that the costs of applying an address standard retrospectively are likely to be high and suggested they are unlikely to be offset by the benefits. However, AEMO commented that an incremental approach would likely drive costs into participant's processes with no discernible benefit in the short to medium-term.¹⁵⁹

4.5.4 Comments on the draft determination

The Commission received 21 submissions on the draft determination, of which 18 referred to the decision not to make a draft rule on an address standard. Among these were four consumer groups (including ombudsmen), five retailers, six distributors, two industry associations (ENA and AEC), and AEMO. Most submissions supported the Commission's decision.

EWON noted the draft determination and EWON acknowledged the Commission's position on the effectiveness of an address standard.¹⁶⁰EWON further stated that an

¹⁵⁷ Advice from Jemena to the Commission dated 29 August 2016.

¹⁵⁸ Distributors' responses to a request from Commission staff for information on costs, 10 August 2016.

¹⁵⁹ AEMO, submission to the consultation paper, pp2-3.

¹⁶⁰ Submissions to the draft determination: EWON, p1; EWON, p1.

address standard still has merit. EWOSA and PIAC, however, supported the draft determination position.¹⁶¹

In their comments, most retailers and AEC supported the draft determination position.¹⁶² However, ERM Business Energy did not support the draft determination position and maintained its view that an address standard would mitigate the majority of small customer erroneous transfers.¹⁶³ All distributor submissions and the ENA submission supported the draft determination position.¹⁶⁴

AEMO also supported the draft determination position of no rule on an address standard.¹⁶⁵

Nine stakeholders commented on AEMO's proposed data cleanse in their submissions on the draft determination position on an address standard, and seven of these submissions supported this activity.¹⁶⁶

4.6 Analysis

In analysing and assessing the rule change request against the Electricity and Gas Objectives the Commission has considered several questions which form its assessment criteria. The following sections consider each of these criteria in turn:

- the effectiveness of an address standard in reducing transfer errors and delays;
- how much an address standard's reduction in transfer errors and delays may improve consumer confidence, given its level of effectiveness; and
- the proportionality of an address standard.

161 Submissions to the draft determination: EWOSA, p2; PIAC, p3.

162 Submissions to the draft determination: AGL, p4; Red Energy and Lumo Energy, p5; Simply Energy, p2; Origin Energy, p2; AEC, pp2-3.

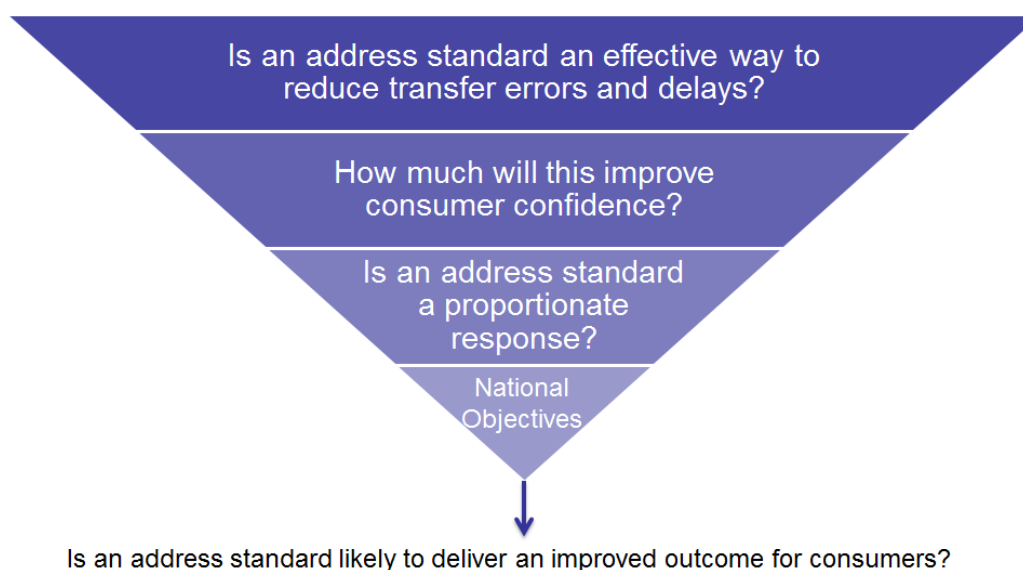
163 ERM Business Energy, submission to the draft determination, p1.

164 Submissions to the draft determination: Ausgrid, p1; Jemena, p1; Endeavour Energy, p1; Energex, p1; Ergon Energy, p1; ENA, p1; United Energy, p1.

165 AEMO, submission to the draft determination, p5.

166 Relevant submissions to the draft determination: AEMO, p5; Ausgrid, p1; ENA; pp1-2; Endeavour Energy, p1; EWON, p1; EWOSA, p2; EWOV, p2; PIAC; p3; United Energy, pp1-2. All except Ausgrid and United Energy were in support.

Figure 4.4 **Address standard: the Commission's assessment criteria**



The Commission has also considered in its analysis for this final determination the submissions received from stakeholders on the draft determination and the consultation paper, as well as in informal consultation.

4.6.1 Effectiveness of an address standard in reducing transfer errors and delays

In the Commission's view, there is no clear evidence that implementation of an address standard will materially reduce transfer errors or delays, compared to the current processes. The key reasons for this finding are as follows:

- there are many causes of transfer errors and delays, and an address standard is only likely to assist in avoiding a small proportion of these causes;
- introducing an address standard incrementally may not lead to improved outcomes compared to the current activities of retailers and distributors in validating addresses against external datasets and maintaining data currency;
- data shows that transfer errors and delays, the key issues raised in the rule change request as reasons for an address standard, have improved substantially since the Review; and
- AEMO's proposed work on data cleansing, following another of the Review's recommendations, is likely to be more efficient than, and obviate the need for, an incrementally-applied address standard.

Causes of transfer errors

The Commission's view is that there is no clear evidence that implementing an address standard will materially reduce transfer errors compared to the current processes. This

view is informed by many stakeholder comments and the extensive consultation, research and analysis undertaken by the Commission.

Transfer delays and errors are caused by a range of factors (some of which are noted in the Review and the rule change request), such as readdressing following housing development and subdivision, crossed wiring and data entry errors. In Table 4.6 the common causes of erroneous transfers are described in detail, with the Commission's analysis of whether an address standard as consulted on during the rule change process will be able to help appreciably in avoiding these causes of erroneous transfers.

It should be noted broadly that address validation will not help where the incorrect address associated with a transferring customer is the correct address for another customer (referred to as the "Other Correct Case" in the table below). The vast majority of the instances of an erroneous transfer that the proposed rule is seeking to address appear to occur in such a case.

For an erroneous transfer to occur, the retailer needs to intend to transfer a customer that lives at one address, but instead mistakenly transfers a customer that lives at another address. That can generally only occur if the retailer undertakes a NMI or MIRN discovery using a valid address for a different customer's connection point. If the retailer undertakes a NMI or MIRN discovery using an address that does not correspond to any connection point for any customer, then the transfer will not be able to proceed - there will be no erroneous transfer.

Accordingly, an address standard is unlikely to assist in avoiding most erroneous transfers, because all that an address standard will do is confirm that the address that is entered is a valid address against that address data set, without assisting in identifying that it is the address of the wrong customer.

Table 4.6 Causes of erroneous transfers

Cause of erroneous transfer	Description of cause of erroneous transfer	Will an address standard help?
Human error		
Retailer data entry errors, including typing errors	The retailer staff member has mistyped or mistaken the address the customer has communicated and used the incorrect address to progress the customer transfer, and matched it with a NMI/MIRN.	Not in the Other Correct Case. ¹⁶⁷ If the Other Correct Case does not apply, this cause is already partly addressed by AEMO's 'wider matching' algorithm covered in section 4.3.3. If the incorrectly entered address is not recognised by NMI or MIRN discovery as the address of any customer, the transfer will not proceed.

¹⁶⁷ This is where the incorrect address associated with a customer who wishes to transfer is the correct address for another customer.

Cause of erroneous transfer	Description of cause of erroneous transfer	Will an address standard help?
Customer provides incorrect address accidentally	The customer has misquoted their address; this excludes a boundary/vanity suburb or multiple street frontage issue (which are discussed below). This can occur in an online form or when the customer provides their address verbally.	<p>Not in the Other Correct Case.</p> <p>If the Other Correct Case does not apply, some of these errors, including some phonetic errors, are already partly addressed by AEMO's 'wider matching' algorithm covered in section 4.3.3. If the incorrect address is not recognised by NMI or MIRN discovery as the address of any customer, the transfer will not proceed.</p>
Information issue		
Readdressing following development	Lot numbers or addresses used by developers are entered in the system. The site is now developed and the council has set an actual address, but there has been a lag in the information going through to the distributor.	Not necessarily. an address standard may not provide updates more quickly than the current systems used by distributors. (This was the opinion of many distributors and some retailers.)
Large properties	Large properties such as those found in regional areas can cover multiple streets, multiple suburbs and several kilometres. This can cause issues when the customer's understanding of their address differs from the address maintained by the distributor (e.g. a supply address based on where the connection point is).	<p>An address standard may help.</p> <p>The issues with large properties are due to the difference between the customer's understanding of their address and the connection point, particularly where the connection point address differs from the address of the property that is being supplied electricity. This issue will only arise where the address given by the customer is the valid address of another customer.</p> <p>Several distributors have commented that if the address is validated this may affect the reliability of address data.</p>
Vanity and boundary addresses	<p>Vanity address: The customer has given an address with a preferred suburb (perhaps adjacent; and which may or may not share the same postcode as the correct suburb).</p> <p>Boundary address: The customer's premises are on suburb boundaries and the customer provided the wrong suburb when they gave their address.</p>	<p>Not in the Other Correct Case.</p> <p>If the Other Correct Case does not apply, address validation may help, but as outlined in section 4.3.3, there is an already existing 'wider matching' algorithm which will help in these circumstances.</p> <p>If the incorrectly entered address is not recognised by NMI or MIRN discovery as the address of any customer, the transfer will not proceed. This issue will only result in an erroneous transfer in the relatively rare case where the same street address exists in both</p>

Cause of erroneous transfer	Description of cause of erroneous transfer	Will an address standard help?
		suburbs.
Multiple street frontages	The property is bounded by two or more streets.	An address standard may help. However, this issue will only result in an erroneous transfer in the very unusual situation where the address given by the customer is the valid address for another customer on the other street.
Data issue		
Distributors not updating the address	The distributor has lagged behind in updating the address following changes such as subdivision or readdressing by the Council.	An address standard will not help.
Incorrect NMI/MIRN assigned (crossed wiring)	Genuine mismatch between supply address and its connection asset (i.e. the metering asset is associated with the wrong address). In this case, the retailer has conducted a successful NMI/MIRN discovery, but the NMI/MIRN matched is incorrect and the NMI/MIRN corresponds to another supply address.	An address standard will not help. This issue requires a site visit.
Insufficient specificity	Multiple NMIs/MIRNs appear for the same address (eg shopping centres or units with common power sources).	An address standard will not help to provide a match where, for example, unit numbers are not provided. This is a data issue which simply requires extra data/ information in the system.
Unstructured addresses	This can mean: <ul style="list-style-type: none"> the unstructured address fields are being used in MSATS, and the data doesn't appear to correspond to an address format; or the data may contain the correct content but in the incorrect field in MSATS. 	An address standard with validation may assist to parse through an unstructured address, but the existing matching processes in NMI discovery already do this. See section 4.3.3.

Causes of transfer delays

The Commission's view is that there is no clear evidence that implementing an address standard will materially reduce transfer delays compared to the current processes. This view is informed by many stakeholder comments and the extensive consultation, research and analysis undertaken by the Commission.

In Table 4.7 the key causes of transfer delays are described, with the Commission's analysis of whether an address standard as consulted on during the rule change process will be able to help appreciably in avoiding these causes of transfer delays.

Table 4.7 Causes of transfer delays

Category of transfer delay	Description and analysis of transfer delay	Will an address standard help?
Delays in getting meter data	This includes issues such as the access issues associated with a meter at a site, and the metering data provider's meter reading schedule.	An address standard will not help with this as these are not address related issues.
Common objections from the metering data provider or retailer	<p>The most common objections adding delay to the customer transfer process (excluding meter access issues) in electricity include:</p> <ul style="list-style-type: none"> • date for retrospective transfer does not correspond to a meter read (43 per cent); • no B2B notification received (not aware of the transfer) (7.8 per cent); and • the consumer has a longstanding debt (12.1 per cent). <p>Issues with address data, which fall under the broad tag, "Incorrect standing data for this NMI", counted only for 0.1 per cent of all objections made from 2013 to 2015.</p>	An address standard will not provide a material help as address-related objections are a very small proportion of total objections.
Delays in matching address to NMI/MIRN	This refers to matching occurring during the NMI discovery or MIRN discovery process.	Most retailers did not consider that address validation on transfer would reduce these delays any more than retailers' existing validation processes.

Existing arrangements and stakeholder actions

The Commission notes that there are many existing arrangements, obligations and provisions with regards to address data which are designed to maintain the accuracy and timeliness of customer transfers. These are covered in detail in section 4.3.2, but, among other arrangements they include:

- MSATS procedures which place obligations on participants to keep NMI standing data current and relevant;
- a DPID field within MSATS; and
- B2B process for retailers to request address updates, to which distributors are obliged to respond.

The Commission also notes that participants have taken action to improve address data since the Review. Section 4.5 outlines that retailers undertake address validation prior to customer transfers and distributors undertake their own validation of supply addresses. There are substantial checks against official rateable property address data from state government agencies.

Data on transfer errors and delays

Since the Review, both the number and proportion of erroneous transfers relative to the total number of transfers has trended downwards in electricity and gas (as noted in sections 4.4.1 and 4.4.2). The number of erroneous transfers in electricity has fallen by almost half from 50,227 (2.8 per cent) in 2013 to 25,147 (1.7 per cent) in 2015. In gas, erroneous transfers have fallen in South Australia by around 70 per cent from 947 (3.1 per cent) to 276 (1.5 per cent). In New South Wales, erroneous gas transfers remained at low levels as a proportion of total transfers, at around 1.3 per cent on average between 2013 and 2015.

In-situ transfer times for small gas and electricity customers have also improved since the Review, as discussed in sections 4.4.3 and 4.4.4 above. Average transfer times in the NEM have fallen by approximately 25 per cent since the Review to 21.5 days. These transfer times will continue to improve as advanced meters are rolled out in the market following the Competition in Metering rule change.¹⁶⁸ Gas customer transfer times fell slightly between 2013 and 2015, on average across the four jurisdictions for which we have data.

Customer complaints to ombudsmen regarding transfer delays and erroneous transfers have also fallen by approximately half in recent years, as discussed in section 4.4.5.

AEMO's proposed activities

AEMO has put forward its preferred approach for undertaking a data cleansing of the address data in the MSATS system (one of the recommendations in the Review) using Australia Post's Postal Address File. This approach is detailed in section 4.3.4.

The Commission supports AEMO's proposal. A centralised data cleanse such as AEMO proposes will facilitate address validation and provide greater and more immediate benefits than an incrementally-implemented address standard as proposed in the rule change request at a significantly lower cost. The data cleanse will be comprehensive and allow DPIDs to be populated and accessible to participants for all NMIs. One of the benefits of AEMO's proposed approach, compared to the incremental approach discussed in the consultation paper, is that the validation process will be done efficiently in a centralised manner, rather than being done by a retailer for each transfer (a process that most retailers and distributors considered to be problematic, and which would take many years to significantly improve data quality).

¹⁶⁸ Expanding Competition in Metering and Related Services, reference ERC0169, under the Rule Changes: Completed tab in www.aemc.gov.au.

4.6.2 Consumer confidence

As outlined in section 2.2.1, part of the assessment of whether an address standard meets the Electricity and Gas Objectives involves considering the extent to which it improves consumer confidence in retail markets (as increased consumer confidence is considered to promote competitive markets).

The extent to which an address standard improves consumer confidence depends on the extent to which it reduces transfer errors and delays.

Section 4.6.1 sets out the Commission's finding that, while an address standard may have some minor benefits, there is no clear evidence that implementation of an address standard will materially reduce transfer errors or delays, compared to the current processes. As a result, the Commission considers that an address standard will not materially improve consumer confidence, and thus will not promote greater competition.

4.6.3 Proportionality and regulatory burden

The Commission considers that the implementation of an address standard does not constitute a proportionate response to the issue raised in the rule change request. On balance, the costs and regulatory burden associated with implementing an address standard are likely to outweigh its limited benefits.

There will be some cost to implement an address standard across the electricity and gas markets. Stakeholder feedback on the costs of staff training and changes to IT systems and business processes for an incremental approach to implementing an address standard ranged from \$430,000 to \$2,700,000 (per participant) across retailers and distributors.¹⁶⁹ When aggregated across all the relevant retailers and distributors for electricity and gas this becomes a substantial sum, and at least part of this cost is likely to be passed on to consumers. See section 4.5.3 for further information.

The Commission also consulted on whether an address standard would lead to any savings or greater efficiencies for retailers in the customer transfer process. Retailers that responded indicated that they did not expect any meaningful savings or efficiencies from an address standard. Part of the reason for this is that retailers are already undertaking validation of addresses under current arrangements.

As outlined in section 4.3.4, AEMO proposes to undertake data cleansing for the MSATS system for electricity against Australia Post's Postal Address File. The Commission's view (supported by stakeholder comments)¹⁷⁰ is that this approach will not only provide greater benefits as outlined in section 4.6.1 but will be a more proportionate response as it will not impose a significant burden on industry participants, compared to the incremental implementation of an address standard with validation on transfer.

¹⁶⁹ The Commission has not assessed the likely accuracy of these cost estimates.

¹⁷⁰ See section 4.5.4.

4.7 Conclusions

The Commission considers that the issues discussed in this chapter demonstrate that an address standard would provide very limited benefits compared to activities currently undertaken by market participants and activities proposed by AEMO, while all participants would be required to incur costs. As such, the Commission does not consider the rule change request will, or is likely to, meet the Electricity and Gas Objectives. The Commission has therefore decided not to make a final rule on implementing an address standard.

Abbreviations and defined terms

AEC	Australian Energy Council
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
B2B	Business to Business
CATS Procedure	MSATS Procedures: CATS Procedure Principles and Obligations, AEMO
COAG	Council of Australian Governments
Commission	Australian Energy Market Commission
consultation paper	Consultation paper on the transfer accuracy rule change request, published on the Commission website on 28 April 2016
DPID	Delivery point identifier established by Australia Post, a unique 8-digit number for each address in Australia
draft determination	Draft determination on the transfer accuracy rule change request, published on the Commission website on 27 October 2016
ECA	Energy Consumers Australia
Electricity Law	National Electricity Law
Electricity Objective	National Electricity Objective set out in section 7 of the Electricity Law
Electricity Rules	National Electricity Rules
ENA	Energy Networks Australia
estimated reads rule change request	Rule change request titled “Improving the timing of the electricity customer transfer process” submitted by COAG Energy Council to the Commission in November 2015
EWON	Energy and Water Ombudsman of NSW
EWOSA	Energy and Water Ombudsman of South Australia
EWOV	Energy and Water Ombudsman of Victoria
Gas Law	National Gas Law
Gas Objective	National Gas Objective set out in section 23 of the Gas Law
Gas Retail Market Procedures	Retail market procedures for gas for NSW and ACT, Victoria, Queensland, and South Australia, as published by AEMO; and the Gas Customer Transfer and Reconciliation Code published by the Office of the Tasmanian Economic Regulator
Gas Rules	National Gas Rules

MCE	Ministerial Council on Energy (now known as the COAG Energy Council)
MIRN	Meter Installation Registration Number (for gas meters)
MSATS	Market Settlement and Transfer Solution
National Energy Laws	Electricity Law, Gas Law and Retail Law
NECF	National Energy Customer Framework
NEM	National electricity market
NMI	National Metering Identifier (for electricity meters)
PIAC	Public Interest Advocacy Centre
Retail Law	National Energy Retail Law
Retail Objective	National Energy Retail Objective set out in section 13 of the Retail Law
Retail Rules	National Energy Retail Rules
Review	Review of Electricity Customer Switching, published by the Commission in April 2014
transfer accuracy rule change request	Rule change request titled “Improving the accuracy of the customer transfer process” submitted by COAG Energy Council to the Commission in November 2015

A Summary of issues raised in first round submissions

Where relevant, stakeholder comments have been addressed throughout the final rule determination. Table A.1 and Table A.2 below summarise issues raised by stakeholders in first round submissions that were not explicitly addressed in the final rule determination, and the Commission's response to these comments.

Table A.1 Address standard: stakeholder comments and Commission responses

Issue	Stakeholder(s)	Commission response
<i>Retailers</i>		
It may be useful to include the work of the rule change on the Information Exchange Committee's work plan.	Origin Energy (p1, p4)	As the Commission has determined to not make a final rule on address standards, this issue of implementation is no longer relevant.
If the Postal Address File from Australia Post was not the option then retailers would have to validate twice.	AGL (p6)	The Commission acknowledges that some retailers already validate addresses and use addresses in accordance with the Postal Address File address standard. However, as the Commission has determined to not make a final rule on address standards, this issue of implementation is no longer relevant.
The future requirements of MSATS should be considered, especially in light of recent B2B changes.	Red Energy and Lumo Energy (p4)	This issue is out of scope for the rule change request.
Review the effectiveness of MSATS and strengthen Retail Market Procedures' obligations placed on meter asset owners to main information regarding the location of their assets.	Red Energy and Lumo Energy (p3)	This issue is out of scope for the rule change request.
AEMO should review who is required to populate and maintain location information in MSATS.	Red Energy and Lumo Energy (p3)	The Commission considers a wholesale review of responsibility for maintaining location information in MSATS falls outside of the scope of

Issue	Stakeholder(s)	Commission response
		the rule change request.
Inclusion of an additional address field for retailers in MSATS would not bring benefits.	ERM Business Energy (p5), Powershop (p2)	The Commission acknowledges this comment, but as the Commission has determined to not make a final rule on address standards, this issue of implementation is no longer relevant.
Implementation of an address standard would be different for gas markets.	Origin Energy (p4)	The Commission agrees, as the decentralised nature of gas address data in distributor databases differs from electricity's centralised MSATS system. However, as the Commission has determined to not make a draft rule on address standards, this issue of implementation is no longer relevant.
Meter data providers and distributors should progressively cleanse their data against the standard.	Origin Energy (p4)	The Commission considers that AEMO's proposed work on data cleansing may be the most efficient method to improve data quality.
A data cleanse should be considered by the Commission.	Powershop (p3), ERM Business Energy (p5)	The Commission agrees that a data cleanse could be effective. However, data cleansing performed by industry participants may be prohibitively costly. For this reason, the Commission supports AEMO's proposed data cleanse using Australia Post's DPID, which will link to the Postal Address File data set.
The impact of an address standard would be lower in gas as there are fewer transfers.	Origin Energy (p1)	The Commission understands that there will be fewer erroneous transfers in absolute numbers due to lower overall numbers of transfers in retail gas markets, compared to the electricity market. The Commission's own data analysis, presented in section 4.4.2, supports this comment.
Using the outgoing retailer's billing address would create problems for registered participants, or would not be effective. Billing addresses may differ from supply addresses, incoming retailers have the most up to date information (including address information - particularly where a customer is moving house), and there are	Red Energy and Lumo Energy (pp2-3), ERM Business Energy (p5), AGL (p6)	The Commission agrees with these stakeholder concerns. Hence, the Commission consulted on other implementation approaches following submissions to the Consultation Paper.

Issue	Stakeholder(s)	Commission response
privacy provisions to consider.		
Increasing the cost of energy for consumers through the address standard rule change without a long term consequential benefit fails the consumer protection test under the Retail Law.	Red Energy and Lumo Energy (p4)	The Commission has considered whether the proposed rule would meet the Electricity and Gas Objectives, as discussed in chapter 2. The consumer protection test only relates to changes to the Retail Rules so it is not relevant to the proposed rule on an address standard.
Erroneous transfers caused by existing errors, ambiguity and inconsistencies in MSATS standing data (that drive the majority of address related erroneous transfers) cannot be resolved by retailer effort alone.	ERM Business Energy (p3)	The Commission agrees with this statement with respect to current arrangements. It therefore supports AEMO's proposed data cleanse which will provide unique identifiers linking to Australia Post's Postal Address File, thereby strengthening retailers' capabilities in address matching for transfers.
Validation at the time of meter upgrade may also assist.	Origin Energy (p4)	As the Commission is not making a rule on address standards, this issue of implementation is no longer relevant.
If the process for providing the customer's current address to the incoming retailer by the outgoing retailer can be automated this would assist the incoming retailer to minimise the risk of errors.	Origin Energy (p3)	The Commission acknowledges this comment, but notes that other stakeholders were concerned about the outgoing retailer providing address information to the incoming retailer (see above).
AEMO should incorporate automated validation into the CATS system.	Powershop (p2)	Under the proposed rule, implementation issues for an address standard would be consulted on and decided by AEMO. As the Commission is not making a rule on address standards, this issue of implementation is no longer relevant. However, the Commission understands that AEMO's proposed data cleanse will achieve some of the same benefits as automated validation.
<i>Distributors</i>		
The outgoing retailer's billing address would create problems for registered participants as billing addresses differ from supply addresses and there are privacy	AusNet Services (p4)	The Commission agrees with this and for this reason consulted on other implementation approaches following submissions to the Consultation

Issue	Stakeholder(s)	Commission response
provisions to be considered.		Paper.
The impact of an address standard would be lower in gas as there are fewer transfers.	AusNet Services (p5)	The Commission understands that there will be fewer erroneous transfers in absolute numbers due to lower overall numbers of transfers across retail gas markets, compared to electricity markets.
An address standard would affect more than just new connections, but also operational processes that update power supply routes and distribution loss factors.	AusNet Services (p3)	The Commission agrees that certain changes would be required, and costs would be incurred, as a result of an address standard, contributing to its regulatory burden. For this reason, among others, the Commission has decided not to make a final rule on an address standard.
Timing of the implementation of an address standard should consider, or follow, the Competition in Metering and Related Services rule change and other Power of Choice related changes coming into effect in December 2017.	ENA, United Energy, Ergon Energy (p2), AusNet Services (p4)	As the Commission is not making a rule on address standards, these issues of implementation are no longer relevant.
AEMO would likely take nine months to develop, consult and publish an address standard.	AusNet Services (p4)	As the Commission is not making a rule on address standards, these issues of implementation are no longer relevant.
There should not be an additional, energy specific address standard but adoption of an existing standard.	Ausgrid (p1)	The rule change request considered that an existing standard could be used, but as the Commission is not making a rule on address standards, these issues of implementation are no longer relevant.
There should be a greater requirement on retailers to validate addresses.	Ergon Energy (p2), Energex (p2)	The Commission is satisfied that retailers are doing this adequately already. That retailers are already undertaking validation forms part of the Commission's reasoning for not making a final rule on address standards.
NMI-address search capability in MSATS should be improved.	ENA (p2), AusNet Services (pp1-3), Ergon Energy (p2), Energex (p2)	This falls outside the scope of the rule change. The Commission is satisfied from its research and consultation that AEMO has undertaken, and will continue to undertake, steps to improve NMI discovery tools on MSATS where specific issues are identified. AEMO's proposed work on data cleansing using DPIDs will give retailers more useful data to help

Issue	Stakeholder(s)	Commission response
		match their customers' addresses with NMI's.
Implementing an address standard would only be effective if the address from the address standard dataset aligns with the customer's understanding of their address.	ENA (p2), Energex (p2)	This may be the case, depending on the sophistication of the address standard validation tools. The likely effectiveness of an address standard is discussed in more detail in chapter 4.
Implementation of an address standard would be different for gas markets.	AusNet Services (p5)	The Commission agrees, as the decentralised nature of address data in distributor databases differs from electricity's centralised MSATS system. However, as the Commission has determined to not make a final rule on address standards, this issue of implementation is no longer relevant.
Inclusion of an additional address field for retailers in MSATS would create complexity, confusion and possibly more errors.	United Energy (p1), Energex (p2), ENA (p2)	The Commission notes this concern and for this reason consulted on other implementation approaches following submissions to the Consultation Paper.
Consumers groups and ombudsmen		
Timing of the implementation of an address standard as proposed is too short.	EWOSA (p1)	As the Commission has determined to not make a final rule on address standards, these issues of implementation are no longer relevant.
AEMO should only consult on a narrow set of national address standards.	ECA (p3)	
AEMO should consult with the Public Data Management branch of PM&C on an ongoing basis throughout its consultation, development, publication and implementation of an address standard.	ECA (p3)	
Implementation of the address standard should coincide with AEMO's suggestions to adopt either additional B2B and MSATS processes.	PIAC (pp3-4)	As the Commission has determined to not make a final rule on address standards, this issue of implementation is no longer relevant.

Issue	Stakeholder(s)	Commission response
Implementing an address standard instantly, which would involve checking existing MSATS data all at once, could potentially involve significant upfront costs.	PIAC (p4)	The Commission agrees that this could be the case if each participant was required to undertake a cleanse. However, the Commission supports AEMO's proposed data cleanse using Australia Post's DPIDs, as an efficient method to improve address data quality.
Retailers would benefit from decreased costs associated with customer complaints and correcting administrative errors under an address standard implemented as per the 'incremental approach'.	PIAC (p4)	The Commission acknowledges this comment. However, as noted in the final determination in section 4.5.3 when retailers were asked whether there were savings associated with an address standard implemented as per the 'incremental approach', no net savings were identified.
A standardised approach should be enforced across both gas and electricity markets.	PIAC (p5)	The Commission agrees that this should be the case in principle as long as there is a material issue to be addressed in gas markets as well as in the electricity market. However, as the Commission has determined to not make a final rule on address standards, this issue of implementation is no longer relevant.
AEMO		
Timing of the implementation of an address standard should consider, or follow, the Competition in Metering and Related Services rule change and other Power of Choice related changes coming into effect in December 2017.	p4	As the Commission is not making a rule on address standards, these issues of implementation are no longer relevant.

Table A.2 Resolving transfers without consent: stakeholder comments and Commission responses

Issue	Stakeholder(s)	Commission response
<i>Retailers</i>		
The competitive market has ensured that there are appropriate processes in place to ensure that a speedy resolution is available in instances where this occurs. In electricity and more recently in gas, the transfer notification in the market has the losing retailer's identity.	Red Energy and Lumo Energy (p3)	The Commission does not agree that the competitive market has, to date, led to the implementation of adequate processes to respond to erroneous transfers. The transfer notification having the losing retailer's identity can be used in tandem with other appropriate processes to support the resolution process for which the Commission has made a more preferable final rule.
Increasing the cost of energy for consumers through this rule change without a long term consequential benefit fails the consumer protection test under the Retail Law.	Red Energy and Lumo Energy (p4)	The Commission considers that the more preferable final rule on resolving transfers without consent will meet the consumer protection test, as discussed in chapter 2.
The obligations proposed by the rule change proponent are not sufficiently targeted to address key barriers to resolving erroneous transfers.	ERM Business Energy (p2)	The Commission agrees, and for this reason, among others, the Commission has made a more preferable final rule that seeks to impose specific obligations on each relevant retailer.
Erroneous transfers that take the most time to resolve are those where the original retailer is not motivated to take the customer back.	ERM Business Energy (p6)	The Commission agrees with this point. The more preferable final rule seeks to clearly set out each retailer's obligations, and clarifies that the contract with the original retailer is taken never to have terminated.
The proposed rule effectively duplicates clause 82 of the Retail Law which requires retailers to manage complaints in accordance with a standard complaints and dispute resolution procedure.	ERM Business Energy (p7)	The Commission agrees, and for this reason, among others, the Commission has made a more preferable final rule that seeks to impose specific obligations on each relevant retailer.
Providing customers with more information about their legal rights won't materially affect the outcome if they have been erroneously transferred.	Origin Energy (pp5-6)	The Commission agrees, and has made a more preferable final rule that seeks to impose specific obligations on each relevant retailer.

Issue	Stakeholder(s)	Commission response
Supports a broader definition of explicit informed consent where insufficient explicit informed consent is considered.	AGL (p7)	The Commission agrees that it is important to address transfers made on the basis of defective consent. For this reason, it has made a more preferable final rule so that the resolution process covers all transfers without explicit informed consent or with defective consent.
The current use of objection codes, and the 'Transferred in Error' code in MSATS should be examined to ensure it is not restricting competition or creating inefficiency.	Powershop (p4)	The Commission notes this comment, insofar as it relates to transfers without consent, and will direct AEMO to consider appropriate changes to the Retail Market Procedures in light of the final rule. These may include changes to the objection codes which can be used when a transfer without consent is being resolved.
A prescriptive approach to resolving erroneous transfers limits a retailer's ability to step outside of the process (which can be important particularly with complex issues) to efficiently rectify an erroneous transfer.	Powershop (p5)	The Commission notes this comment, but considers that the final rule provides an appropriate degree of structure.
The obligations on retailers are practicable only if systems are also developed to support these obligations.	Powershop (p5)	The Commission will direct AEMO to consider appropriate changes to the Retail Market Procedures in light of the final rule. Retailers and other participants may also determine that changes to their systems may be desirable. New B2B transactions could be prepared if desired.
There is no need to alter incentives applying to retailers to act quickly as reputation damage and costs of erroneous transfers provide sufficient incentive.	Powershop (pp5-6)	The main part of the final rule, Retail Rule 57A, is not a civil penalty provision.
Additional incentives (or penalties) would not be an efficient means of resolving erroneous transfers.	Origin Energy (p5)	
The definition of erroneous transfer should be split into different categories to better reflect what caused the transfer in error. This would provide insightful data to the market.	Powershop (p6)	The Commission has taken a broader approach in the more preferable final rule, addressing all transfers without consent, not just erroneous transfers. This approach is consistent with the Retail Law. However, the Commission agrees that data on the causes of erroneous transfers would be helpful.

Issue	Stakeholder(s)	Commission response
Erroneous transfers should include when the customer misquotes their NMI, the retailer enters an incorrect NMI, or because the site and address information was incorrectly established in MSATS.	Origin Energy (p6)	The Commission has taken a broader approach in the more preferable final rule, addressing all transfers without consent, not just erroneous transfers. This approach is consistent with the Retail Law. Erroneous transfers that occur for any of the three reasons mentioned would constitute transfers without consent for the purposes of the final rule.
Consumer groups and ombudsmen		
Customers should be provided more information about their rights and matters of procedure in the transfer process from industry participants.	EWOV (p5)	Other stakeholders have commented that additional information for customers would not necessarily improve outcomes. The Commission has determined to take a more direct approach, setting specific obligations on each relevant retailer.
The Commission should convene a panel of retailer and consumer representatives to devise the best possible customer transfer and resolution process.	ECA (p4)	The Commission has not convened a panel but it has consulted with stakeholders extensively over a period of more than six months. The Commission also held a workshop on 9 June 2016 with representatives from both of these stakeholder groups in attendance.
A preferable approach to resolving erroneous transfers may be to require that a customer's original contract, or a contract that provides no detriment to the customer when compared to the initial contract, is re-established rather than requiring consent for the establishment of a new contract.	EWON (p3)	The Commission in its more preferable final rule clarifies that a customer who was subject to a transfer without consent is on the customer retail contract it was on with the original retailer prior to the void transfer.
The rule change should explicitly recognise that the resolution of erroneous transfers relates to improving communication between customers and retailers, and reducing the need for customers to contact both retailers. The current communication burden on customers is the main cause of the inefficiency and confusion and explicit recognition is the best way to target the issue.	PIAC (p6)	The Commission agrees that the communication burden on customers is a cause of inefficiency and confusion in resolving erroneous transfers. The more preferable final rule identifies steps that each retailer should take in communicating with the other retailer involved in the transfer, and with the customer. The operation of the more preferable rule is discussed in section 3.7.

Issue	Stakeholder(s)	Commission response
The compliance burden involved in implementing a standardised process is likely to be less than the alternatives, such as increasing incentives for retailers to move more quickly once an error is identified.	PIAC (p7)	The Commission agrees with this comment, and the more preferable final rule sets out a standardised process for resolving transfers without consent.
Whether erroneous transfers constitute an issue in gas should be further investigated and resolution mechanisms strengthened as consistently as possible.	PIAC (p8)	The Commission has undertaken this analysis and determined that the same resolution process should apply to transfers of small gas customers without consent.

B Summary of issues raised in second round submissions

Where relevant, stakeholder comments have been addressed throughout the final rule determination. This appendix sets out the issues raised in the second round of consultation on this rule change request which were not addressed in the body of the final determination, and the Commission's response to each issue.

Table B.1 Address standard: stakeholder comments and Commission responses

Issue	Stakeholder(s)	Commission response
The Commission should monitor the effectiveness of the electricity data cleanse. If effective, the Commission should consider implementing the data cleanse for gas.	PIAC (p3)	The Commission recommends stakeholders engage directly with AEMO in relation to the data cleanse. However, AEMO has noted that a data cleanse for gas would be more difficult than for electricity, as gas address data is not held centrally by AEMO.
AEMO should undertake consultation with affected market participants and consider the net benefit before implementing a data cleanse.	ENA (p1); United Energy (p2)	The COAG Energy Council has requested AEMO to undertake the data cleanse. The Commission believes this activity has value, as discussed in section 4.6.1 (AEMO's proposed activities) and section 4.6.3. The Commission acknowledges these stakeholder comments but considers that implementation concerns can be overcome or addressed by AEMO. Queries regarding AEMO's proposed activities should be directed towards AEMO.
AEMO's data cleanse does not imply insignificant changes and has the potential to impact internal systems. The supply address is key for the distributor to meet its obligations and there are implications of changing the central system without replicating the change across industry. This also confuses the potential mandatory nature of the next new address or address update as to which registered participants are responsible for the update/addition of a DPID.	United Energy (p1)	
If AEMO were to proceed with the proposed data cleanse, it should not proceed until after the implementation of metering competition.	ENA (p2); United Energy (p2)	

Issue	Stakeholder(s)	Commission response
Information about the project timeline from AEMO and the Commission would be beneficial because of the impact this will have. This will enable us to prepare staff to assist customers who may have their addresses updated as a result of the data cleanse and contact us.	EWOV (p2)	
The Commission and AEMO should consider whether and how the data cleanse may result in some properties being 'corrected' from an address as the property is known as, which has the potential to cause billing errors and transfer issues.	EWOV (p2)	
There is insufficient evidence of data inaccuracies to justify AEMO's data cleanse.	Ausgrid (p1)	
Market drivers of competition and negative brand reputation from poor customer experience have and will continue to drive improvements in retailer databases to ensure more timely and accurate customer transfers.	AGL (p4)	The Commission agrees that continued competitive pressures in the retail market should assist retailers to continue improving customer transfer processes in terms of both timeliness and accuracy.
Greater efficiency gains would be realized over time (if an address standard was introduced) with savings from a reduction in error management and improvements to the transfer experience for customers.	ERM Business Energy (pp1-2)	The Commission considers that any savings and benefits from an address standard will be outweighed by the costs of implementation. The Commission's analysis is contained in section 4.6 of the final determination.

Table B.2 Resolving transfers without consent: stakeholder comments and Commission responses

Issue	Stakeholder(s)	Commission response
<i>Draft rule 57A: Resolution process</i>		
<p>If a customer contacts a retailer that is neither the customer's current or previous retailer, the draft rule requires the contacted retailer to identify and notify the customer's current retailer. However, the contacted retailer will not be able to identify the customer's current retailer. Obligations should be placed only on the original and the new retailer.</p>	<p>Origin (p1), AEC (p2), Red/Lumo (p3)</p>	<p>Under the transitional rules, AEMO must amend the retail market procedures as required to take account of the amending rule. This should include amendments required to give effect to, or facilitate compliance with, the final rule, such as ensuring a retailer can identify a customer's new retailer if the customer raises issues regarding consent to the transfer. (The Electricity Rules already allow for this, as noted in the rule change request).</p> <p>It would also be possible for the retailer to ask the customer for this information - given that the customer has raised the issue, the customer must be aware of the situation.</p>
<p>The contacted retailer should be required to obtain sufficient site information from the customer to provide the other retailer confidence the request is accurate.</p>	<p>Red/Lumo (p3)</p>	<p>The Commission does not think this obligation is appropriate. The new retailer is in the best position to determine whether it has obtained consent to the transfer.</p>
<p>The new retailer may identify an erroneous transfer without contact from the erroneously transferred customer. In such cases the new retailer should be able to (or required to) contact the original retailer to initiate the re-transfer process.</p>	<p>ERM (p3), PIAC (p3)</p>	<p>The Commission does not consider it appropriate to allow a customer's current retailer to initiate a transfer of the customer if the customer has not indicated any concern with the transfer to that retailer. Under section 41 of the Retail Law, consent issues can only be raised by the customer, and an erroneous transfer will not be void unless the customer has raised the issue of lack of consent (among other conditions). Therefore, while a retailer who has identified an erroneous transfer will have breached section 38 of the law (the requirement for consent to transfer), the transfer will still be valid unless and until the customer raises the issue of lack of consent.</p> <p>A new retailer in this situation can, under the current rules, try to contact</p>

Issue	Stakeholder(s)	Commission response
		the customer to seek consent, or request the original retailer to contact the customer to ask whether the customer has any concerns regarding its consent to transfer to the new retailer. If the customer does raise any such concerns, the process set out in rule 57A will then apply. The Commission considers that this approach is sufficiently flexible while being consistent with the direction taken in the Retail Law.
Strong support for proposed rule. Customers being transferred in error is one of the few categories in which complaints to EWOSA are rising.	EWOSA (p1)	The Commission thanks EWOSA for this comment.
The rule should be extended to require that customers be restored to the rebate, hardship and existing payment plan arrangements they may have had prior to the transfer.	PIAC (p2)	The Commission has considered this issue, and is of the view that this would be the case under the final rule, without amendment. All concessions, rebates or payment plans that formed part of the customer's contract with the original retailer would remain on foot, as the contract remains on foot (see section 3.3.1). If any forms of government assistance were administered independently of the retailer, and were given directly to the customer, then they would continue regardless of the customer's erroneous transfer and the re-transfer.
The draft rule only addresses one scenario under which an erroneous transfer may occur - where a retailer transfers the correct site but without obtaining the customer's consent. Other erroneous transfer scenarios will have to be addressed on a case by case basis.	Simply Energy (p1)	The resolution process applies to all cases where a customer has been transferred without their explicit informed consent, including cases where the transferred customer gave consent but the consent was deficient, as well as erroneous transfers where one customer gave full consent, but another customer was transferred by mistake (as the transferred customer did not consent).
The customer may have missed notifications such as price changes or tariff reassignments during the period the customer was with the new retailer. The original retailer's obligations to provide notice periods of variations may need to be waived, or the notice should be deemed to have been provided.	ERM (p3), AGL (p2)	See rule 57A(7). Under this rule, the original retailer's obligations to provide notices would be waived for the period in which the customer was with the new retailer. If the customer had a fixed term retail contract with the original retailer which expired during that period, rules 57A(5)(a)(i) and (5)(b) would apply. Other requirements in the rules for notice of changes to contracts can be satisfied by posting notice of the variation on the retailer's website, and/or providing notice at the time of the next bill (eg Retail Law

Issue	Stakeholder(s)	Commission response
		section 23(3) and Retail Rule 46(4)). These actions can be taken by the original retailer without any changes to rule 57A being required.
<p>The draft rule does not make it clear which retailer is obliged to take customers where neither the original nor the new retailer has a consent record for that customer. Example: new retailer identifies an erroneous transfer (without contact from customer), and original retailer finds that this customer was an Unknown Consumer.</p>	Energy Australia (p4)	<p>If the customer has not raised the issue of lack of consent, rule 57A and revised rule 116 would not apply. The transfer to the new retailer would not be void under the Retail Law. If the customer does raise the issue, the new process would apply and the customer would return to the original retailer. The notice provisions in rules 57A(5)(a)(ii) and (5)(b) would apply. However, this contact with the customer may provide a good opportunity to obtain their details and seek their consent to a new contract.</p>
<p>The draft rule does not align with operational processes. In practice, there is a disconnect between the market systems and the Retail Law. Sites are transferred based on the NMI, which is related to a site, not a customer.</p> <p>Example of issue: Customer A and Customer B live together at a site. If Customer A contacts a retailer and states that a new retailer has incorrectly transferred their site, the new retailer would be required to check if consent had been obtained from Customer A. If consent had in fact been obtained from Customer B, under the draft rule the transfer would be void and the original retailer would be required to request a re-transfer.</p>	Red/Lumo (p2)	<p>The Retail Law does tie together the concepts of a site and a customer, as it defines "customer" as a person to whom energy is sold <i>for premises</i> by a retailer, or who proposes to purchase energy <i>for premises</i> from a retailer (Retail Law section 5(1)).</p> <p>In the example given, if the new retailer obtained explicit informed consent from Customer B for the transfer of the site (which would be accompanied by consent by Customer B to enter into a contract with the new retailer to purchase energy for that site), the transfer would be valid.</p>
<p>Consider the use of B2B transactions to improve the operation of this new procedure, including considering whether the costs of introducing new B2B transactions would outweigh the costs of manual processing and whether any changes should be delayed until the Competition in Metering changes are complete.</p>	Energy Australia (pp4-5)	<p>The Commission agrees that new B2B transactions may be useful for this new process, but does not propose to mandate that any such transactions be developed. Participants may consider this issue themselves.</p>
<p>The rule requires retailers to assume customers are correct in their assertion that they have been transferred</p>	Red/Lumo (pp2-3)	<p>The requirements for determining whether consent has been obtained for a particular transaction are set out in the Retail Law, as is the 10 business</p>

Issue	Stakeholder(s)	Commission response
without consent. It does not allow retailers to take action to determine the correct occupant of a site unless an investigation can be completed within 10 business days.		day time limit (Retail Law section 41(2)).
Draft rule 116(1)(j): De-energisation provision		
This provision will not be very effective in preventing disconnections in cases of erroneous transfers, as reviewing consent records will not always allow a retailer to identify an erroneous transfer.	Origin (pp1-2), AEC (p2), Red/Lumo (p4), AGL (pp2-3), Energy Australia (p2), ERM (p4)	The Commission agrees that consent records from online transfers do not appear to provide this information, and has revised this provision in the final rule. See section 3.6.3.
Checking the consent records of every customer who transferred within 12 months will add time and costs to retailer disconnection processes.	M2 (p1), Origin (p1), AEC (p2), Red/Lumo (p4), AGL (p2), Energy Australia (p3), ERM (p4)	The Commission acknowledges that this may have been a consequence of the draft rule. The final rule is more targeted, and submissions have stated that this approach will result in minimal costs to retailers (Red/Lumo p4).
It would be more effective to rely on existing rules that aim to prevent retailers from obtaining customers without their consent.	Energy Australia (pp2-3)	The Commission acknowledges this comment. See the revised rule.
If a new retailer identifies an erroneous transfer but the customer does not respond to the retailer's correspondence, the retailer cannot de-energise the customer under this draft rule, and has no remedy for non-payment.	ERM (p4)	Under the revised rule, the new retailer will be able to de-energise a customer for non-payment in the usual way, as long as the customer has not raised a consent issue. Under the current rules, the new retailer is also able to contact the original retailer and ask the original retailer to contact the customer.
Confirm that draft rule 116(1)(j) will not apply to the scenario where a new customer moves into a site and is	Simply Energy (p2), Energy Australia	The draft rule would not have applied in such a case. However, the rule has been revised as described in section 3.6.3.

Issue	Stakeholder(s)	Commission response
placed onto a standing offer.	(p3)	
<i>Other comments</i>		
Rules 49(1A) and 70(1) should be amended to clarify that they only apply when the different customer contract is from another retailer, not just a different contract with the same retailer.	ERM (p6)	The Commission does not consider that this distinction is warranted. These rules are intended to clarify the operation of the Retail Law only. Note however that rule 57A will only apply in cases of a transfer from one retailer to another (not to a transfer from one contract to another with the same retailer).

C Legal requirements under the National Energy Laws

This appendix sets out the relevant legal requirements under the National Energy Laws for the Commission to make this final rule determination.

C.1 Final rule determination

In accordance with section 102 of the Electricity Law, section 311 of the Gas Law and section 259 of the Retail Law, the Commission has made this final rule determination in relation to the rule proposed by the COAG Energy Council in the transfer accuracy rule change request.

The Commission's reasons for making this final rule determination are set out in section 2.3.

In accordance with section 261 of the Retail Law, the Commission has made a more preferable final Retail Rule, which is attached to and published with this final rule determination. Its key features are described in section 3.7.

C.2 Power to make a rule

The Commission is satisfied that the more preferable final Retail Rule falls within the subject matter about which the Commission may make rules. The more preferable final rule falls within section 237 of the Retail Law as it relates to:

- the activities of persons involved in the sale and supply of energy to customers;¹⁷¹ and
- the de-energisation of premises of customers.¹⁷²

Further, the more preferable final rule falls within the matters set out in section 42 of the Retail Law as it relates to the consequences of not obtaining explicit informed consent as required.

C.3 Power to make a more preferable final rule

Under section 244 of the Retail Law, the Commission may make a rule that is different (including materially different) from a market initiated proposed rule if the Commission is satisfied, having regard to the issues that were raised by the market initiated proposed rule (to which the more preferable rule relates), the more preferable rule will, or is likely to, better contribute to the achievement of the Retail Objective.

As discussed in Chapter 2, the Commission has determined to make a more preferable final rule. The reasons for the Commission's decision are set out in section 2.3.

¹⁷¹ Retail Law section 237(1)(a)(ii).

¹⁷² Retail Law section 237(2)(h).

C.4 Commission's considerations

In assessing the rule change request, the Commission considered:

- the Commission's powers under the National Energy Laws to make the proposed rules;
- the rule change request;
- the fact that there is no relevant MCE Statement of Policy Principles;¹⁷³
- submissions received during the first and second rounds of consultation and in other informal consultations;
- the Commission's analysis as to the ways in which the proposed rules will or are likely to contribute to the Electricity, Gas and Retail Objectives; and
- the extent to which the proposed rule on resolving erroneous transfers is compatible with the development and application of consumer protections.

The Commission may only make a rule that has effect with respect to an adoptive jurisdiction if satisfied that the proposed rule is compatible with the proper performance of AEMO's declared network and system functions.¹⁷⁴ The more preferable final rule is compatible with AEMO's declared network and system functions because it is unrelated to them and therefore it does not affect the performance of those functions.

C.5 Civil penalties

The more preferable final rule does not amend any clauses that are currently classified as civil penalty provisions under the Retail Law or the National Energy Retail Regulations. The Commission does not propose to recommend to the COAG Energy Council that any of the proposed amendments made by the final rule be classified as civil penalty provisions.

The Commission's final more preferable rule amends rule 116 of the Retail Rules by including an additional restriction on de-energisation. De-energisation of a customer in contravention of this rule would be a breach of rule 107(2), which is a civil penalty provision.

¹⁷³ Under section 33 of the Electricity Law, section 225 of the Gas Law and section 236 of the Retail Law, the Commission must have regard to any relevant MCE statement of policy principles in making a rule. The MCE is referenced in the Commission's governing legislation and is a legally enduring body comprising the Federal, State and Territory Ministers responsible for Energy. On 1 July 2011 the MCE was amalgamated with the Ministerial Council on Mineral and Petroleum Resources. The amalgamated Council is now called the COAG Energy Council.

¹⁷⁴ See section 91(8) of the Electricity Law and section 295(4) of the Gas Law.