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17 July 2017

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Mr Pierce,

AEMC Consultation Paper - National Electricity Retail Amendment (Strengthening protections for customers requiring life support equipment) Rule 2017

Ausgrid is pleased to provide comments in relation to the AEMC's consultation paper on the above Rule Change proposal submitted by the Australian Energy Regulator (AER).

In responding to the questions under Section 5 "Issues for Consultation" Ausgrid has identified a number of issues arising from the AER's rule change request which are discussed in the attachment to this letter. While Ausgrid is generally in agreement with the AER that changes are needed to firm up arrangements for the creation and maintenance of life support customer records, we are of the view that there is scope to modify some of the AER's proposed changes so as to be more workable in an operational sense.

Ausgrid notes that the Rule Change proposal excludes consideration of changes to the definition of 'life support equipment' as found in Part 1 of the Retail Rules. The current definition of life support equipment is diverse and potentially includes both time critical equipment (such as the use of an oxygen concentrator) and equipment that is not so dependent on time (such as the CPAP device required for sleep apnoea). The network businesses may be better able to prioritise notification and supply restoration during planned and unplanned outages if life support equipment was classified based on its criticality to the customer's welfare.

Compounding this situation, the existing regulatory framework does not provide adequate life support customer information to distributors so that they can prioritise notification and restoration of planned and unplanned outages according to the most critical health needs of this customer segment.

Separate to the current Rule Change proposal, it is suggested that consideration be given to investigating issues associated with modifying the current life support equipment definitions as contained in Rule 3 of the Retail Rules. Such an investigation could be carried out by a working group made up of representatives from distributors, retailers, medical practitioners and life support consumer advocates, to ensure adequate assessment of the risks and benefits to customers of any change to life support classifications, as well as considering the operational impact on both distributors and retailers.

If you have any queries or wish to discuss this matter in further detail please contact Mr John Thomson on (02) 9269 2312 (john.thomson@ausgrid.com.au) or myself on (02) 9269 4501 (rob.amphlettlewis@ausgrid.com.au).

Regards,

A handwritten signature in black ink, appearing to be 'RA', with a long horizontal stroke extending to the right.

Rob Amphlett Lewis

Executive General Manager
Strategy & Regulation

Attachments

1. Ausgrid response to life support customer Rule Change proposal - July 2017
2. Life support customer numbers since April 2014 – Ausgrid

Question 1 The concerns the AER has identified with the life support rules

(a) Has the AER accurately characterised the problems with the life support rules?

The AER outlined three areas of concern (in bold below). Ausgrid's comments follow.

Customers requiring life support are not being validly registered.

A condition governing a customer's eligibility to be registered as a life support customer is that they provide their electricity retailer or distribution company with confirmation from a registered medical practitioner that they require life support equipment.

Customers and medical practitioners may be unaware that an individual may be eligible for registration as a life support customer under the National Energy Customer Framework (NECF). Furthermore, customers and medical practitioners may be unaware that to be given protection under these rules, confirmation from a registered medical practitioner must be provided. Ausgrid is supportive of proactive awareness campaigns that have been established by the AER.

Ausgrid recommends that confirmation from a registered medical practitioner should be obtained when the customer is first advised during consultation with their medical practitioner that they require life support equipment. This proposed approach removes a step from the registration process as the customer would present to the retailer (or distributor) with the required certificate already in their possession.

The AER has difficulty enforcing certain life support rules if the customer does not provide medical confirmation to either the retailer or distributor.

Ausgrid agrees with this statement.

Life support registers have grown and have become increasingly inaccurate.

This statement is correct and the issue is one of significant concern to Ausgrid. The number of life support customers recorded in Ausgrid's systems has grown by around 40% in the four years since the introduction of NECF.

Ausgrid holds concerns that a number of factors have driven the introduction of inaccuracies to life support customer registers, including:

a) Registration without verification

At the time of initial notification, a DNSP will err on the side of caution and raise a system flag when requested by a retailer, in anticipation of the retailer receiving confirmation of eligibility in the near future. DNSPs have no visibility of retailer activity to follow up with the customer to obtain the necessary medical verification.

b) Inadequate record management

A further source of inaccuracy in life support registers arises when life support is no longer required at a site due to customer relocation or a change in their medical circumstances. A process of reaffirming medical status at a prescribed interval would rectify this.

c) Status flagged at customer rather than NMI level

Through its dealings with the MSATS processes, Ausgrid is aware of at least one retailer which flags life support requirements at the customer, rather than the NMI level. If a customer has more than one NMI in their name, all are flagged within Ausgrid's system as having life support status. This further inflates the "true" number of life support customers. An example would be a rural property with 5 NMIs – the main homestead, stables, two pumps in a paddock and a shed. Life support is only required in the homestead, however all are flagged with life support.

One possible solution to the issue of inaccurate records would be to establish a single register for current life support customers in the NEM. An appropriate owner of any such register would of course need to be identified, but consideration should be given to the party with the key business relationship. Ausgrid considers this party, in the NEM, to be the electricity retailer. Alternatively, more stringent controls could be placed upon electricity retailers discouraging registration of invalid requests for life support, as well as imposing other controls which require life support status to be removed when no longer required.

Operationally, inaccurate life support information reduces Ausgrid's ability to prioritise notification and restoration of planned and unplanned outages according to the most critical health needs of this customer segment.

Furthermore, Ausgrid has additional precautions and checks in place relating to planned and unplanned outages for life support customers. Whilst the safety and wellbeing of our customers is always a priority, Ausgrid recognises that inaccurate registers may result in unnecessary cost.

Question 2 The registration process

- (a) Please provide any information you have on the size of life support registers and how these have changed over time.

Attachment 2 shows the change since April 2014 in the number of life support customers currently recorded in Ausgrid's system. Over those 40 months, numbers have increased by 156 per month.

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

Ausgrid considers that the AER's proposal regarding registration obligations will not necessarily lead to greater certainty and transparency for life support customers, as they are unlikely to seek to read the Retail Rules themselves. While the Rules are necessary to provide the important protections, the customer will rely on their retailer to know the implementation details and to manage and communicate requirements accordingly.

It is Ausgrid's view that, while the AER's proposal is not without merit, some changes are appropriate that would result in more preferable functional arrangements. These include there being a single point of accountability for the life support registration process; the customer's retailer being responsible for managing the overall process (rather than being

based on the NEM participant first contacted by the potential life support customer); and the de-registration process not being left to the discretion of the retailer (or distributor).

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

Ausgrid does not believe the notification arrangements between retailers and distributors are sufficient to achieve the requirement of keeping registers up to date.

As stated above, it is Ausgrid's view that there should be a single point of accountability. Under the AER's proposal the first party contacted is responsible for the life support registration process. The customer can contact either party (DNSP or retailer) and in the majority of cases this contact will be via phone. Proving the recipient of the first contact is problematic, when the object of any Rule Change should be to improve and simplify the current arrangements, leading to greater efficiency.

As previously stated, in our view the single point of accountability should be the customer's retailer. A customer's business relationship is with the retailer in terms of billing, organising the connection of power when moving in, and disconnection when moving out. In the case of life support customers the registration and de-registration of their medical status should be seen as an additional element of that relationship. Requiring a single point of accountability reduces the risk of missed steps and ultimately is more efficient.

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

Additional costs would be incurred by distributors for:

- System enhancements, as this function is not currently performed by the distributor. The retailer already contains this functionality within their systems.
- Employee costs to manage the additional administrative tasks associated with life support registrations. Ausgrid is not currently in a position to assess the magnitude of additional administrative burden to deliver this function, as it is not a function we currently perform.
- Requiring the functionality across both retailers and distributors would result in duplication of resourcing and systems, with associated additional costs (which are recovered from all customers) and no added benefit or outcome for the life support customer.

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

Ausgrid agrees with the suggested content of the initial information pack proposed by the AER but would suggest that the life support equipment confirmation form could be expanded to include additional information. Subject to obtaining advice as to privacy obligations, the additional information could include the life support customer's contact details (particularly mobile phone number and email address), any carer's contact details (if applicable) and the type of medical equipment.

Once a DNSP has been advised by the retailer of the new life support details, the DNSP should also be required to provide its own information pack (which would differ from that provided by the retailer). Ausgrid currently provides the following:

- “Planning for power interruptions” brochure - explaining that from time to time Ausgrid is required to plan outages to maintain the network; and
- A "Life Support Action Plan" Magnet, containing Ausgrid contact details and space for customer to include other details such as doctors’ contact numbers and relevant hospital information.

Question 3 The medical confirmation process

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

Ausgrid has already stated its view that the customer’s retailer should be the party responsible for the end-to-end management of the registration process. Ausgrid does not consider that the system as proposed, based on a concept of first contact, is appropriate. Subject to that qualification, Ausgrid does support the introduction of set timeframes and mandated follow ups as it is believed that these new provisions will result in greater accuracy of life support registers – one of the key current issues to be resolved.

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

Please refer to our response to 2(d).

Question 4 The de-registration process

- (a) Does a voluntary process for de-registration strike the right balance between the needs of customers and businesses?

Ausgrid believes that there should be a consistent set of rules applied for de-registration in a similar manner to registration. As noted in the AEMC’s consultation paper, applying discretion risks the possibility of varying approaches by retailers with the potential to retain inaccuracies in life support registers.

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

As previously stated Ausgrid supports a single point of accountability for life support registration, medical confirmation and (non-voluntary) de-registration.

- (c) As a retailer or distributor, what additional costs would you incur to comply with the changes proposed to the de-registration process?

Ausgrid is not able to accurately quantify such additional costs, as we consider that these should fall to the retailer as the responsible party to manage the overall process of registration (including medical confirmation) and de-registration. Our answer to question 2(d) is also relevant to question 4(c).

Attachment 2 – Life support customer numbers since April 2014 - Ausgrid

Month	Total Life support
Apr-14	19,259
May-14	19,324
Jun-14	19,512
Jul-14	19,793
Aug-14	19,987
Sep-14	20,221
Oct-14	20,452
Nov-14	20,572
Dec-14	20,630
Jan-15	20,747
Feb-15	20,528
Mar-15	21,254
Apr-15	21,418
May-15	21,559
Jun-15	21,741
Jul-15	21,690
Aug-15	21,739
Sep-15	21,797
Oct-15	21,991
Nov-15	22,141
Dec-15	22,267
Jan-16	22,371
Feb-16	22,482
Mar-16	22,575
Apr-16	22,667
May-16	22,864
Jun-16	22,944
Jul-16	23,029
Aug-16	23,281
Sep-16	23,464
Oct-16	23,574
Nov-16	23,734
Dec-16	23,994
Jan-17	24,095
Feb-17	24,161
Mar-17	24,387
Apr-17	24,573
May-17	24,818
Jun-17	25,213
Jul-17	25,508