



EnergyAustralia

LIGHT THE WAY

9 November 2017

Mr Greg Williams
Australian Energy Market Commission
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Dear Mr Williams

RRC0009 – Strengthening protections for customers requiring life support equipment – Draft Rule

EnergyAustralia welcomes the opportunity to make a submission to the Australian Energy Market Commission (the Commission) on the Draft Rule Determination – National Energy Retail Amendment: Strengthening protections for customers requiring life support equipment Rule 2014 (Life Support Rule Change).

EnergyAustralia is one of Australia's largest energy retailers with over 2.6 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. We also own and operate a multi-billion dollar energy generation portfolio across Australia, including coal, gas, and wind assets with control of over 4,500MW of generation in the National Electricity Market (NEM) and an annual gas portfolio of over 100PJ.

EnergyAustralia supports the Commission's preferable rule change which aim ensure that customers who need the protections of life support rules receive the information and protections they need. Our existing life support procedures broadly comply with the Commission's proposed timing and processes for registration and medical confirmation. We welcome this rule change which formalises these protections for all life support customers.

With the exception of the Business to Business (B2B) processes (which are discussed in more detail below), EnergyAustralia has procedures and documentation in place which can be easily adapted to incorporate the new requirements with respect to initial registration and medical confirmation processes. We anticipate that these internal adaptations will be relatively straightforward. However, in the event that new B2B procedures or transactions are required to give effect to the new rule change, we will require at least 12 months to allow appropriate analysis and implementation to occur.

Transitional Arrangements

EnergyAustralia supports the principle that all life support customers (existing and new customers) will receive the same life support protections until they are deregistered, regardless of when the Life Support Rule Change comes into force.

EnergyAustralia is well positioned to give effect to the registration and medical confirmation processes for all new customers. However, it is not clear to us from the draft rule or the discussion paper, how the new rules will apply in practise to our existing life support customers. For example, customers who are on our life support register, but who despite being followed up via our existing reminder processes, have not returned the medical confirmation forms. Are we expected to apply the new rules to these customers and subject them to a further round of medical confirmation forms and reminder notices (even though we have already sent two reminder notices and the equivalent of a de-registration notice?). Will the Commission accept our previous efforts in satisfaction of the new rule 124, 124A? The answer to this question has obvious implications for the deregistration process and the protections available to us if we were to commence deregistration of a customer under Rule 125.

If the transition requirements mean that retailers are required to commence the registration and confirmation process for these existing life support customers again (the 50 day process) we would ask that the Commission consider options to stagger this obligation. We currently have 33,400 customers on our life support register and 57 percent of these have not returned the medical confirmation forms. Applying the new rules to these customers immediately upon commencement of the new rules will put a significant strain on our systems and calls centres. If the Commission intends to proceed along these lines, we strongly request that the Commission first consult with retailers to develop a manageable timeframe for compliance.

We request that the Commission consider and consult further with retailers in respect of the drafting required under the new rule to give effect to the Commission's intention for these transitional arrangements to develop a manageable timeframe for implementation.

Implementation

The timing proposed by the Commission for the implementation the Life Support Rule Change presents a real compliance risk for retailers and distributors in respect of the B2B processes, this is particularly of concern given the civil penalties which will apply. The notification and information sharing requirements between retailers and distributors, while appearing straightforward, have not been assessed to understand the potential impacts for B2B procedures.

In order for the Commission to have an appreciation of what is an appropriate timeframe for implementation of the new rules, EnergyAustralia considers that, as a minimum, the Commission should consult with the Information Exchange Committee (IEC) which is facilitated by AEMO. We emphasise that AEMO's role in establishing, reviewing and maintaining B2B procedures and transactions is largely as a facilitator. In this capacity AEMO does not have the working knowledge (that retailers and distributors have) of B2B processes and changes that may be required. It is the role of the B2B workgroups to manage the complexity and analysis of the B2B change management process which informs the IEC. For this reason, it is important that the Commission consult directly with both the B2B Workgroup and the IEC to fully understand whether B2B changes are required for this rule change.

Until an assessment of the rule change is undertaken by the B2B Workgroup, the Commission cannot know whether the timeframe of six months is appropriate.

Based on our experience with the B2B consultation process, if changes to B2B procedures are required because of this rule, no less than 12 months will be required. This will not only allow for the consultation phase, but also allow for any systems enhancement or updates which may be required as a result.

As we have previously stated, we are currently working to incorporate significant system changes required as part of the Power of Choice metering rule changes. We ask that the Commission consider in more detail the implementation timeframe to allow the necessary B2B procedures to be properly assessed, developed and enabled to ensure the final rule is implemented efficiently and accurately for the benefit of life support customers.

Conclusion

EnergyAustralia supports the intention the Life Support Rule Change and we are confident that we can absorb the administrative requirements into our business. However, we note that there remains a significant lack of certainty around the transitional requirements and the implications for B2B procedures. This is of particular concern to us where non-compliance exposes our business to risks of civil penalty.

Given these consequences, we think the Commission should consult with the B2B Workgroup and IEC to determine the period required for implementation.

If you would like to discuss this submission please contact Samantha Nunan on samantha.nunan@energyaustralia.com.au or on 03 8628 1516.

Regards

Melinda Green

Industry Regulation Leader