



9 June 2016

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

ERC0195 Consultation Paper – National Electricity, Retail and Gas Amendments Rule 2016 – Improving the accuracy of customer transfers

Origin welcomes this opportunity to respond to the Australian Energy Market Commission's (AEMC) consultation paper on the rule change on improving the accuracy of customer transfers lodged by the COAG Energy Council.

In principle, Origin is supportive of a proposed industry address standard, however we note that implementation of such a standard will take time and require material resources from relevant industry participants and AEMO. Given the work underway on the Power of Choice (PoC) rule changes, it may be appropriate to attempt to include such development in the Information Exchange Committee's (IEC) work plan in preparation for the commencement of the expanding competition in metering rule change. AEMO and the IEC could work collaboratively to determine the degree of data cleansing and the selection an implementation of an appropriate standard.

While Origin supports the objective of reducing transfers in error to improve the confidence and experience customers have of the energy market, the relatively small number of erroneous transfers compared to those completed successfully should mean that other PoC initiatives in metering competition and embedded networks remain the priority.

In relation to the responsibilities of outgoing and incoming retailers in managing the reversal of an erroneous transfer, Origin is generally supportive of the process described in question 7(c) of the consultation paper. We agree that it is less than ideal that customers should be required to contact both retailers and coordinate any erroneous transfer. There may be further benefits associated with this approach to the extent there is a reduction in ombudsman complaints and the associated resolution costs.

In relation to the retail gas market, Origin believes erroneous transfers are also of concern, but in lower absolute numbers of customers impacted. For this reason, the approach suggested in the consultation paper could be applied to the retail gas market. Our recommendation for erroneous gas transfers in absence of an equivalent to MSATS is for gas distributors to maintain a standard consistently as the custodians of customer data. Origin notes that previous work aimed at cleansing address data has been challenging and that expectations around successful implementation need to be informed by previous experience and limitations identified.

Origin responds to specific questions set out in the consultation paper below. Should the AEMC wish to discuss any of the matters raised in this response, please contact David Calder on (03) 8665 7712 in the first instance.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'K. Robertson'.

Keith Robertson
Manager Wholesale and Retail Regulatory Policy
(02) 9503 5674– Keith.Robertson@Originenergy.com.au

Specific comments on the draft rule determination

Question 1 Address mismatch as a cause of delays and errors

- (a) Is address mismatch a common cause of delays in the transfer process?
- (b) Is address mismatch a common cause of erroneous transfers, where the wrong customer was transferred?

While address mismatches are a one cause of transfer delays and a source of frustration for customers and retailers, we would note that much of the existing requires cleansing. That is, the data was already of poor quality when it was entered into market systems.

As discussed in the consultation paper, address mismatches are a driver of erroneous transfers. Origin notes that the solution suggested to this issue (a common address standard) is consistent with option B1 in the AEMC's options paper from January 2014 and is broadly supportive of a common address standard reduce the likelihood of erroneous transfers.

Question 2 Effectiveness of address standard

- (a) Once implemented, how effective would an address standard, such as the ones outlines above, be in reducing the causes of delays and errors in the transfer process?
- (b) Are there specific additional features or information items (such as the outgoing retailers billing address for the customer) that should be included in order to improve the effectiveness of the address standard?

An address standard will assist in the reduction of delays in transfers and customers being transferred in error.

With respect to question 2(b), if the process for provision of the customer's 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 does not believe additional information should be exchanged between the outgoing and incoming retailer.

While we believe an address standard will reduce the incidence of erroneous transfers, mismatch will still occur because customers may misquote their NMI or provide an inaccurate address (for example, correct street, incorrect suburb).

Question 3 Efficient implementation of address standard

- (a) What method of implementation of an address standard would best balance the costs of implementation with the benefits (to both customers and retailers) of a reduction in transfer delays and errors?
- (b) Would it be efficient to couple an incremental approach (such as applying the address standard to new connections) with specific requirements applying to retailers in relation to customer transfers, for example requiring the incoming retailer to validate the address of its new customer and record the results in a new field in MSATS?

Origin agrees that an incremental implementation approach would be appropriate. This would likely be the least cost approach to implementing a common address standard over time. Validation at the time of a meter upgrade (for example to an advanced meter from a basic meter) may also assist. At the same time, Origin believes that meter providers and distribution network service providers (DNSPs) should progressively cleanse their address data against the standard.

We also note that there may be B2B changes to accommodate the address standard with respect to the customer site detail notification information shared between retailers and DNSPs.

While adding additional steps to the transfer process, the cleansing of existing MSATS data against an agreed standard will be more effectively achieved over a shorter period if validation on transfer occurs.

Question 4 Appropriate commencement dates for address standard obligations

- (a) How long would it take AEMO to consult on, develop and publish an address standard after the rule change is made?
- (b) How long would it take retailers and other users of MSATS to make the necessary preparations to comply with an address standard, after the form of the address standard is published?

Origin would support AEMO's suggestion that a nine-month consultation period be considered to consult on, develop and publish an address standard following changes to the rules. However, if it can be completed in a shorter period this would be preferable. There may be scope for the Information Exchange Committee (IEC) to include work on an address standard as part of the PoC work stream activities. This may have the benefit of avoiding reopening industry and AEMO systems twice. It may take up to 12 months depending on the IEC workload to implement changes. Origin believes that the new IEC should have a substantive role in developing the address standard.

Question 5 Extension of address standard to gas market address data

- (a) Are transfer errors and delays due to address mismatches a material issue in gas markets? Would an address standard be likely to reduce these issues in gas markets?
- (b) Should the same address standard be implemented in both the electricity and gas markets?
- (c) How, if at all, should the implementation of an address standard in the gas markets differ from the way it is implemented in the electricity market, given the lack of a centralised MSATS- type system in the gas markets?

Transfer errors and delays are also caused by address mismatches in gas markets. Again, an address standard could assist in reducing the incidence of these errors.

Ideally, a consistent address standard would be implemented for natural gas markets. Such implementation would differ given the absence of an equivalent to MSATS. Origin believes that gas distributors should maintain addresses in a format consistent with an agreed standard given the lack of a centralised system.

Question 6 Issues with current processes for resolving erroneous transfers

- (a) In your experience, is there a particular part of the NERL or procedures noted in the table above (or a part of the laws, rules or procedures that is not noted above) that does not function as intended in the case of erroneous transfers, and therefore contributes to, or fails to address, delays and difficulties in resolving erroneous transfers?
- (b) Are consumers and retailers sufficiently aware of their rights and obligations under the NERL, and the procedural options and obligations in the CATS Procedures, that are noted in the table above?

Erroneous transfers do not result from a failure of the NERL or relevant procedures, but rather from unintended administrative outcomes. Generally, retailers will be aware of their rights and obligations in this regard. In our view, the NERL and the procedures are not the trigger of erroneous transfers.

Question 7 Ways to improve the resolution of erroneous transfers

- (a) If a rule on the resolution of erroneous transfers is made, should it explicitly recognise that "resolving" an erroneous transfer relates to improving communication between the retailers involved and reducing the need for the customer to contact both retailers?
- (b) Should the rule specify different roles for Retailer A and Retailer B in the resolution process?
- (c) If different roles are specified for Retailer A and Retailer B, would obligations similar to the following ones be practicable (from the retailers' perspective) and effective in helping resolve the issue quickly and easily (from the customer's perspective)? If not, what obligations would be appropriate?
 - Retailer B (if contacted first) could be required to promptly contact Retailer A to explain that an erroneous transfer has occurred
 - Retailer A could then be required to promptly contact the customer, request consent to a new contract, and initiate a transfer request in MSATS retrospective to the date of the erroneous transfer
 - Both retailers would be obliged to review their bills to the customer in light of section 41 of the NERL, and promptly issue revised bills, refunds or credits if necessary.
- (d) Are there effective alternatives to including new specific requirements on retailers regarding this issue? For example, could the problem be addressed by doing one or both of the following:
 - altering the incentives applying to one or both retailers to act quickly once an erroneous transfer is identified?
 - providing more information to customers about their rights under section 41 of the NERL?
- (e) Are either of the potential approaches noted in question (d) above likely to be particularly burdensome to implement, relative to their likely benefits?

Origin supports the principles described in question 7(a). There is merit in considering different roles for the incoming and outgoing retailer in relation to the resolution of erroneous transfers. The process described in section 7(c) would seem to be a reasonable approach, noting that customers are likely to be confused as to why a new agreement may be required.

Origin does not believe that additional incentives (or penalties) would be an efficient means of resolving erroneous transfers between retailers. Providing customers with further information of itself

is unlikely to materially impact upon the final outcome if they have been transferred in error. Origin considers that both remedies suggested in question 7(c) would result in costs that exceed their likely benefits.

Question 8 Definition of erroneous transfer

How should "erroneous transfer" be defined so as to clearly and accurately capture the types of "errors" described in the rule change request, while excluding transfers undertaken with defective consent?

“Erroneous transfers can occur (e.g. where the customer is transferred to another retailer without the customer's consent). This typically occurs when a retailer raises the transfer request in MSATS, with the retailer entering the incorrect NMI due to:

- The customer quoting the NMI incorrectly to the retailer; or
- Error by the retailer when entering the NMI in MSATS.”

Origin supports the definition set out above, with a third dot point noting that the erroneous transfer could occur because the site and address information was incorrectly established in MSATS.

Question 9 Applying the new procedure to erroneous transfers of gas customers

- (a) Is the resolution of erroneous transfers a material issue in the gas markets?
- (b) Should any new procedure on the resolution of erroneous transfers be implemented for both electricity and gas customers?
- (c) How, if at all, should the erroneous transfer resolution procedure for gas customers differ from the procedure for electricity customers

Origin believes that if erroneous transfers are being examined in the context of electricity market, this should also apply in the retail gas market. As such, a new procedure on the resolution of gas market transfers should apply also.

Origin notes that any procedure applying in the gas market would impact upon gas market procedures and gas distributors would have a role to play in maintain any address standard.