



10 February 2014

Mr Slavko Jovanoski
Director
Australian Energy Market Commission
www.aemc.gov.au

Dear Mr Javonoski

Reference: EPR0038

Thank you for the opportunity to comment on the Options Paper on the Review of Electricity Customer Switching (the Options Paper) developed by the Australian Energy Market Commission (AEMC).

The Energy and Water Ombudsman Queensland (EWOQ) provides a free, fair and independent dispute resolution service for small electricity and gas customers across Queensland and water customers in south east Queensland who are unable to resolve a dispute with their supplier.

The comments made below are based on our experience in dealing with transfer complaints from residential and small business customers.

Options to address timing of the customer transfer process

As a general observation, consumers want to enjoy their purchases as soon as possible. In the context of the retail energy market, once a customer agrees to change energy retailers it is desirable that the switch occurs as soon as practicable. Customers will be reluctant to switch if the transfer process is clumsy, slow, and inaccurate. This is particularly important for low income customers who are urgently seeking to lower their power costs.

An efficient transfer system will therefore promote customer confidence, and assist in engaging customers in the retail energy market. The switching period of 65 business days appears, on its face, to be too long.

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| EWOQ agrees that the maximum transfer time for customer transfer requests should be reduced. |
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We note that industry practitioners disagree on a reasonable timeframe, while the Energy and Water Ombudsman New South Wales considers 21 days may be too optimistic. We are not in a position to offer an opinion on whether 21 business days is reasonable.

However, we consider that the length of time necessary to affect a transfer will be reduced if some of the other Options are also adopted.

For example, the majority of transfer complaints to EWOQ concern delays caused by the current practice of requiring an actual meter read. As the Options Paper notes, if a transfer request occurs soon after the last actual meter read, the next scheduled meter read may be up to 3 months into the future. Further delay will occur if the actual read is then frustrated by an access issue.

EWOQ favours allowing a customer the option of transferring on the basis of an estimated read. However, the customer should have a choice between receiving an estimated read, paying for a special read (fixed fee), or waiting until the next actual read.

EWOQ favours allowing a customer the option of transferring on the basis of an estimated read. However, the customer should have a choice between receiving an estimated read, paying for a special read (fixed fee), or waiting until the next actual read.

It is likely that estimated reads will result in complaints being made to retailers, and Ombudsman offices, resulting in additional cost to retailers.

EWOQ frequently receives complaints from customers who have unreasonable expectations of the time it takes to transfer to a new retailer. This suggests that communication is lacking in this regard. It is important that customers make fully informed decisions about the meter read options available to them and explicitly consent to their preferred option. The options available to them, and the advantages and disadvantages of each, should be carefully explained at the time the decision to switch is being made.

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Delays occasioned by lack of access will continue in the event the customer chooses to have a special read or wait for the quarterly actual read. When discussing the meter read options, retailers should take the opportunity to carefully explain the consequences of a customer failing to provide access to the meter. Perhaps a default option can occur if access is not provided. For example, where a special meter read is chosen by the customer who fails to provide access, the customer agrees to a transfer based on an estimated read or quarterly actual read whichever occurs first.

When discussing the meter read options with the customer, retailers should take the opportunity to carefully explain the consequences of a customer failing to provide access to the meter.

Consideration could be given to a default option in the event of lack of access to the meter.

EWOQ understands that meter reads are not conducted by the retailers but by other parties that may not have the same competition imperatives. Consequently, EWOQ agrees in principle with incentives being introduced to encourage timely and accurate reads provided no additional cost is passed on to the customer.

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In principle, EWOQ supports measures which improve transparency as they promote accountability and customer confidence. We agree that an increase in monitoring and public

reporting of statistics associated with the timing of the transfer process would also assist in reducing the transfer timeframe.

EWOQ in principle supports an increase in monitoring, and public reporting, of statistics associated with the timing of the customer transfer process, by the AEMO and/or the AER.

Options to address accuracy of the customer transfer process.

Complaints are received from customers when an incorrect National Meter Identifier (NMI) is provided by retailers resulting in a customer being transferred in error. Alternatively, the transfer is rejected through the MSATS process because the customer NMI address data provided by the winning retailer is different to the MSATS NMI address data. It follows that improvements in data accuracy are desirable.

EWOQ supports the cleansing of the MSATS data that is used in the customer transfer process, and the development of an industry agreed standard for addresses in the MSATS database

As with Option A4, EWOQ considers that enhanced transparency through measures such as that suggested in Option B2 are desirable.

EWOQ supports increased monitoring, and reporting by AEMO and AER of the accuracy on the customer transfer process.

In principle we would support customers having their NMI number displayed on all meters in addition to continuing to include the NMI on their bill.

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EWOQ would support the option of creating an obligation under the National Energy Retail Rules to resolve erroneous transfers and the establishment of guidelines on how transfers are to be resolved. This initiative should reduce the number of transfer complaints referred to Energy Ombudsman schemes thereby reducing the costs to retailers for Ombudsman complaints.

EWOQ supports a National Energy Retail Rules obligation on retailers to co-ordinate to resolve erroneous transfers in a timely manner.

EWOQ supports any initiatives aimed at improving and streamlining the existing objections framework.

In addition, consideration should be given to the establishment of guidelines for customer transfer objections by existing retailers for debt and MSAT objections to the transfer when more than one application is received.

EWOQ supports AEMO improving the functioning of the objections framework that forms part of MSATS.

I trust this information is of assistance to you. Should you require further information, please contact Ms Ilona Cenefels, Manager Policy and Research on (07) 3087 9455.

Yours sincerely

A handwritten signature in black ink, appearing to read "Forbes Smith". The signature is written in a cursive style with a large initial 'F' and a long horizontal stroke at the end.

Forbes Smith
Energy and Water Ombudsman