

Project Ref Code: RRC0009

19 July 2017

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

via AEMC's website, www.aemc.gov.au

Dear Mr Pierce,

National Energy Retail Amendment (Strengthening protections for customers requiring life support equipment) Rule 2017

SA Power Networks welcomes the opportunity to provide a submission in response to the *National Energy Retail Amendment (Strengthening protections for customers requiring life support equipment) Rule 2017* Consultation Paper of the Australian Energy Market Commission (**AEMC**).

On 28 February 2017, the Australian Energy Regulator (**AER**) submitted a rule change request to the AEMC seeking to amend the National Energy Retail Rules (**NERR**) to modify the obligations of retailers and distributors when a person residing at a customer's premises requires life support equipment (**LSE**).

The AER highlighted three main concerns with the life support rules, which were:

- (a) Customers requiring life support are not being validly registered;
- (b) The AER has difficulty enforcing certain life support rules if the customer does not provide medical confirmation to either the retailer or distributor; and
- (c) Life support registers have grown and have become increasingly inaccurate.

SA Power Networks supports some aspects of the proposed Rule change but considers that it does not remedy all the issues raised by the AER in its Rule change request. SA Power Networks supports the Energy Networks Australian submission, except that based on our previous experience (ie prior to National Energy Customer Framework (**NECF**)) in managing the life support register, we consider that the distributor not the retailer is best placed to manage it.

Background to life support obligations in South Australia

The NECF, which included the NERR, commenced operation in South Australia (**SA**) on 1 February 2013. Prior to this, a similar regime operated in SA (**SA regime**) where a customer's premises was registered for life support equipment after the customer provided confirmation from a medical

practitioner that a person residing at the premises required LSE to sustain their life. The only differences between the two LSE regimes were that under the SA regime:

- Only the distributor could register a customer premises as having LSE; and
- It limited the type of equipment¹ that could be registered and it did not include the ability for a medical practitioner to specify additional devices/equipment.

This pre-NECF regime did not have any of the issues raised by the AER in its Rule change application. Under the SA regime a premises was never registered without confirmation from a medical practitioner that a person residing at the premises was reliant on LSE. The number of premises flagged with LSE was stable and the register was accurate, with less than 2,000 premises registered. In addition, there was no requirement for a customer to re-register their premises as having LSE if they churned retailers.

The SA regime was efficient, effective and provided the same levels of protection, as that intended by the NERR regime and proposed by the AER in their rule change request. In addition, it provided a single point of contact for customers to register and de-register and the distributor was accountable for managing the LSE register. The SA regime was similar to the AER's proposed regime from an accountability point of view, as only the party registering the premises as having LSE could deregister it.

Our experience with the efficiency and effectiveness of the SA Regime in comparison to the current NERR life support regime has informed our responses in relation to the AEMC's questions.

Responses to questions raised by the AEMC in its consultation paper

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?

Retailers are registering customers' premises as having LSE without being in possession of confirmation from a medical practitioner, which is contrary to the NERR requirement. SA Power Networks considers that this is the main cause of the significant increase in the numbers of premises registered for LSE and for the inaccuracies in the LSE registers.

Another issue is that on occasion SA Power Networks has received written advice from a customer to remove their LSE flag, but their retailers remain reluctant to remove the LSE flag without also contacting the customer. Also, where the retailer contacts the customer to verify the de-registration it causes confusion and frustration for customers, especially considering that in some cases they may have lost a loved one.

SA Power Networks writes annually to customers with LSE to verify contact details and to confirm that a person at the premises requires LSE. Of the written returns received in the most recent round of verifications about 30% required updating of contact details and another 20% no longer had LSE or were incorrectly registered as they never had LSE.

¹ The Essential Services Commission of SA determined which equipment was permitted to be registered as life support equipment.



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.
- (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?
- (c) Are the notification arrangements between retailers and distributors sufficient to achieve the requirement of keeping registers up to date?
- (d) As a retailer or distributor, what additional costs would you incur to comply with the changes proposed to the registration process?
- (e) Does the information pack proposed in the rule change request provide the appropriate information?

SA Power Networks has experienced a significant increase in the numbers of premises since the introduction of NECF in SA, with the numbers increasing from under 2,000 to just under 6,000 in four years. Prior to the introduction of the NECF, the numbers of premises registered, as indicated earlier, were stable.

We consider that only one party (our preference is the distributor) should be responsible for registering the premises for LSE. However, either party can initiate removal of the LSE flag, where they have received advice (eg in writing) from the customer or their agent that the LSE is no longer required.

The method of notification (eg the business to business (B2B) Customer Details Notification (CDN) process) between retailers and distributors about life support customers has not changed since the implementation of the NCEF, and we consider it is still appropriate. However, our only concern with that process is that retailers do not always provide all the customer contact information they hold to the distributor. Retailer must be required to provide the full customer contact information they hold.

The information pack proposed in the Rules contains the appropriate information, but should only be provided by the registering party and not both parties.

Question 3 *The medical confirmation process*

- (a) Is the medical confirmation process proposed in the rule change request appropriate for consumers, retailers and distributors?
- (b) As a retailer or distributor, what additional costs would you incur to comply with the changes proposed to the registration process?

SA Power Networks considers that the process proposed by the AER will increase costs, as customers will be able to register as requiring LSE without medical confirmation. Both distributors and retailers will incur additional costs in either following up the customer to get the medical confirmation or will incur costs in complying with obligations imposed by the premises being flagged as having LSE, despite LSE not being required at the premises.

We consider that a premises must only be flagged as having LSE where either the distributor or retailer has been provided with a medical certificate that a person residing at the premises is reliant on LSE. We observe that customers must also provide a medical certificate to receive a financial



subsidy/rebate from State and Federal Governments to mitigate the running costs of the LSE. So, it is uncontroversial for life support 'protections' to only apply once a medical certificate is supplied.

Under the AER's proposal, the party registering the premises is responsible for seeking and obtaining a medical certificate. As the vast majority of premises are registered by the retailer, let us consider the example where the retailer has registered the premises without the support of a medical certificate. The retailer flags the premises as requiring life support and under the Rules advises the distributor that the site is flagged for LSE. Consequently, both the retailer and the distributor must send the customer an 'information pack', within five business days of a premises being registered. The retailer's information pack will request a medical certificate and advise that life support protections will be removed if not provided, whereas the distributor's information pack (as they are unaware the retailer does not hold a medical certificate) may just advise that the premises is flagged for life support without any caveat. This will create confusion in the customer's mind as they could consider that they no longer need to provide a medical certificate to the retailer. This will make follow up more complex for the retailer to obtain a medical certificate.

Question 4 *The deregistration process*

- (a) Does a voluntary process for deregistration strike the right balance between the needs of customers and businesses?
- (b) Should only the retailer or distributor who was originally notified by the customer when they registered be in control of the deregistration process?
- (c) As a retailer or distributor, what additional costs would you incur to comply with the changes proposed to the deregistration process?

SA Power Networks considers that the main purpose of the de-registration process is to remove the LSE flag where the premises was flagged without the support of a medical certificate and the customer does not provide one after follow up. Conversely, if a premises is only flagged with the support of a medical certificate, then a de-registration process is not required for incorrectly flagged premises. SA Power Networks considers that the current Rule requirement to only flag a premises with the support of a medical certificate should be retained.

Under the AER's proposed Rule there is no requirement to remove the life support flag where the customer has provided written confirmation that a person who was reliant on LSE no longer resides at the premises. SA Power Networks considers that there must be a mandatory requirement to remove the LSE flag where the customer requests that the LSE flag be removed.

The AER's proposal does not require a customer to provide a medical certificate in order to be registered for LSE, where their premises was previously registered and subsequently de-registered as the customer didn't provide a medical certificate. SA Power Networks considers that where a customer has been previously registered without the support of a medical certificate and subsequently de-registered for not providing it, they should not be re-registered unless they provide a medical certificate to confirm the requirement for LSE. The issue here is that a customer could continually re-register their premises without supplying a medical certificate where they have been previously de-registered for not supplying a medical certificate.



Other issues

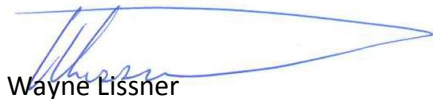
It is inefficient for both the retailer and the distributor to provide information packs which contain very similar information, when one party could provide all the required information to the customer. As indicated earlier, we consider that only the registering party (ie retailer or distributor) should provide the information pack to the customer, with that information pack including the information specified in the Rules that the retailer and the distributor must provide.

The B2B process provides the mechanism via a CDN for the retailer to advise the distributor that a person resides at the premises who is reliant on LSE. However, the CDN process cannot be used by a winning retailer (ie when the customer is about to churn) to advise the distributor that their new customer should be flagged for LSE. The winning retailer can only flag the site once they are responsible for the site. This gap could be resolved if the distributor was the only party who could register the premises for LSE.

SA Power Networks is aware that premises are being flagged as having LSE when the medical certificate is for an 'emergency call device', which is arguably not for sustaining life under normal circumstances. In other cases, premises are being flagged for LSE where the equipment (eg air-conditioner) is more for comfort than for sustaining life or is only required for several extreme weather days per year. Consequently, we consider that medical practitioners should be provided guidance on what constitutes LSE.

If you have any queries or require further information, please contact Mr Grant Cox on 08 8404 5012.

Yours sincerely



Wayne Lissner
A/ General Manager Corporate Strategy

