

8 November 2017



Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Dear Mr Pierce

Draft Rule Determination: Strengthening protections for customers requiring life support equipment

Energy Queensland Limited (Energy Queensland) appreciates the opportunity to provide a submission to the Australian Energy Market Commission (AEMC) on its Draft Rule Determination: *Strengthening protections for customers requiring life support equipment* (draft rule determination) in relation to a rule change request received from the Australian Energy Regulator proposing changes to distributor and retailer life support obligations under Part 7 of the National Energy Retail Rules.

Energy Queensland's comments on the proposed amendments to the life support registration and deregistration processes and introduction of a medical confirmation process are outlined in the attached submission.

Should you require additional information or wish to discuss any aspect of Energy Queensland's submission, please do not hesitate to contact either myself on (07) 3851 6416 or Trudy Fraser on (07) 3851 6787.

Yours Sincerely

A handwritten signature in black ink, appearing to read "Jenny Doyle", is written over a faint, larger version of the same signature.

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Energy Queensland

Submission to the Australian Energy Market Commission

Strengthening protections for customers requiring life support equipment

Energy Queensland Limited

8 November 2017



About Energy Queensland

Energy Queensland Limited (Energy Queensland) is a Queensland Government Owned Corporation that operates a group of businesses providing energy services across Queensland, including:

- Distribution Network Service Providers, Energex Limited (Energex) and Ergon Energy Corporation Limited (Ergon Energy);
- a regional service delivery retailer, Ergon Energy Queensland Pty Ltd (Ergon Energy Retail); and
- affiliated contestable businesses, Metering Dynamics, Energy Impact and Ergon Energy Telecommunications.

Energy Queensland's purpose is to 'safely deliver secure, affordable and sustainable energy solutions with our communities and customers' and is focused on working across its portfolio of activities to deliver customers lower, more predictable power bills while maintaining a safe and reliable supply and a great customer experience.

Our distribution businesses, Energex and Ergon Energy, cover 1.7 million km² and supply 37,208 GWh of energy to 2.1 million homes and businesses. Ergon Energy Retail sells electricity to 740,000 customers.

The Energy Queensland Group also includes new energy services businesses which will provide customers with greater choice and control over their energy needs and access to the next wave of innovative technologies and renewables. The energy services businesses are key to ensuring that Energy Queensland is able to meet and adapt to changes and developments in the rapidly evolving energy market.

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1 Introduction

On 26 September 2017, the Australian Energy Market Commission (AEMC) published the *Draft Rule Determination: National Electricity Amendment (Strengthening protections for customers requiring life support equipment) Rule 2017* (draft rule determination) in relation to a rule change request received from the Australian Energy Regulator (AER). The draft rule determination proposes changes to distributor and retailer life support obligations under Part 7 of the National Energy Retail Rules (the life support rules) to ‘provide better protection for life support customers, allocate responsibilities clearly and appropriately between retailers and distributors, and improve the accuracy of life support registers’.¹

The draft rule determination proposes a more preferable rule that will amend the life support registration and deregistration processes and introduce a medical confirmation process. Specifically, the draft rule will:

- allow customers to receive the relevant life support protections from the time they advise their distributor or retailer that life support equipment is required until such time as they are deregistered;
- place obligations on the registration process owner to advise customers of their rights and obligations under the life support rules and follow prescribed life support confirmation and deregistration processes;
- enable either the distributor or retailer to initiate the deregistration process when informed by a customer that life support equipment is no longer required; and
- enable the non-registration process owner to deregister a customer when the registration process owner deregisters a customer as a result of medical confirmation not being provided.²

The AEMC has requested that interested parties make submission on the consultation paper by 8 November 2017. Energy Queensland’s comments are provided in Sections 2 and 3. We are available to discuss this submission or provide further detail regarding the issues raised.

¹ AEMC, *Draft Rule Determination: National Energy Retail Amendment (Strengthening protections for customers requiring life support equipment) Rule 2017*, 26 September 2017, p. 1.

² *Ibid*, p. 1/2.

2 General comments

Energy Queensland takes its obligations with respect to life support customers very seriously and is therefore supportive of changes to the life support rules that strengthen protections for those customers. However, while proposed changes to the current rules around the registration and deregistration of life support premises are welcomed, Energy Queensland is concerned that the draft rule determination does not fully address issues regarding the ongoing accuracy and growth in size of life support registers.

As evidenced in the AEMC's draft rule determination, the growth in the numbers of premises registered as requiring life support equipment and the inaccuracy of life support registers is a key concern for the national electricity market.³ In Energy Queensland's view, important consumer protections, such as those relating to customers with life support equipment, should be:

- targeted to customers who are legitimately at risk in the event of a temporary, unexpected loss of power supply; and
- supported by robust processes that minimise any unnecessary operational and administrative burden which may lead to increased electricity prices.

Although Energy Queensland notes that a review of the definition of life support equipment is out of scope of this rule change, further consideration of the following is recommended:

- mandatory deregistration where a customer advises either the distributor or retailer that life support equipment is no longer required or does not provide medical confirmation to the registration process owner within the prescribed timeframe; and
- a requirement for the periodic renewal of life support registration, e.g. a bi-ennial renewal process.

Measures such as these would assist in maintaining the validity of life support registrations and minimise compliance costs.

There are also potential B2B issues associated with the draft rule which would require the B2B processes and participant systems to be upgraded to accommodate additional fields and facilitate distributor-initiated customer details notifications. If changes to processes

³ AEMC, *Draft rule determination*, p. 21.

and systems are required, the proposed six month timeframe for implementation of the final rule will not be adequate. Any requirement to implement additional manual processes as an interim measure will have cost implications for participants.

Further detailed comments on the draft rule are provided in section 3.

3 Detailed comments

Draft Rule	Energy Queensland Comment
General drafting	<p>It is noted that the use of italics for defined terms has not been applied consistently throughout the draft rule and will require amendment in the final rule.</p>
Rule 124 Registration of life support equipment	<p>New rules 124(1)(b)(vi) and 124(3)(b)(vi) would require the registration process owner (i.e. the retailer or distributor contacted by the customer) to provide the customer with an emergency telephone contact number for both the distributor and retailer. These new rules amend the current requirement for the retailer or distributor to provide an emergency telephone contact number for the distributor only at the time the customer's premises is registered as having life support equipment.</p> <p>Energy Queensland considers that it is critical that life support customers should always contact the distributor in the first instance when they experience an unexpected loss of power supply. An obligation to provide the retailer's emergency telephone contact number would, in our view, result in confusion for the life support customer about who they should contact in an emergency situation and therefore potentially place the customer's safety at risk. If there is a need for the life support customer to contact their retailer, the distributor can advise the customer accordingly.</p> <p>Energy Queensland therefore recommends that the current requirement to provide the distributor emergency telephone contact number only should remain in place.</p>

Draft Rule**Energy Queensland Comment**

Rule 124A Confirmation of premises as requiring life support equipment

Energy Queensland is concerned that there is nothing in the draft rule to prevent customers from repeatedly recommencing the registration process (and receiving life support protections) without ever providing medical confirmation. Consequently, consideration should be given to either:

- limiting the number of times the registration process can be re-initiated without receipt of medical confirmation; or
- providing for a shortened registration process for customers who have previously registered and been deregistered due to failure to provide a medical certificate.

We also note that the draft rule provides for the customer to be provided with 'at least one extension of time to return the medical confirmation form'. In order to ensure the confirmation process is not prolonged indefinitely, Energy Queensland considers that this rule should be amended to provide only one extension of time within which to return the medical confirmation form.

Rule 125 Deregistration of premises

Energy Queensland has a number of concerns with respect to the proposed deregistration process as follows:

- New rule 125(2) provides retailers and distributors with five business days to notify the other party that a customer's premises has been deregistered. However, as retailer and distributor obligations in rule 124B cease to apply once a premises has been deregistered (new rule 125(3)), we consider five business days is an unnecessarily long timeframe within which to advise the other party of the deregistration. We therefore recommend that deregistration notification should be provided 'promptly'. This timeframe is also consistent with the requirement to promptly notify the other party of life support registration.

- New rules 125(4)(c) and 125(5)(c) require the retailer or distributor to provide the customer with a deregistration notice no less than '15 days' from the date of issue of the second confirmation reminder notice. We recommend that these rules should be amended to read '15 business days' to ensure consistency with other life support process timelines.
- New rules 125(4) and (5) deal with deregistration where the customer does not provide medical confirmation to the registration process owner. In order to assist in keeping life support registers up-to-date, Energy Queensland considers that the words 'may deregister' in these new rules should be amended to 'must deregister'.
- New rules 125(7)(a) and 125(8)(a) require the retailer or distributor to provide the other party with a copy of the deregistration notice sent to the customer within five business days. However, we consider that the registration process owner should be responsible for retaining a copy of the deregistration notice and that requiring both parties to hold a copy is unnecessary duplication of administrative effort. In our view, the other party should only require notification of the date of deregistration and the ability to request a copy of the deregistration notice if required.
- New rules 125(9) and (10) deal with deregistration where the customer advises that there has been a change in circumstances which means that life support equipment is no longer required. Energy Queensland considers that these new rules are overly-complex and unnecessarily duplicative. Specific concerns regarding the drafting of these rules are as follows:
 - Subrules 125(9)(a) and 125(10)(a) require the party advised by the customer to inform the other party that advice has been received from the customer

that life support registration is no longer required within five business days. Energex and Ergon Energy consider that this obligation is unnecessary and that it is sufficient for the other party to be notified of the date of deregistration.

- Subrules 125(9)(b) and 125(10)(b) require the party advised by the customer that life support registration is no longer required to take reasonable steps to verify the advice with the customer within three business days. Subrules 125(11)(a) and 125(12)(a) require the other party to follow a similar process. We consider that these requirements:
 - are an unnecessary duplication of effort; and
 - will result in multiple conversations with the customer before deregistration can be finalised which, depending on the circumstances, may cause distress for some customers.

In our view, we do not believe there is any need to contact the customer to verify their advice that life support registration is no longer required. While we understand there may be a risk in deregistering customers who do not provide medical confirmation within the prescribed timeframe, we do not believe there to be a similar risk associated with deregistering a premise when the customer has advised the distributor or retailer that life support equipment is no longer required.

Similarly, in order to assist in keeping life support registers accurate and up-to-date, Energy Queensland considers that the word 'may' in new rules 125(9)(c) and 10(c) should be amended to 'must'.

Draft Rule

Energy Queensland Comment

Rule 126 Registration and deregistration details must be kept by retailers and distributors

New rule 126(b) requires both the retailer and distributor to keep a range of life support registration and deregistration details up-to-date. Energy Queensland considers that, while it is appropriate for the registration process owner to maintain the information specified in subrules 126(b)(i)-(iv), it is only necessary for the other party to maintain details of the date when the customer requires life support registration and the date when the premises is deregistered (i.e. subrules 126(b)(i) and (iii)). The other party can contact the registration process owner or deregistration initiator if, for any reason, the information held by that party is required.