

18 July 2017

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

Dear John

RE: AEMC Consultation Paper – National Energy Retail Amendment (Strengthening protections for customers requiring life support equipment) Rule 2017 (Reference RRC0009)

Endeavour Energy welcomes the opportunity to provide feedback on the AEMC's consultation paper – *National Energy Retail Amendment (Strengthening protections for customers requiring life support equipment) Rule 2017*. The paper follows a rule change request from the Australian Energy Regulator (AER) that seeks to amend the National Electricity Retail Rules (NERR) to modify the obligations of retailers and distributors once they are notified of a customer's use of life support equipment.

To reduce the number of invalid life support registrations and ensure customers receive the legal protections the life support rules are designed to provide, the proposed changes seek to:

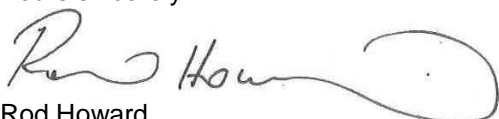
- provide enforceable protections from the time a customer informs a retailer or distributor, prior to providing medical confirmation;
- require the registration process owner to provide clear and thorough information of the requirements of the customer to complete the registration process; and
- require each registration process owner to follow a common, prescribed process for registering, obtaining medical confirmation and deregistering a customer.

Endeavour Energy recognises life support customers are particularly vulnerable to supply interruptions and as such we support the proposed rule change. The changes would improve the consistency of the information that affected customers would receive regardless of their retailer or distributor. Adequately outlining the entire life support registration process and explicitly detailing the information requirements of the customer to confirm their eligibility to life support protections would help to limit the number of invalid registrations and improve the accuracy of registers.

We consider the correspondence between customers and their respective retailer and distributor may be further improved by providing all information to customers from a single source. As most life support notifications from customers are directed to retailers, we believe that retailers may be best placed to exclusively perform the role of registration process owner. The application process for jurisdictional rebate schemes and current business to business data flows would facilitate this alternative streamlined approach. Endeavour Energy's responses to the issue paper questions are attached to this letter.

If you have any queries or wish to discuss this matter further please contact Meghan Bibby, Manager of Customer Service on (02) 9853 5323 or alternatively via email at meghan.bibby@endeavourenergy.com.au.

Yours sincerely



Rod Howard
Chief Operating Officer

Responses to the AEMC’s consultation paper questions

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?

Endeavour Energy agrees the AER has accurately characterised some of the issues with the life support rules. However, we believe the AER has not captured various issues with the current life support business to business data flows and the customer to market participant relationship.

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.

The current number of life support registrations for Endeavour Energy as at May 2017 is 20,824. This represents approximately 2.2% of our total customer number. There has been a 25% increase in the number of registrations in the three years from 2014 to 2017.

Year	June 2014	June 2015	June 2016	May 2017
Life support customers	16,769	18,933	20,223	20,824
Annual % change	-	13%	7%	3%

(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?

Endeavour Energy agrees that the AER’s de-registration obligations provide greater certainty and transparency around the process to remove the life support registration where the medical certification has not been provided. However, we consider uncertainty may arise due to the nature of registration process flow of data which, through the current business to business rules, is from retailer to distributor.

If a life support customer initiates registration with a distributor, the distributor then contacts the relevant retailer to allow the retailer to also register the customer and trigger off the business to business notification. This is also the process that has been confirmed for the upcoming Power of Choice suite of changes commencing 1 December 2017. Following the proposed rule change, Endeavour Energy understands there will be no database of reference to enable a distributor or retailer to determine which party assumes the registration process owner role. This, despite the process outlined in the proposed rule change, may lead to confusion as to which party is required to provide the initial request for medical confirmation and other related activities.

Furthermore, the registration flow also does not recognise the various life support electricity rebate applications that are sent from life support customers to retailers. In NSW, retailers are required to deliver the life support rebate to eligible customers. This is required for every new customer transfer and every two years for existing customers (as a confirmation measure to ensure the rebate is only provided to eligible customers). The application process also required medical confirmation of the need for life support. As the rebate process involves retailers, a vast majority of life-support registrations occur with the retailer. We believe there may be an opportunity to develop a more efficient process by integrating life-support rebate applications and registrations.

(c) Are the notification arrangements between retailers and distributors sufficient to achieve the requirement of keeping registers up to date?

We suspect inaccurate life support registers have developed over time in part because of deficiencies of the notification processes between retailers and distributors.

Notification of life support currently requires a yes/no flag in the business to business transaction from retailer to distributor. This does not allow for customer registration notifications made to a distributor, nor does it allow for the flow of information about the life support registration (e.g. device type, appropriate contact details for any carers etc.) which enables a distributor to better manage life support customers during planned network outages and other activities. The rules also do not allow for the flexibility to remove a flag when only one party considers the flag is no longer legitimately required – leading to efforts aimed at convincing the other party that the flag should be removed.

(d) As a retailer or distributor, what additional costs would you incur to comply with the changes proposed to the registration process?

To adhere to the increased obligations and processes of the proposed rule change, we would expect to incur additional one-off administrative, system development and software costs. There could also be potentially higher administration costs to manage increased volumes if the distributor becomes the process owner for a higher number of registrations.

(e) Does the information pack proposed in the rule change request provide the appropriate information?

If life support registration occurs with the retailer, the proposed rule would require two packs of information to be sent to the customer. One from the retailer explaining the need for provision of medical evidence and one from the distributor to provide information on how to handle unplanned outages. It would be efficient and less confusing for the customer if these information requirements could be merged and delivered from a single party. Otherwise, we consider the information within the proposed pack to be appropriate.

3. The medical confirmation process

(a) Is the medical confirmation process proposed in the rule change request appropriate for consumers, retailers and distributors?

Providing customers sufficient time and opportunity to supply medical confirmation of the need for life support equipment is critical to ensure eligible customers are suitably protected. Endeavour Energy considers the medical confirmation process appropriate and supports adapting the clear timeframes set by the proposed rule.

(b) As a retailer or distributor, what additional costs would you incur to comply with the changes proposed to the registration process?

Endeavour Energy would incur an initial cost of adapting our existing process to those proposed by the AER. There could also be potentially higher ongoing administration costs to manage increased volumes if the distributor becomes the registration owner for a higher number of registrations as currently the volume is very low and not automated.

4. The deregistration process

(a) Does a voluntary process for deregistration strike the right balance between the needs of customers and businesses?

We support amendments to the Rules which will allow the retailer or distributor to deregister a customer if, after having followed the proposed prescribed confirmation processes, the customer fails to provide the required medical confirmation. This process will allow retailers and distributors to prioritise the needs of current confirmed life support customers. It will ensure the protections are afforded only to those who have a genuine need for life support arrangements to be in place. We also support deregistration of premises when some customers advise that for a range of reasons, life support protection is no longer necessary at a premises e.g. the life support customer has

moved, or died, or no longer requires life support equipment. In these circumstances, it should be permissible for the notified party (either the retailer or distributor) to deregister the premises.

However, the current set-up of registration data flow does not support the ruling, as the majority of deregistration requests to a distributor then have to go to the customer's retailer who may or may not act on the customer request for de-registration. This often creates angst whenever a distributor is in contact with a customer who has already advised that the life support is no longer required, however, the retailer has not enacted the removal. It is unnecessary and duplicative for customers to be contacted by both their retailer and distributor seeking confirmation of the same information.

(b) Should only the retailer or distributor who was originally notified by the customer when they registered be in control of the deregistration process?

At the moment the majority of the registrations are handled via the retailer as they also have the obligation for any jurisdictional electricity rebates to be applied to the customer's bill. To best address the AER's concerns, it may be preferable that all registrations be handled via the retailer. The one way nature of the B2B transaction for life support in the market would support a retailer initiated process.

Endeavour Energy is often made aware of inaccurate registrations through customers who have indicated they do not have life support requirements. This notice is provided to us as a result of informing customers of planned supply interruptions who we have flagged in our system as requiring life support. As we are not the process owner in most situations, we are unable to initiate deregistration.

(c) As a retailer or distributor, what additional costs would you incur to comply with the changes proposed to the deregistration process?

We do not expect to incur any material additional costs.

(d) Do stakeholders have comments on these additional considerations?

There needs to be alignment between the overarching rules and any underlying procedures for data flows in the market. If not, the ability of businesses to manage life support registers will become more difficult and potentially confusing for customers.

We are aware of a previous request to increase the data flowing between retailers and distributors for life support to enable better management of these vulnerable customers. This was initially to be included as part of the Power of Choice reforms but was subsequently largely dismissed due to the large number of changes. We would encourage reviewing data flow requirement to better enable any changes to life support obligations to be handled between retailers and distributors.

(e) What other issues should be considered?

We consider there is scope to align the proposed registration process to the existing rebate schemes offered by state governments to life support customers. As the rebate scheme in NSW requires supplying regular medical confirmation to retailers (every 2 years or each time a customer changes retailers), we support measures that may allow the use of the information provided at the time of applying for the rebate to allow retailers and distributors to maintain accurate life support registers. Failure to renew a rebate application may indicate life support is no longer required at the premises and would initiate appropriate investigations to confirm.