

9 June 2016

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

ENA submission to AEMC Consultation Paper “Improving the Accuracy of Customer Transfers”

Dear Mr Pierce

ENA welcomes the opportunity to provide a submission to the Australian Energy Market Commission (AEMC) Consultation Paper on Improving the Accuracy of Customer Transfers.

The ENA is the national industry association representing the businesses operating Australia’s electricity transmission and distribution and gas distribution networks. Member businesses provide energy to almost every household and business in Australia.

The ENA acknowledges that inaccuracies do occur in a small number of customer transfers, and that these inaccuracies can cause delays and result in a poor customer transfer experience. ENA supports strengthened obligations on retailers to coordinate in their resolution of erroneous customer transfers in a timely manner.

ENA recognises there may be merit in the proposal to introduce an address standard to minimise any mismatch between the address data in the MSATS system. However, ENA considers there is insufficient evidence that the address issues cause major delays for a significant number of customers. Any prospective benefit from the proposal would need to be quantified and evaluated against the potentially significant costs that will be incurred by market participants including Network Service Providers (NSP), and other affected parties. The following issues outlined below would need to be considered.

Number of Affected Customers

The consultation paper states that erroneous transfers make up only 2.2% of the total transfer volume. Given that there are many known causes of errors in the transfer process, errors due to a mismatch between the address data in the MSATS system is only a sub-set of the 2.2% of transfers. It is therefore likely that a much smaller percentage of customer transfers are affected by mismatched address data. The actual number of transfers affected by mismatched address data would need to be determined to assess the costs and benefits of the proposed change. ENA is unable to comment on the percentage of erroneous transfers resulting from a mismatch between the address data in the MSATS system.

Cost to Market Participants

Any proposed changes to the data contained in MSATS system will require all market participants to make changes to their IT systems at potentially significant cost. Furthermore, processes and procedures will need to be updated. NSPs would need to update new connection processes and data maintenance practices in accordance with AEMO's chosen data standard. Although no estimate has been made of the cost to the necessary procedural and IT changes, experience demonstrates that the cost of specifying, implementing and testing changes to IT systems are likely to be significant.

Proposed Address Standard

NSPs rely on accurate NMI address data to identify the physical location of customer's properties for the purposes of providing safe and reliable network services. Therefore, most NSPs undertake significant work to ensure the accuracy of these records. Many NSPs use address standards detailed in Australian Standard AS4590, whilst others ensure that their records match the address data held in local council databases. If a new address standard were to be introduced, detailed consultation across all jurisdictions would be necessary, to ensure that all NSPs were able to maintain accurate NMI address data; and that the address data enabled them to easily identify the location of the customers connected to their network.

The consultation paper suggests imposing a geo-spatial and or AusPost address standard and an authoritative address data validation requirement in MSATS. This proposed address standard would be different to address standards detailed in AS4590; and the address standards used by most of ENA's members.

If the Australia Post standard was chosen it would only apply to mail box (delivery location) of addresses and not the connection point or even the premise being supplied electricity. If a geo-spatial address standard was applied, then NSPs would either need to cross-reference with a new mapping application to obtain or take physical coordinates on site. In either case, both implementations would result in additional IT licensing, systems and operational costs.

ENA understands that many issues arise in situations where the customer's understanding of their address, or the address the customer prefers to use, differs from the NMI address; even when the NMI address is correct. Misunderstandings may occur, for example, where the property has multiple street frontages or is located on a suburb boundary. Implementing an alternate address standard would only be effective if the address aligns with the customer's understanding of their address.

ENA therefore believes that improving NMI-address search capability within MSATS may assist users in identifying potential data mismatches, such as a misspelled address or a variation to the NMI address. This could reduce errors and reduce erroneous transfers.

Proposed Addition of Retailer data

The consultation paper notes a potential additional solution might be to create a second address field in MSATs for the Retailer address. The inclusion of the additional address field would create an additional ongoing burden on users to search through a large databases of unique codes. Furthermore, any replication of data, or provisioning of alternative fields could increase complexity, potential confusion and could possibly lead to more errors itself.

Timing of any Proposed Change

To implement the proposed rule change, consultation will be required, and new detailed procedures will need to be developed by the industry prior to market participants considering the necessary changes to their own IT systems and procedures. A significant amount of time would then be required for all market participants to implement the required changes to their processes and IT systems.

ENA recognises that some savings can be made if the changes can be made to coincide with other changes required to IT systems and procedures. However, it is essential that adequate time is allowed to enable all market participants to implement all required changes.

Given the volume of work required to implement the changes required for Metering Competition on 1 December 2017, and the importance of completing this critical work, ENA considers it essential that any changes that may result from this proposal are to be implemented following completion of the major system and process changes being implemented to support the Power of Choice reforms commencing on 1 December 2017.

Incremental Approach

If it is decided that changes are to be made to a standardised address format, ENA would recommend the incremental approach suggested. It is essential that addresses are updated only as a convenient opportunity arises; for example, when a customer requests a new connection. An alternate approach would result in a huge cost to the industry and not result in any significant benefit to customers.

Recommendations

The ENA acknowledges that inaccuracies do occur in a small number of customer transfers, and that these inaccuracies can cause delays and result in a poor customer transfer experience. ENA supports strengthened obligations on retailers to coordinate in their resolution of erroneous customer transfers in a timely manner.

ENA also recommends that:

- The number of erroneous transfers due to incorrect address data is determined to assess the costs and benefits of any change. Applicability for the gas sector could also be considered as part of the cost benefit assessment.
- Consideration be given to improving NMI-address search capability within MSATS.
- The introduction of an address standard should only be considered after detailed consultations with all jurisdictions to ensure that:
 - Any proposed address standard can be implemented by all market participants at minimal cost; and
 - NSPs are able to use address data to easily identify the location of the customers connected to their network.
- An incremental approach is adopted to any changes that result from this proposal; so that addresses are updated as a convenient opportunity arises, for example, when a customer requests a new connection.
- Any changes that may result from this proposal should be implemented following completion of the major system and process changes being implemented to support the Power of Choice reforms commencing on 1 December 2017.

For further information on this matter, please contact Peter Cole at ENA on 0434 871 422 or pcole@ena.asn.au.

Yours sincerely



John Bradley
Chief Executive Officer