

9 June 2016

Ms Anne Pearson
Chief Executive
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Anne

Ref: ERC0195

Thank you for the opportunity to comment on the *Improving the accuracy of customer transfers* consultation paper.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers.

EWON believes that this consultation paper provides a positive approach that will improve customer outcomes, and thus reduce the number of customers who approach their retailer and/or EWON with a complaint.

Address standard

EWON supports the concept of introducing an address standard and believes that AEMO is the appropriate body to develop and implement such a standard. The introduction of an address standard would reduce a range of issues associated with customer transfers and the opening of new accounts.

The main purpose of an address standard is to reduce delays and errors in the transfer process. As Case Study 1 shows, address errors in opening an account can, in the worst circumstances, result in an unexpected disconnection. The establishment of a standard which improves the accuracy of the transfer process will be of considerable benefit to the consumer and the market.

Case Study 1

A customer contacted EWON after he had been disconnected. He had moved in 6 months ago and had not received any bills. EWON investigated and established that his attempt to open an account had failed as the address he provided was not on MSATS. Using Google earth and by contacting the distributor, EWON established his NMI. The retailer had been sending dear occupant notices to the address on MSATS, however these did not reach the customer as his address was not the same and the retailer arranged for the disconnection. EWON assisted in gaining reconnection and the customer provided a rates notice which EWON passed on to the distributor so that the supply address could be updated.

EWON understands the need for, and cautiously supports, an incremental approach to introducing a new address standard, to avoid the implementation costs of a mass cleanse of the entire data base. However an incremental approach may not lead to situations like that shown in Case Study 1 being avoided. If this rule change is made, EWON urges AEMO to more closely examine the benefits a mass cleanse may bring, compared to the costs incurred.

Currently the address field can only be changed by the distributor, however in NSW retailers are beginning to roll out smart meters and it would appear to make sense that retailers should be allowed to play a strong role in implementing an address standard. EWON also supports the extension of this proposal to the Gas market.

Resolving erroneous transfers

Erroneous transfers are a persistent source of complaints to EWON. This is an issue which results in significant consumer detriment and in the extreme can result in disconnection. One of the key frustrations that consumers express is that their account can be transferred to a new retailer without their permission. This frustration is then compounded when a customer contacts the new retailer and they are not able to get the issue resolved due to that retailer not having their details on file, as illustrated in Case Study 2.

Case Study 2

The customer contacted EWON after his neighbour had opened an account with a new retailer and the customer's account was transferred in error. The customer contacted the retailer responsible for the transfer but they would not speak to him because the account for his property was in his neighbour's name. EWON contacted the retailer responsible for the transfer who then arranged a retrospective transfer of customer's account back to the customer's preferred retailer. Although not privy to the neighbour's circumstances, EWON assumes that the neighbour had a similar problem which was resolved by their preferred retailer.

The worst case scenario is when a customer is disconnected because of a transfer in error. Where this happens rectifying the issue quickly is important, a task made more difficult by inaccurate records.

Case study 3

A customer was disconnected so he rang his retailer only to be told that a different retailer had transferred his account and was responsible for the disconnection. He then rang the new retailer and was told that he needed to set up a new account with them or with his preferred retailer. When he then rang the original retailer they told him to open an account with the new retailer. The customer rang EWON in frustration as he wanted his electricity reconnected and he did not want to open an account with a retailer who had transferred his account in error. EWON arranged for a reconnection and a retrospective transfer to the customer's original retailer. That retailer also provided a goodwill credit to the customer's account in recognition of the poor customer service it provided to the customer in trying to resolve his problem.

Customers often have to open accounts with the retailer who initiated an erroneous transfer and in some instances pay for energy which, under the rules, the retailer has no right to charge for. As the consultation paper points out, legally the contract with the original retailer terminates once the transfer process is completed. This is despite the fact that, in the absence of informed consent, there

is no valid contract with the retailer who initiated the transfer in error. Customers find it hard to understand how a contract between themselves and a retailer can be terminated by a third party with whom they have had no contact.

The proposed rule change attempts to reduce the need for customer involvement in correcting a transfer in error. The proposal is to place the responsibility for coordinating the resolution of the transfer in error with whichever retailer the customer first contacts. EWON supports this approach as it will reduce the need for customers to have to liaise between the two retailers involved.

The actual business process for rectifying the erroneous transfer should not need any customer involvement, however the consultation paper indicates that the original retailer would need to contact the customer and establish a new contract, which would require explicit informed consent.

The difficulty that this approach potentially presents is that the new contract may not provide the same terms and conditions that the customer and retailer had originally agreed to. EWON has seen cases where pay on time discounts have not been applied to a backbill arising from a retrospective transfer. Current practice, in EWON's experience, is for retailers receiving a customer back after a transfer in error to reinstate the previous terms and conditions, and rarely require a new contract to be established.

A stricter approach to the necessity of establishing a new contract could give rise to consumer detriment. A preferable approach may be to require that a customer's original contract, or a contract that provides no detriment to the customer when compared to the initial contract, is re-established rather than requiring consent for the establishment of a new contract. When customers contact EWON about erroneous transfers it is almost universal that what they are seeking is a restoration to their original retailer under the same terms and conditions.

Finally, EWON would support the new procedure for the resolution of erroneous transfers being applied to both electricity and gas customers.

If you would like to discuss this matter further, please contact me or Rory Campbell, Manager Policy, on (02) 8218 5266.

Yours sincerely



Janine Young
Ombudsman
Energy & Water Ombudsman NSW