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Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

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## REVIEW OF ELECTRICITY CUSTOMER SWITCHING ISSUES PAPER

Alinta Energy Retail Sales Pty Ltd (**Alinta Energy**) welcomes the opportunity to comment on the "*Review of Electricity Customer Switching*" Issues Paper (**Issues Paper**).

Alinta Energy is both a generator and retailer of electricity and gas in Western Australia and the Eastern States energy markets. It has over 2500MW of generation facilities and in excess of 700,000 retail customers, including around 100,000 customers in Victoria and South Australia. As an incumbent retailer in WA and a new entrant retailer in the National Energy Market, Alinta Energy is well placed to comment on the Issues Paper.

Alinta Energy acknowledges that the Australian Energy Market Commission (**AEMC**) has been requested by the Sanding Council on Energy and Resources to review the existing in-situ electricity customer switching arrangements in the NEM with the view of identifying potential efficiencies that may better support customer choice. From the outset Alinta Energy notes that (as far as it is aware) there has been no evidence of a market failure with respect to switching in any NEM jurisdiction. There is also no evidence to suggest that the current enforcement and compliance provisions are lacking or do not provide sufficient incentive for retailers to comply with their consumer transfer obligations.

The fact that the maximum allowable prospective timeframe for transferring customers between retailers in the National Electricity Market (**NEM**), is 65 business days, and is longer than transfer times of other countries is of itself not evidence on which to base an assumption that customer switching in the NEM is inefficient or in need of reform.

Alinta Energy agrees with the AEMC's view that actual, average switching times are more relevant, which based on AEMO data (provided in the Issues Paper) in the NEM suggests that in most cases 30 days is an achievable timeframe for customer transfers and that the existing customer transfer process allows for efficient outcomes. The timeliness in which a customer transfer is completed is primarily impacted by physical barriers, such as access issues, it may also be impacted by data quality issues.



Transfer timelines will generally improve with the continued deployment of infrastructure solutions such as advanced metering infrastructure that remove physical barriers. Likewise improvements in data quality, some of which can be addressed through the introduction of advanced metering, will also assist in improving transfer timelines.

The issues raised in the Issues Paper are not material in nature and improvements (that will result in minimal consumer benefit) are likely to require significant changes to business operations and processes, which come at a cost ultimately born by consumers. Given this any proposed initiative must satisfy a robust cost benefit analysis, where a positive outcome is achieved before consideration of implementation is undertaken.

In relation to the accuracy of the transfer process, the effectiveness of the Market Settlement and Transfer Solution (**MSATS**) relies on the quality of the data contained within it. For example data quality impacts the effectiveness of the NMI discovery process. Current experience suggest that data quality issues exist within MSATS, which are reflected in the number of technical reasons for delays that impact the average switching times.

Alinta Energy believes that data quality may be improved without significant cost or expense through an ongoing continuous improvement program of data cleansing via (as discovered) information updates from all participants.

Other improvements and alternatives to improve efficiency in the customer switching, including permitting transfers on estimated reads and self reads, are unlikely to improve transfer arrangements in a cost efficient manner relative to the public benefit. Retailers do not commonly use estimated reads to complete customer transfers; further not all jurisdictions permit the use of estimated reads to complete customer transfers. Estimated reads have the potential to create settlement issues where over and under estimation of energy consumption occurs.

On the issue of self reads, as distributors do not accept self-reads as actual reads for the purpose of settlements or network billing, and as with estimates, self reads are not able to be validated by the incoming retailer, they carry with them a level of risk and uncertainty which negates any potential benefit.

Special reads are already available for retailers to use, however their cost, which varies across jurisdiction and fuel type, is generally such that it prohibits their use, except in unique circumstances.

As previously stated in the absence of an identified market failure there is limited need to make substantial market design changes, further the adoption of advanced meters, through a market driven roll out will allow for incremental improvements in the absence of incurring direct costs. Noting comments from New South Wales and Queensland to adopt such a market driven rollout of smart meters.

Alinta Energy also wishes to express concern as to the timeline for the delivery of the options paper, with release proposed in mid-January 2014, and whether the proposed timeline

permits adequate consideration of submissions received from stakeholders in response to the Issues Paper and any further analysis required to determine the evidentiary need for the proposed options paper.

Should you have any questions or wish to discuss our submission further, I may be contacted on (02) 9372 2653 or via email: [shaun.ruddy@alintaenergy.com.au](mailto:shaun.ruddy@alintaenergy.com.au).

Yours sincerely



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