

8 November 2017

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Electronic Lodgement – RRC0009

Dear John,

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

AusNet Services is pleased to have the opportunity to make a submission to the Australian Energy Market Commission's (AEMC) draft rule determination on strengthening protections for customers requiring life support equipment proposed by the Australian Energy Regulator (AER).

The draft rule proposes to strengthen the protections provided to customers requiring life support equipment and establishes provisions for life support deregistration.

In principle AusNet Services supports amendments to the life support requirements that strengthen the customer protections. However we are concerned that some of the proposals will not be the effective provisions that are required to uphold the integrity of the register of customers with life support equipment. Such provisions should be reasonable and never require customers to provide medication confirmation more than once, and in extenuating circumstances discretion must be given to exempt a customer from the requirement to provide it.

In Victoria where AusNet Services predominantly operates, the Distribution Businesses (DBs) role when interacting with customers is governed by Victorian energy retail and electricity distribution codes rather than under the National Energy Retail Rules (NERR). However, consequential reforms to these codes would give due consideration to NERR changes that strengthen the protections for customers requiring life support equipment. Also a unified approach across the National Electricity Market (NEM) is important because national retailers register the vast majority customers with life support and B2B arrangements apply across the NEM.

Need for upholding the integrity of the register of customers with life support equipment

AusNet Services takes steps that exceed the regulatory obligations to inform and protect customers with life support equipment of planned outages, to ensure they are followed. This includes

- For every new life support registration field staff physically trace the connection point to the distribution zone sub-station and cross reference with all relevant information systems; and
- We call, and send an SMS to every customer with registered life support equipment prior to every planned outage. This is in addition sending an outage notification in the mail.

The protection afforded to customers with life support equipment, including via these additional initiatives can become inefficient if the life support register grows excessively with customers not in need of the special protections. The rule change risks this eventuality.

The AER's rule change proposal expressed concern that life support registers have grown and have become increasingly inaccurate due to low levels of follow up for medical confirmation and increasing numbers of inaccurate and out-of-date registrations. Our register of customers with life support equipment is growing rapidly. Since our previous submission in July 2017, we had a net increase of 70 life support registrations per week to now over 6,000 customers. If not for our efforts to contact customers to validate their medical confirmation and refer the outcomes to the retailers,

this list would be growing at an additional 30 per week. Maintaining this pro-active level of verification is resource intensive and should not be necessary.

The draft rule determination suggested there is no issue. Our figures suggest there might be. The AEMC is in a better position to assess this across the regions of the NEM. It is difficult to tell what is driving the increasing registrations levels. This should be investigated to better understand the causes. The process ultimately should ensure that only legitimately confirmed customers with life support equipment are eligible.

We are also aware of many cases where customers receive multiple calls from us related to out-of-date life support registrations, where the life support contact has deceased and the retailer has not removed their life support registration. Our business endeavours to call every customer registered with life support when a planned outage is expected to impact supply at their premise. It is stressful for customers to receive such calls related to out-of-date life support registrations, where the life support contact has deceased and the retailer has not removed their life support registration, even after receiving multiple requests to do so.

Empowering and mandating registered participants to update the register of customers with life support

AusNet Services supports the intent of amendments in the draft rule that allow registered participants to remove life support registration where informed it is no longer required. Rule clauses 125(9)(b) and 125(10)(b) require the retailer and distributor to confirm this again with the customer registered with life support equipment. Further, Rule clauses 125(11)(a) and 125(12)(a) also require the retailer and distributor to confirm with the customer registered with life support equipment. These repetitive verification requirements are unnecessary, and are inappropriate for the following reasons:

- Customers, who are most likely grieving, would feel harassed by receiving further verification requests from both the distributor and retailer; and
- The inability for either the distributor or retailer to further verify the removal of life registration would make the process ineffective.

Once a registered participant has received a request from a customer registered with life support equipment to remove their registration, and verified the request was made by the registered customer, then the registered participant should be empowered and required to update the register of customers with life support.

Obligations that empower and mandate registered participants to update the register of customers with life support are an essential element of the regulatory framework for life support customers. We recommend amendments to Rule clauses 125(9)(b) and 125(10)(b) replace the requirements to “verify the advice with the customer” with a requirement to verify the request was made by the customer registered with life support equipment.

In respect to Rule clauses 125(11)(a) and 125(12)(a) the only value in having the other relevant registered participant verifying advice is to avoid the unlikely risk of a de-registration based on old customer details. For this reason we recommend amending Rule clauses 125(11)(a) and 125(12)(a) replace the requirements to “verify the advice with the customer” with a requirement to verify the advice received from the retailer or distributor was received in relation to the correct customer

Balancing obligations on registered participants with a mutual responsibility on customers

We re-iterate our previous submission’s position that there is a need to balance obligations on registered participants with a mutual responsibility on customers registered with life support equipment to provide medical confirmation or other evidence otherwise substantiating their need for life support equipment.

Resolving this problem requires obligations on registration process owners to deregister life support where medical confirmation is not established. However, the AER's proposed rules for the medical confirmation and deregistration process do not strike the right balance between needs of customers and efficient network business operations. The draft rules do not compel the registration process owners to take the final step of deregistration where customers have not provided medical confirmation, and otherwise have not provided evidence substantiating the need for life support.

The draft rule proposes to address this issue the AER recommends "if the business completes these steps it **may** deregister the customer..." [emphasis added]. After completing the deregistration steps in the proposed Rule 125, registration process owners does not have an obligation to actually deregister the customer. Having been through the deregistration steps in Rule 125 it would be wasteful to not deregister the customer, unless the customer have provided evidence substantiating the need for life support, for example a photo of the equipment at the premises. This could provide a safeguard in situations where there may be a delay in obtaining medical confirmations, for example.

Therefore, we recommend the below alterations to the rule 125(1) with changes illustrated with underlines and strikethroughs.

(1) A retailer or distributor ~~may~~ must deregister a premises, in accordance with this rule, if a customer

(a) fails to provide medical confirmation and otherwise has not provided evidence substantiating the need for life support; or

(b) advises that life support equipment is no longer required

Adopting the draft rule proposed 125(1) would leave businesses with uncertainty in considering whether enough has been done to make medical confirmation. With our recommended alteration, registration process owners would have necessary discretion to allow customers to keep life support registration but only where there are actually exceptional circumstances. Yet, it still provides certainty for businesses to deregister customers and alleviate the rapidly growing lists of life support customers in the NEM.

This appropriately assigns responsibility of providing medical registration to the customer, while retaining a role for businesses in substantiating other evidence provided by the customer in extenuating circumstances.

Finally, we note that AusNet Services has contributed to and supports the submission of Energy Networks Australia.

Should you have any queries in relation to this response please do not hesitate to contact Justin Betlehem on 03 9695 6288.

Yours sincerely,



Kelvin Gebert
Manager Regulatory Frameworks