

9 June 2016

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Australian Energy Market Commission,

Powershop Submission – Improving the accuracy of customer transfers
Reference Code: ERC0195

Powershop thanks the Australian Energy Market Commission (AEMC) for the opportunity to provide feedback on the consultation paper regarding; improving the accuracy of customer transfers.

Please find below Powershop's comments on the questions raised for consultation by the AEMC.

Question 1: Address mismatch as a cause of delays and errors

(a) Is address mismatch a common cause of delays in the transfer process?

(b) Is address mismatch a common cause of erroneous transfers, where the wrong customer was transferred?

(a) Address mismatches are a common occurrence for Powershop in that what MSTATS has an address versus what the customer believes their address to be, does lead to transfer issues. This is a task managed by our back office team where they try and validate the address with either sourcing the NMI or a meter number. There is also a lot of investigation time internally attempting to resolve these issues by using tools like google maps/earth and LandVic, etc.

The aforementioned issue negatively impacts customer experience and can in some instances delay a connection if we cannot identify the property.

(b) If the steps in (a) are not followed, then it is likely that we will incorrectly transfer a NMI. This is more the case where the address in MSTATS matches what the customer says but is actually a different address.

Wrong NMIs can often sit undetected for a long period of time until one of the customers move, or if we haven't won the right site, it gets disconnected by the previous retailer. This obviously leads to a poor customer experience. Given the changes to wrongful disconnection penalties these issues will become even more costly events.

Question 2: Effectiveness of address standard

(a) Once implemented, how effective would an address standard, such as the ones outlined above, be in reducing the causes of delays and errors in the transfer process?

(b) Are there specific additional features or information items (such as the outgoing retailers billing address for the customer) that should be included in order to improve the effectiveness of the address standard?

(a) Powershop supports the suggestion of an address standard being implemented to provide industry clarity around address structures and clarity on address fields in MSATS.

Powershop support the Australia Post address standard (the *AusPost standard*) option as it is more aligned with customers understanding of their address. The AusPost standard would assist retailers to better service their customers and provide more positive transfer outcomes.

(b) Powershop supports the concept of a B2B transfer address validation, so long as it delivers better outcomes for customers and the industry.

Powershop would suggest that the Australian Energy Market Operator (AEMO) incorporate automated address validation into the Consumer Administration and Transfer Solution (CATS) system. This functionality would ensure that a transferring customers billing address is validated in the CATS system, from their current/ outgoing retailer to their new retailer.

Question 3: Efficient implementation of address standard

(a) What method of implementation of an address standard would best balance the costs of implementation with the benefits (to both customers and retailers) of a reduction in transfer delays and errors?

(b) Would it be efficient to couple an incremental approach (such as applying the address standard to new connections) with specific requirements applying to retailers in relation to customer transfers, for example requiring the incoming retailer to validate the address of its new customer and record the results in a new field in MSATS?

(a) Powershop supports the rule change request of applying the address standard to existing data, as well as new data, resulting in a cleanse of all existing MSATS address data. Powershop are of the position that this would be the only course of action that will positively contribute to reducing transfer delays and errors.

Whilst Powershop understands the reservations to this approach (i.e. associated costs), Powershop are of the position that this should be seen as an opportunity to make meaningful industry change that will deliver better outcomes for customers. This approach will also drive transfer efficiencies between participants, resulting in a more competitive market.

(b) Powershop is of the position that that it would be inefficient to couple the incremental approach in conjunction with a new procedure that would require retailers to validate customer data into new MSATS fields, as a customer transfers to the new retailer.

Powershop believe that a comprehensive cleanse of MSATS address data should be driven primarily by AEMO in a project management and market operator capacity, with distributors amending their consumers address data. This approach is consistent with current industry practices (only distributors can amend address data in MSATS) and would ensure that the overhaul of address data was handled by industry subject matter experts. Powershop are of this position because we believe this would be the most; efficient, comprehensive, and most importantly, customer friendly way to implement the change.

Question 4: Appropriate commencement dates for address standard obligations

(a) How long would it take AEMO to consult on, develop and publish an address standard after the rule change is made?

(b) How long would it take retailers and other users of MSATS to make the necessary preparations to comply with an address standard, after the form of the address standard is published?

(a) Powershop is of the opinion that, if the address standard change was to take place in line with Powershop's response to Question 3, (b), this rule change would require a three month consultation phase, followed by another three months to develop and publish an address standard.

(b) Powershop would require a minimum of six months to undertake the necessary system development to comply with a new address standard.

Powershop would also suggest a short grace period to allow industry to address any 'teething issues' with such a comprehensive change to process and systems.

Question 5: Extension of address standard to gas market address data

(a) Are transfer errors and delays due to address mismatches a material issue in gas markets? Would an address standard be likely to reduce these issues in gas markets?

(b) Should the same address standard be implemented in both the electricity and gas markets?

(c) How, if at all, should the implementation of an address standard in the gas markets differ from the way it is implemented in the electricity market, given the lack of a centralised MSATS-type system in the gas markets?

(a) and (b) Powershop is not a gas market participant and therefore provides no comment.

Question 6: Issues with current processes for resolving erroneous transfers

(a) In your experience, is there a particular part of the NERL or procedures noted in the table above (or a part of the laws, rules or procedures that is not noted above) that does not function as intended in the case of erroneous transfers, and therefore contributes to, or fails to address, delays and difficulties in resolving erroneous transfers?

(b) Are consumers and retailers sufficiently aware of their rights and obligations under the NERL, and the procedural options and obligations in the CATS Procedures, which are noted in the table above?

(a) Powershop are of the position that the NERL sections tabled (sections 41 and 80-84), is important as it provides consumers with the necessary protections, but does not assist in rectifying or preventing erroneous transfers.

Powershop believes that the CATS Procedure, section 2.2 (m) does not function as intended in that it is a reactive measure for addressing erroneous transfers, but does not mitigate erroneous transfers taking place. As previously mentioned, Powershop believes that one of the solutions to preventing an erroneous transfer is a combination of; an industry address standard and an automated address validation with the CATS system.

In addition to the aforementioned paragraph, Powershop also believe that current use of objection codes, including 'Transfer in error' be examined to ensure there use is not restricting competition and causing inefficiencies in customer transfers. As stated on page eight of the AEMC Consultation Paper, there are many objection codes currently being utilized in MSATS and Powershop believes that the number of objection codes available and the reasons why they can be used should be consolidated (where possible), to ensure more efficient transfers in the market.

(b) Powershop is sufficiently aware of all of our NERL obligations as well as procedural obligations.

Question 7: Ways to improve the resolution of erroneous transfers

(a) If a rule on the resolution of erroneous transfers is made, should it explicitly recognize that "resolving" an erroneous transfer relates to improving communication between the retailers involved and reducing the need for the customer to contact both retailers?

(b) Should the rule specify different roles for Retailer A and Retailer B in the resolution process?

(c) If different roles are specified for Retailer A and Retailer B, would obligations similar to the following ones be practicable (from the retailers' perspective) and effective in helping resolve the issue quickly and easily (from the customer's perspective)? If not, what obligations would be appropriate?

- **Retailer B (if contacted first) could be required to promptly contact Retailer A to explain that an erroneous transfer has occurred**
- **Retailer A could then be required to promptly contact the customer, request consent to a new contract, and initiate a transfer request in MSATS retrospective to the date of the erroneous transfer**
- **Both retailers would be obliged to review their bills to the customer in light of section 41 of the NERL, and promptly issue revised bills, refunds or credits if necessary.**

(d) Are there effective alternatives to including new specific requirements on retailers regarding this issue? For example, could the problem be addressed by doing one or both of the following:

- **Altering the incentives applying to one or both retailers to act quickly once an erroneous transfer is identified?**

- **Providing more information to customers about their rights under section 41 of the NERL?**

(e) Are either of the potential approaches noted in question (d) above likely to be particularly burdensome to implement, relative to their likely benefits?

(a) Powershop would support a rule that promotes improved communication between retailers in order to quickly resolve erroneous transfer issues. Although in order to support such a rule industry would need adequate system development to CATS and MSATS systems to enable more transparent and seamless communication between the participants.

Development of these systems would enable retailers to have better oversight over the progress of a transfer, which would give retailers the ability to proactively address any issues that arise during the transfer process. This would mitigate the customer having to communicate with both retailers in order for their transfer to take place.

(b) Powershop is of the position that the rules should not be overly prescriptive on retailer's obligations with regards to correcting erroneous transfers. Rather, Powershop believe that a principle based approach, with the appropriate systems support (CATS - MSATS) would assist in addressing erroneous transfers.

Providing overly prescriptive rules sets a 'tick-box' approach to addressing transfer issues, which limits retailer's ability to step outside process (which can be important particularly with complex issues) to efficiently rectify an erroneous transfer for a customer.

(c) Powershop believes that the obligations theoretically (prompted communication between retailers to address transfer issues) would be practicable, but only if the aforementioned systems development to support the obligations were implemented.

Regarding the second dot point, Powershop believes that this is not a customer centric approach to addressing an erroneous transfer as it is requiring retailers to contact a customer and re-contract them in order to address a transfer issue that may have been outside of the customers' control. For this process to be customer centric the obligations to rectify a transfer issue should be handled exclusively by retailers. If amendments to rules must be made to support this (i.e. customer contracts terminate from the original retailer upon erroneous transfer), Powershop recommend the AEMC make the necessary adjustments to the rules to support customers in this situation.

(d) As mentioned in response to Question 7 (b), Powershop prefer a principle based approach, with the appropriate support systems to correct erroneous transfers. Powershop believes that there is no need to alter incentives applying to retailers to act quickly to address erroneous transfer issues, as retailers are already incentivized to address these issues via way of:

- Costs to retailers for not addressing erroneous transfers in a timely manner; and
- Reputation damage to retailers for not adequately servicing customers.

(e) Powershop believes that the burden of implementation for the potential approaches listed by the AEMC would outweigh the benefits to customers and the industry. As stated in response to (d), Powershop believe that a principle based approach and the competitive nature of the market will drive better outcomes for customer. Retailers who do not adequately service there customers will be incentivised to do so, or they will lose customers to other retailers.

Question 8: Definition of erroneous transfer

How should "erroneous transfer" be defined so as to clearly and accurately capture the types of "errors" described in the rule change request, while excluding transfers undertaken with defective consent?

Powershop would suggest that the definition of erroneous transfer be split into different categories to better reflect what caused the transfer in error. This would also provide insightful data to the market.

Question 9: Applying the new procedure to erroneous transfers of gas customers

(a) Is the resolution of erroneous transfers a material issue in the gas markets?

(b) Should any new procedure on the resolution of erroneous transfers be implemented for both electricity and gas customers?

(c) How, if at all, should the erroneous transfer resolution procedure for gas customers differ from the procedure for electricity customers?

(a) (b) and (c) Powershop is not a gas market participant and therefore provide no comment.

Powershop again thanks the AEMC for the opportunity to participate in this process and look forward to reviewing the rules changes and subsequent procedural changes.

If you have any questions, or would like to discuss this submission in greater detail, please do not hesitate to contact Haideen Jones, Retail Compliance Co-ordinator at Powershop.

Yours sincerely

Scott Begg
Powershop, Head of Retail Operations