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Australian Energy Market Commission

**Submitted online via: [www.aemc.gov.au](http://www.aemc.gov.au)**

02 September 2020

Dear Sir/Madam,

**AEMC RRC0038: Energy and Water Ombudsman of New South Wales (EWON) Rule change request for National Energy Retail Rules (NERR)**

AGL Energy (AGL), welcomes the opportunity to respond to the Australian Energy Market Commission's National Energy Retail Amendment (Maintaining life support customer registration when switching) Rule consultation paper.

AGL supports the principle that customers who require life support machines having access to affordable energy plans and reliable energy supply. However, AGL does not believe this rule change proposal adequately addresses the complexity of the process and procedures employed for life support customers and therefore is not the most effective way in achieving this principle.

Life support customers may also be eligible for state-based energy concession payments, for example in New South Wales life support customers may be entitled to the Life Support Energy Rebate. The interplay between the energy life support registration rules with states' concessions for life support or medical energy makes it difficult to assess the EWON proposal. We would recommend the AEMC to consider how the various and complex state-based life support concession application processes will impact the customer experience for registering Life Support requirements and their ability to access competitive market offers.

**EWON's Rule proposal and preferred Rule**

In their rule change proposal, EWON suggest that they have received several complaints about this issue and provide a case study to illustrate the customer experiencing issues with registration upon churning to another retailer. While this complaint may occur, AGL would suggest that this is not an experience that significant numbers of customer's are concerned with. AGL has found that the registration process for life support customers whilst sometimes inconvenient is less of a concern to the customer than the concession that is applicable to those customers in some states.

EWON's proposal seems to be aimed at ensuring that life support customers have easy access to affordable energy plans. AGL would suggest that an alternative proposal would be to create a rule that life support customers are accessing affordable energy plans. The process would specifically consist of an annual plan assessment for customer registered for life support to determine if they are on the most appropriate plan available based on their geographic location and usage profile.

We believe an annual plan assessment proposal better aligns with the intent of EWON's rule change proposal and the AEMC's assessment criteria by providing uniform treatment of life support customers and ensuring life support customers have access to competitive market offers without potentially having to re-register for life support as well as life support concession payments.

We also believe this preferred Rule will be simpler for retailers to adopt as it currently aligns with the NSW Social Code plan assessment obligations without significant B2B process changes. This proposal could also



be implemented by end of the first quarter 2021 and is likely to incur lower implementation costs than the current rule change proposal.

### **Complexity of EWON proposal**

There are several inherent complexities in the life support concession application processes that the EWON proposal does not consider and may negatively impact on the customer experience.

For instance, EWON's proposal does not address how the private information of customers would be transferred safely between retailers. Currently state government processes to access life support concession payments require customers to complete and return to their retailer the medical confirmation form that features specific information about their requirements, their retailer account number and various personal details. This information would require a new secure platform to be established for the transfer of this data which would be costly and perhaps quickly made redundant depending on whether life support customer information is transferred under the new consumer data right process currently being drafted and due to be implemented in late 2021.

In addition, each state has its own arrangement and time limits for concession applications and renewals. For example, New South Wales requires life support customers to renew their life support concession with a medical confirmation every two years. For customers eligible for jurisdictional life support concessions, the proposed rule would not mean a customer is able to avoid the need to obtain medical confirmation. The rule change proposed by EWON does not adequately consider the interconnect with concession requirements nor does it provide any suggestion on how to address the need for customers to obtain medical clearance for the concession applications.

There are also some concerns on how the current energy Rule registration requirements may impact life support customer's ability to churn and requires further clarity from the AEMC. Specifically, there are ambiguities with the current obligations for the registration process owners (RPO). Under the current rules and regulations when a distributor registers as an RPO but a customer subsequently provides paperwork to their retailer, some distributors are not accepting the retailers' paperwork and are requesting the customer to re-lodge the paperwork. AGL believes greater clarity in the Rules on the roles and responsibilities of all parties throughout the churn process to ensure continued customer connection to services will further enhance the life support customer's ability to participate in the retail market.

Finally, if AEMC decides to pursue the EWON proposal, AGL encourages the AEMC to organise and seek collaboration between the state governments and industry participants, to map out the customer journey and consider whether there are solutions that address both the life support registration and concession application processes.

In the attachment we provide responses against the specific questions raised in the AEMC Consultation Paper. If you would like to discuss any aspects of our response further please contact Marika Suszko, acting Regulatory Strategy Manager, [msuszko@agl.com.au](mailto:msuszko@agl.com.au).

Yours sincerely

Elizabeth Molyneux  
General Manager, Policy and Markets Regulation

## ATTACHMENT 1

### STAKEHOLDER FEEDBACK TEMPLATE

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The template below has been developed to enable stakeholders to provide their feedback on the questions posed in this paper and any other issues that they would like to provide feedback on. The AEMC encourages stakeholders to use this template to assist it to consider the views expressed by stakeholders on each issue. Stakeholders should not feel obliged to answer each question, but rather address those issues of interest or concern. Further context for the questions can be found in the consultation paper. Stakeholders are also encouraged to provide evidence to support claims where possible.

#### SUBMITTER DETAILS

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## Stakeholder feedback

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### CHAPTER 5 – SECTION 5.1 – ISSUE IDENTIFIED BY EWON

1. Do stakeholders agree that requirements for medical confirmation to be resubmitted deter life support customers from changing premises or retailer? If so, what are the main barriers or costs that may deter switching activity by life support customers?	No AGL does not agree that requirements for medical confirmation to be resubmitted deter life support customers from changing premises or retailer. AGL has found that access to concession payments has led to more queries and contacts for life support customers than re-submitting medical confirmation forms.
2. What is the appropriate allocation of responsibility between life support customers and businesses with respect to the resubmission of medical confirmation?	AGL supports the risk allocation of retailers being required to provide customer service including information about the paperwork required, timeframes and reminders required to gain life support registration. However, customers must take responsibility for obtaining information regarding the requirements of the form, the accurate completion of the forms and the safekeeping of these records.
3. How do retailers and DNSPs record, share, use and maintain life support information in practice?	Retailer's and DNSP's share information through regulated B2B processes.
4. Are there any other obligations imposed on retailers, DNSPs or customers relating to life support outside of the NERR (for example under jurisdictional concession schemes)? If so, what are those obligations and how do they interact with the obligations under the NERR?	<p>AGL notes that there are many jurisdictional requirements that specify that for a customer to receive a medical concession they require a medical certificate signed by a doctor, and in many cases have a specific period of validity.</p> <p>When a customer approaches a retailer, they will receive the required paperwork for both Life Support and Medical Concessions. However, when customers approach a Distributor, they will be sent the Life Support registration form and be directed to the retailer for the medical concession forms.</p> <p>This generally leads to both participants sending out forms to the customer, and often the customer returning all forms to the Retailer, as the Concession form cannot be sent to the Distributor.</p>
5. Do stakeholders agree with the Commission's description of scenarios where life support customers may be required to resubmit medical confirmation? Should additional scenarios be contemplated?	As mentioned above the scenario's in the AEMC's Consultation Paper, each jurisdiction has different requirements around life support concession eligibility which may require the customer to re-submit a medical confirmation. For example, in New South Wales there is a two-year defined benefit period that requires a life support customer to seek approval from a medical professional after the two-year period.

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6. What are the costs and benefits of rule 125(14) relating to life support deregistration? Are there risks that life support customers will be deregistered inadvertently?

No additional comments.

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### CHAPTER 5 – SECTION 5.2. – ISSUE MATERIALITY

1. What are the short- and long-term impacts (financial and other) on life support customers of higher barriers for engagement in the retail market?	AGL has found that for life support customers the main concern is not the registration process and the associated visit to a general practitioner/medical specialist although that can be bothersome but more important is the impact of the life support or medical energy concession on their bill. The greater barrier to engagement in the retail market is not the churn process itself but the complicated relationship between the concession payment and life support status.
2. What are stakeholder views with respect to the difficulty and costs of customers securing medical confirmation when they change premises or retailer?	The cost to customers of securing the medical confirmation is generally only a concern if there is not an associated concession available to the customer. The interplay between the life support status and any applicable concession is the more important concern for customers.
3. What quantitative or qualitative evidence do stakeholders have with respect to the issue raised by EWON that may clarify its materiality?	As noted above AGL does not receive a significant number of concerns regarding the churn process from life support customers.
4. Do stakeholders think there are any risks that customers may be incorrectly deregistered with switching or moving? What processes are in place to reduce any risks?	The ineffective transmission of information could result in the customer believing the information has been passed on, the new retailer process commencing and ending and then the deregistration process beginning as the life support paperwork has not been received. Any delay in passing on information, the information getting misplaced or not sent may result in the winning retailer deregistering after a period of follow up.

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### CHAPTER 5 – SECTION 5.3 – PROPOSED SOLUTIONS

<p>1. What are stakeholder views on sharing of medical confirmation forms between businesses as proposed by EWON? Would this solution address the issue raised by EWON?</p>	<p>There are some inherent problems with the sharing of medical confirmation forms as proposed by EWON. The first being that there is no uniformity in the forms used by the retailers. For example, AGL has had discussions with the New South Wales department to ensure that the form used for life support customers upon registration also covers registration for the applicable concession. The form AGL uses has been approved by the department. Other retailers may still be using two forms, one for registration and another for concessions. In addition, there are privacy concerns with the sharing of information between entities who will have differing information featured on the form not to mention the requirement for a new platform for the secure transfer of this information that would need to be established.</p> <p>Another difficulty with the sharing of medical confirmation between businesses is that there are already issues in the current framework when DB is RPO in a state that has concession eligibility and the customer must return a form to the DB to validate the LS but a concession from to the retailer to be eligible for a concession. The solution to this issue is not addressed by EWON.</p>
<p>2. What are the costs and benefits of the solution proposed by EWON?</p>	<p>For AGL to adequately answer this question we would require further information on the impact of the sharing of registration forms with concessions application process.</p> <p>We would also urge the AEMC to undertake further research and analysis to better understand the switching rates of customers with life support versus market churn rates, further consumer insights to the extent the obligation to re-register life support with the new retailer is impeding engagement (as per our comments above, we do not have anecdotal evidence this is a significant customer enquiry or contact), and the costs to customers to undertake the re-registration process under the existing arrangements.</p>
<p>3. What life support information should be shared between businesses as part of EWON's solution? How could this information be most efficiently shared?</p>	<p>AGL suggests that the customer holds the relevant information as it the customer who submits the information to their retailer. The customer should keep a copy of the relevant forms and once they have decided to churn to another retailer, they can share this information with the new retailer. As part of the original application process, retailer's can inform customer of the need to keep a record of the forms.</p>
<p>4. What are stakeholder views on the two alternative pathways proposed by EWON? Would these address the issue raised by EWON?</p>	<p>As mentioned before the current proposal does not address the interplay between life support customers who are also eligible for government concessions and those that are not. Unless the rule addresses all life support customers and the interplay with concessions in all the states, the rule proposal will not address the issue raised by EWON which is but one part of a complicated issue.</p>

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<p>5. Are there additional solutions that the Commission should consider to in order to address the issue?</p>	<p>If the primary concern of life support customers is the affordability of their plan, AGL suggests the AEMC could consider a solution that offers life support customers are offered an annual plan assessment based on their region and consumption type. Specifically, AGL suggests the AEMC consider the NSW Social Code plan assessment obligations as being a better outcome for life support customers.</p>
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### CHAPTER 5 – SECTION 5.4 – IMPLEMENTATION

1. What are the system and policy changes required for each of EWON's proposed solutions to be implemented? What are the potential costs and benefits of these changes?	The costs and benefits would depend on what platform is used to transmit this information and whether any existing platform is utilised or a new one is required. Until this has been determined it is difficult to identify the system changes and the costs and benefits.
2. What are the potential privacy issues related to EWON's proposed solution? How could those privacy issues be overcome?	The privacy issues stem from the fact that retailers would be required to share information about their customer to the customer's new retailer and the forms that they use for the customer. There are also associated issues if the customer registered with the outgoing retailer is not the same as the customer requesting life support status at the new retailer (e.g. if the customer's partner is opening a new energy account but the customer is the one registered at the old retailer and is the one requiring life support status).
3. What are stakeholder views on the compatibility of forms currently used by retailers and distributors between other retailers and distributors? Would these forms be mutually acceptable to businesses?	AGL has worked closely with state departments to ensure the forms used contain all relevant information and are clear and concise. AGL would be hesitant to accept forms used by other retailers or distributors as they may not contain all the required information required by AGL to set up the customer account and provide on-going services.
4. Are there any other issues the Commission should consider in relation to sharing life support information?	A secure platform should be considered for the transfer of customer's private information.
5. Should medical confirmation provided to the RPO "expire" after a certain period? What are the costs and benefits of this approach, particularly if new medical confirmation was not required when a customer changes premise or retailer?	No additional comments.