

3 September 2020

Mr C Guimaraes  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Dear Mr Guimaraes

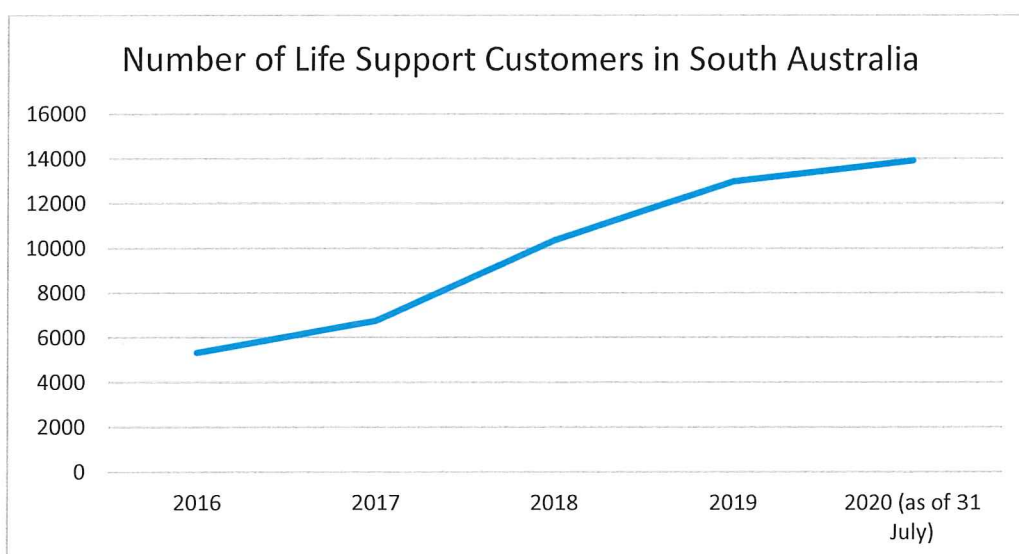
### Initial Consultation — Maintaining Life Support Customer Registration (RRC0038)

SA Power Networks welcomes the opportunity to provide a submission to the Australian Energy Market Commission's (AEMC) initial consultation regarding the Energy and Water Ombudsman of New South Wales' (EWON) proposed amendments to Maintaining Life Support Customer Registration (RRC0038).

#### *Current arrangements are not working well for customers*

We are highly concerned that the current life support registration arrangements are not working well for customers. At the core of our concern is that many customers are now being registered as Life Support Customers but do not have or require 'life support equipment' as listed in the National Energy Retail Rules (NERR).

Prior to the introduction of the NERR in February 2013, approximately 2,000 customers were registered as Life Support Customers in South Australia. Today that figure has increased seven-fold and we now have around 14,000 customers, or around 1.5% of our entire customer base, registered as Life Support Customers. Nearly half of these customers (46%) do not have any medical confirmation of their life support equipment. As the chart below shows, the numbers have increased substantially since the AEMC's 2017 Rule Determination.



This is due in large part to the obligation on Registration Process Owners (RPOs) to register customers for Life Support status prior to receiving medical confirmation and there being no obligation on RPOs to de-register customers who subsequently do not provide any such confirmation.

Both our Community Reference Group (CRG) and Customer Consultative Panel (CCP), representative groups of customers and advocates that we engage with regularly on critical business issues, have expressed concern with the current arrangements indicating that they feel the high number of life support registrations compromises our ability to provide enhanced protections to the most vulnerable in our communities.

We undertake around 4,000 planned supply interruptions each year. Each of these interruptions typically impacts a large number of customers and we undertake considerable preparatory work before each planned interruption, including:

- identifying all customers to be impacted by the interruption;
- planning and scheduling works to minimise overall customer inconvenience; and
- notifying all customers within required time frames.

If a Life Support Customer is impacted by a planned outage this adds additional planning complexity. We must notify each Life Support Customer in writing as required by the Rules (typically providing 10 business days notice). To ensure that the Life Support Customer has received their notification we undertake additional checks (telephone calls and site visits) to minimise the risk of any harm. If contact cannot be made an additional notification is hand delivered to the customer's premises.

We are currently conducting analysis and independent research to understand the full costs of managing Life Support Customers under the current arrangements. Once we understand the true costs of administering the current system, we intend to further engage with our CRG and CCP to seek their views on an alternative approach to managing Life Support Customers. We anticipate we will engage in further discussions on this important topic with the AEMC at that time.

#### *EWON's proposed Rule change adds complexity and cost*

The Rule change currently proposed by EWON attempts to address a valid issue – ensuring Life Support Customers can change retailer without jeopardising their registration status. However, in our view this is a relatively minor issue with the current arrangements and EWON's proposed change would in practice add more complexity and cost by further compromising our ability to focus on customers who are truly vulnerable and introducing additional costs for all our customers.

#### *Criteria for assessing any Rule change for Life support Customers*

We consider that the criteria the AEMC should use to assess any Rule change for Life Support Customers are:

- to ensure that the protections are only provided to persons who genuinely require life support equipment;
- to ensure that life support registers are regularly updated and accurate. This must include de-registering customers who have not provided medical confirmation; and
- to minimise the costs incurred in maintaining the registers and providing those protections.



*A central register would streamline arrangements and improve customer outcomes*


Prior to the commencement of the NERR, retailers did not play a role in the registration or de-registration process within South Australia. All Life Support Customers were required to engage directly with SA Power Networks as the distributor. We strongly believe that a central register, with the distributor as a single contact point for Life Support Customers to establish their requirements, has considerable merit. This model would address the major concerns raised in EWON's Rule change but also resolves wider issues experienced with the current arrangements. We also see merit in Medical Practitioners periodically re-verifying the need for life support equipment, perhaps on a three-yearly basis.

*Implementation time frames*

If this Rule change proceeds, distributors/industry will need to implement significant system changes. The AEMC would be aware that the industry already has a significant program of work including implementing changes for the 5 Minute and Global Settlements and Customer Switching programs, by mid-2022. This is in addition to the many other IT works programs that participants will also have planned. Any further system changes imposed before then will impact the successful implementation of these other changes.

Please find attached our further comments on this important matter. We propose to engage with the AEMC further as soon as we have our research findings and analysis available. Our contact in the first instance is Mr Richard Sibly, on 0467 725 428.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'P. Makinson', followed by a long horizontal line extending to the right.

Patrick Makinson  
GENERAL MANAGER GOVERNANCE AND REGULATION  
GPO Box 77, ADELAIDE SA 5001



## SA Power Networks comments – Maintaining Life Support Customer Registration

### Background

In accordance with the NERR, the Life Support status for a customer's premises, identified with the National Metering Identifier (NMI) for the connection point of those premises, should only be applied where a person residing at the premises has electrically powered life support equipment genuinely required to sustain their life. The NERR defines 'life support equipment' as six specific types of equipment (oxygen concentrator, intermittent peritoneal dialysis machine, kidney dialysis machine, chronic positive airways pressure respirator, crigler najjar syndrome phototherapy equipment, and a ventilator for life support) or any further equipment certified by a Medical Practitioner.

A life support equipment scheme, administered by the jurisdictional regulator, operated in South Australia prior to the introduction of the NERR in February 2013. The jurisdictional scheme was similar to the initial NERR scheme, but only four of the NERR listed life support equipment qualified under that scheme and only the distributor could register the premises. In addition, it did not permit a Medical Practitioner to specify any other equipment. Under both the jurisdictional and the initial NERR scheme, a customer was required to provide medical confirmation<sup>1</sup> prior to receiving the protections afforded by the Life Support status. The AEMC has noted<sup>2</sup> that medical confirmation is a critical component of the protections provided by Part 7 of the NERR.

The AEMC amended the life support rules contained in Part 7 of the NERR in its Final Rule Determination<sup>3</sup> in 2017. These amendments included the requirement to register a premises for life support equipment, including the associated protections, prior to the customer providing a medical confirmation. The life support Registration Process Owner (RPO) would then follow a process for the customer to provide medical confirmation and, where not provided, could deregister the premises. In practice very few Life Support Customer premises are de-registered.

### The number of Life Support Customers registered has risen dramatically in recent years

The adoption of the NERR in South Australia and the NERR 2017 amendment has resulted in a large increase in the number of premises registered for life support from around 2,000 prior to the NERR commencement to around 14,000 currently. SA Power Networks' current life support records detail that medical confirmation has only been provided for slightly over half (54%) of the registered Life Support Customers. This increased number of registered premises and the processes required to obtain a medical confirmation, significantly increases costs for both retailers and distributors to manage Life Support Customers and increases the costs for all customers. It also presents challenges in ensuring that genuine Life Support Customers are provided the protections they require and deserve.

We understand and support that customers who require life support equipment are afforded the protections contained in Part 7 of the NERR. However, we are aware of many instances where the equipment needed to register for life support is neither contained in the list of life support equipment

<sup>1</sup> Section 123A of the NERR defines medical confirmation: as certification from a registered medical practitioner that a person residing or intending to reside at a customer's premises requires life support equipment

<sup>2</sup> AEMC, Maintaining life support customer registration when switching, Consultation paper, 6 August 2020, section 2.1.3.

<sup>3</sup> AEMC, Strengthening protections for customers requiring life support equipment, Final Rule Determination, 19 December 2017, Sydney



specified by the NERR nor subsequently verified with a medical certificate and therefore should not be considered as life support equipment.

We consider that the criteria the AEMC should use to assess any Rule change for Life Support Customers are:

- to ensure that the protections are only provided to persons who genuinely require life support equipment;
- to ensure that Life Support registers are regularly updated and accurate. This must include de-registering customers who have not provided medical confirmation; and
- to minimise the costs incurred in maintaining the registers and providing those protections.

### **Current obligations**

To reiterate, SA Power Networks believes all stakeholders impacted by Life Support Customer requirements should have appropriate obligations to ensure the integrity, relevance, and accuracy of these important customer protections. The current rules require the customer to complete actions or provide validation at relevant points during the process of establishing and maintaining the life support status at a connection point (NMI) where a vulnerable customer resides.

The volume of sites that hold Life Support status has grown significantly since the commencement of the NERR obligations and any Rule changes being considered should ensure the proper validation of the Life Support requirements.

The current obligations placed on customers require them to provide information and evidence of Life Support requirements as part of transferring between Retailers as appropriate. We, like the AEMC, consider that this will ensure the protections are only provided to customers who warrant those protections. The current rules provide customers with immediate protections and a significant timeframe to provide the required medical certificate (including the provision for extension to the timeframe where required). SA Power Networks does not consider the current process would prevent the customer from moving between retailers to obtain a better offer.

### **Life Support status must remain related to a single connection point (NMI) only**

The current rules and established industry processes and systems are designed on the basis that Life Support Customer status is linked to a single connection point (NMI). The EWON Rule change proposes that this status is attached to the customer and not the premises, and stays with the customer if they move residences. SA Power Networks has significant concerns with this aspect of the Rule change.

The proposed process for maintaining Life Support Customer information requirements under this Rule change does not involve any direct relationship between customer and distributor. Distributors are only provided with the customer details from the customer's retailer, as the current account holder for the connection point (NMI). Consequently, distributors do not have a mechanism to track customers when they move premises, as proposed by EWON.

SA Power Networks strongly believes that a Life Support Customer must still be fully responsible for the establishment and provision of the necessary Life Support information whenever they move from one connection point (NMI) to another. Placing obligations on industry participants to attempt to



track this movement and pass information between parties is not feasible and has the potential of creating gaps and inaccuracies in the Life Support registers.

### **Central Register**

The concept of a central register of Life Support Customers, containing a copy of the current medical certificate, has been raised by the industry on multiple occasions. This would provide industry with a more efficient method to share information compared with EWON's changes which would require the creation and implementation of further industry B2B processes which will be complex and costly to implement.

SA Power Networks would encourage further review of the central register concept, including the options for either the Australian Energy Market Operator (AEMO) or distributors to establish this register.

SA Power Networks considers that the most efficient and least cost method would be for an additional field to be added to AEMO's Market Settlement and Transfer Solution (MSATS) indicating whether or not the NMI was registered for life support equipment. Distributors would be the only entity permitted to register a NMI for life support equipment and therefore would be responsible to ensure that this new field in MSATS was accurate.

### **Changes to the current Life Support Customer regulatory model**

Prior to the commencement of the NERR, retailers did not play a role in the registration or de-registration process within South Australia and all Life Support Customers were required to engage directly with SA Power Networks (as distributor). SA Power Networks strongly believes that having a single entry and exit point via the distributor for customers to establish their Life Support requirements has considerable merit. This model would address most concerns raised in EWON's Rule change and resolve wider issues that continue to be experienced regarding current Life Support Customer arrangements.

A central register enables:

- a consistent process to be established for Life Support Customers regardless of the retailer they wish to engage;
- relevant information to be communicated to each retailer when they commence a relationship at the connection point (NMI);
- a significantly simpler industry process with less interactions and greater certainty;
- more accurate registers with the potential for smaller Life Support Customer volumes (enhancing confidence that the most vulnerable customers are being protected); and
- opportunities to communicate better when interacting with Life Support Customers.

### **Modification of rules in Victoria**

If the AEMC does not adopt our proposed central register model, with the distributor being solely responsible for registering life support equipment at a NMI, we would advocate that the AEMC consider rules recently established within Victoria which require retailers to communicate the Life



Support Customer status to the distributor when they become the retailer for a Life Support Customer NMI. We would encourage the AEMC to consider making changes to the NERR consistent with this approach.

