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Australian Energy Markets Commission
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Project Reference RRC0009

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Lodged online: <http://www.aemc.gov.au/Contact-Us/Lodge-a-submission.aspx>

Dear Mr Williams,

Re: Rule Change, National Energy Retail Amendment (Strengthening protections for customers requiring life support equipment) Rule 2017

The Australian Energy Council (AEC) welcomes the opportunity to make a submission to the Australian Energy Market Commission (AEMC) on the Consultation Paper – National Energy Retail Amendment – Strengthening Protections for Customers Requiring Life Support Equipment (Life Support Rule Change).

The AEC is an industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia, and sell gas and electricity to over 10 million homes and businesses.

The AEC supports the improvement of processes and practices relating to the management of individuals with life support requirements. The existing mechanisms to protect life support customers can and should be strengthened. It will be important in the review process that procedures are clear and streamlined to ensure customers and businesses are aware of their respective rights and obligations. It is critical that in any transition new procedures and requirements are clearly understood and implemented. New arrangements should not be rushed in without adequate program risk analysis and management.

The proponent's view that the new rules take effect after 1 December 2017 makes their implementation coincidental with the broader suite of Power of Choice (PoC) changes. As such, the resources of market participants and market operators are currently heavily allocated towards this existing PoC implementation program, making scheduling more difficult. The AEC urges the AEMC to consult widely with PoC participants and consider the practical effect that the PoC implementation has on the timetable to implement this rule change.

Industry Consultation and Implementation Time Frames

The proposed rule change applies to the post December 2017 rules. It will take time to update internal procedures as well as for industry to develop the Business to Business (B2B) processes which are required to facilitate the rule change. Considering the time required to both develop and implement life support processes to adhere to any rule changes, the AEC suggests that the AEMC consult with businesses as to an appropriate implementation timeframe. While some businesses

may be able to enact change quickly, other organisations will require longer time periods to adjust internal and B2B procedures in line with final changes. It is imperative that sufficient time is allowed for businesses to construct efficient and robust processes.

The AEC also suggests that a review be conducted 12-24 months after the implementation of the rule change to monitor outcomes in relation to the concerns brought forward by the Australian Energy Regulator (AER) regarding the current life support rules. Outcomes in terms of registration, medical confirmation, enforcement and accuracy of registers should be evaluated by this review. Such review is necessary as any rule changes must deliver measurable improvements to consumer outcomes.

Increasing the accuracy of the Life Support Register

The AER has noted the growing size and inaccuracy of the life support register as a main concern with the current life support rules. The AEC supports moves to ensure this register is kept up to date and is as accurate as possible. This ensures protection for customers who require life support and avoids unnecessary costs to distributors and retailers. While retailers and distributors will play a part in ensuring this list is kept up to date by adhering to the amended processes for both registration and de-registration, some impetus on the customer will also help in maintaining an accurate register.

While the rule change strengthens the required information process surrounding the provision of medical evidence for life support equipment, there is no mention of time limits to this qualification. It is stated that both retailers and distributors are required to keep their registers up to date, however a process for confirmation of life support requirements would add a mechanism for retailers and distributors to ensure the accuracy of their registers. The AEC suggests that there be a process whereby life support requirements are confirmed every few years. As a model, in Western Australia the retailer must contact a customer in the preceding or subsequent three months to the 12 month anniversary of registration, to:

- (a) ascertain whether a person residing at the customer's supply address continues to require life support equipment; and
- (b) if the customer has not provided the initial certification or re-certification from an appropriately qualified medical practitioner within the last 3 years, request that the customer provide that re-certification.¹

This provides retailers an opportunity every year to review the customers they have on their register to confirm their continued requirement for life support equipment and for this to be confirmed with a further medical certificate every three years. This provides a reasonable mechanism of ensuring registers are kept up to date.

The AEC notes that the current system seemingly provides no time limit on registration and there is currently little imperative for customers to notify retailers or distributors if they no longer require life support status at their address. The rule change proposes that a retailer or distributor "may request" that registered customers inform them if the person requiring life support equipment vacates the premises or no longer requires life support. This lack of formal follow up to confirm the requirements of those on the register could be contributing to the growing and increasingly inaccurate register.

Registration Process Owner

The rule change proposes that only the business first contacted by the customer (the registration process owner) could choose to deregister a customer's premises. However, due to possible retail customer churn this could be problematic. If, for example, a customer first contacts a retailer to

inform them of their requirement for life support but then subsequently changes retailers, this first point of contact is no longer involved with the customer and hence would not be part of the discussion concerning deregistration. While a distributor is more likely to maintain involvement with the customer even in the face of retailer churn, the participant who can contact customers in relation to their Life Support Equipment should be the current retailer and network. The condition that the initial point of contact be responsible for this customer's registration for the entirety of the life support requirement is unrealistic.

While the AEC appreciates the clarity provided by the proposal that the first point of contact automatically become the registration process owner, flexibility will be needed so that the process owner is the most appropriate participant considering the situation. While in some circumstances the retailer may be the best point of contact, in the case of a customer who has a high rate of retail churn, the distributor may be best placed to be the registration process owner. In the case of retailer churn, the AEC recommends that a distributor be obliged to inform a new retailer of the life support requirement. While there are current requirements for quarterly reconciliation between participants, the period of transition between retailers may leave customers vulnerable in the time between reconciliation.

Business Days as Standard

The timeframe for some obligations to be met is referred to in calendar days. While it is desirable that all obligations be fulfilled in a timely manner, some periods make it difficult to fulfil these requirements in the allotted 'calendar day' period. The rule change proposes that businesses provide the medical confirmation form no later than 5 calendar days after receiving notification of requirement of life support requirement. Over a holiday period (e.g. Christmas, Easter), this requirement would be difficult to adhere to in the allotted time. The AEC suggests that requirements are in business days to allow businesses and customers to have adequate time to adhere to obligations.

Conclusions

While the AEC supports the development of more efficient and robust protections for life support customers, there are some concerns with the details of implementation. Attention should be paid to transition timelines, procedures for maintaining an accurate register, the limited definition of the registration process owner and obligation timeframes.

Should you have any questions in relation to this rule change request please contact Isobel Graham, telephone (03) 9205 3107 or isobel.graham@energycouncil.com.au.

Yours sincerely,



Sarah McNamara
General Manager Corporate Affairs