

Australian Energy Market Commission  
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Lodged (by online/email): <http://www.aemc.gov.au/Contact-Us/Lodge-a-submission.aspx>

21<sup>st</sup> December 2016

## **Draft Rule Determination – National Electricity, Retail and Gas Amendments Rule 2016 – Improving the accuracy of customer transfers**

The Australian Energy Council (the Energy Council) welcomes the opportunity to make a submission to the Australian Energy Market Commission's (the Commission) on the Improving the Accuracy of Customer Transfers Draft Rule Determination.

The Energy Council is the 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 Energy Council supports the underlying principle that retailers should act in a responsible manner when dealing with the issue of erroneous transfers. Given these issues occur largely outside the control of impacted customers', active retailer involvement in resolving these issues is imperative. The Energy Council also supports the notion that correcting erroneous transfer complaints quickly and with minimum effort for the customer enhances confidence in the energy retail sector. However, as the proposed rule currently stands, we submit that there may be some unintended consequences that will mean this outcome will not be achieved consistently.

### **Erroneous Transfer Support**

Retailers have systems and processes in place to ensure that when they acquire a customer they have all the relevant information so as to acquire the correct customer/site. However, on occasion it can arise that the information obtained may be incorrect; this could be due to incorrect market data within the market systems, incorrect or inaccurate information being provided by the customer, or the retailer incorrectly recording information. When issues of this nature occur, they are commonly referred to as "erroneous transfers". It has always been, and will continue to be, in the best interests of retailers to resolve erroneous transfers once they become aware of their occurrence.

We would submit that the relative small number of erroneous transfers occurring in the market, compared to the number of successful transfers, is evidence the processes and systems utilized by retailers are generally robust in ensuring the correct customer/site is transferred. Likewise the low number of complaints is testament to the actions of retailers in resolving erroneous transfers when they occur.

The Energy Council is seeking the AEMC's clarification regarding the application of the proposed Rule in 57A in regards to dealing with erroneous transfers. Although retailers should effectively resolve customer issues regarding transfer without consent, we submit that the rules as drafted are not the best mechanism to achieve this.

The Commission's proposed process attempts to assign accountability, however we would argue that retailers already take accountability when managing the resolution of transfer issues. The Energy Council submits that the competitive market has ensured that there are appropriate processes in place to ensure that an immediate resolution is available if an erroneous transfer occurs. A reduction in the Ombudsman cases again indicates that a market solution is already in place<sup>i</sup>.

The Energy Council is concerned with the requirement in rule 57A (1) that any retailer contacted by a small customer who advises that they have been transferred without Explicit Informed Consent (EIC) must then contact the new retailer and request they comply with the 57A(3). It is unclear how an unrelated retailer will

determine which new retailer to contact. This is also an inefficient process which may lead to poor customer outcomes. We strongly suggest that if any rule is made, that it is strictly limited to the customer contacting both the new and previous retailer.

**Draft Rule 116**

The Energy Council opposes the proposed amendment on Rule 116 by the Commission which in effect requires a retailer to confirm customer EIC prior to disconnection, where the customer to be disconnected was acquired within the previous 12 months. Retailers have an obligation to obtain a customer’s EIC prior to initiating a customer transfer. As previously stated the vast majority of erroneous transfers arise due to site information and data issues, not customer consent issues.

It therefore stands that a retailer wouldn’t be able to confirm EIC, even for a site that has been transferred erroneously. As such the amendment to Rule 116 will have the effect of creating an increased and costly administrative burden, for little (if any) benefit.

Where a customer contacts a retailer to raise a complaint regarding an erroneous transfer, the initiation of the complaint would be sufficient to halt any pending disconnection, until such time as the issue has been addressed.

The Energy Council submits that Rule 116 is wide-ranging which effectively requires a retailer to check for a valid EIC before any disconnection occurs for any customer they acquired in the past 12 months and not only those who are impacted by an erroneous transfer. Table 1 demonstrates three scenarios where a customer may be disconnected. The requirement to verify the EIC before disconnection only assists one group of customers. In these three scenarios the proposed verification will impose additional costs (systems, accrued debt by customer by delaying the disconnection) and would not resolve the transfer in error.

**Table 1: Three customer scenarios and the result of extending Rule 116**

Scenario – for all new customers (transferred in the last 12 months)	Does extending Rule 116 help
Scenario 1: Customer provides EIC however incorrect address is provided to the retailer.	The EIC verification will be able to be verified however the wrong address will be disconnected
Scenario 2: Customer provides EIC but retailer recorded incorrect address	The EIC will pick up different address
Scenario 3: Customer provides EIC and address is correct in retailer system – this is the standard process if it works as required.	<p>This is how the transfer with EIC process should work.</p> <p>Extending the rule injects two new processes into credit management process:</p> <ol style="list-style-type: none"> <li>1. Has customer transferred to retailer in the past 12 months;</li> <li>2. If yes, has the customer provided EIC?</li> </ol>

The number of customers determined to have transferred with a defective EIC will not be significant enough to warrant mandating a retailer run process to comply with the rule. The Energy Council therefore submits that there is little benefit of Rule 116 in its current format. Rather, the Energy Council suggests the amendment of Rule 116 be such that it captures no disconnection of customers that have raised a query regarding the consent of their transfer.

**Address standard**

The Energy Council welcomes the Commission’s decision to not make a draft rule on introducing an address standard. The implementation of such a rule change would have taken time and required material resources from retailers. We therefore support the Commission’s view that “*the proposed rule would be costly and*

*complex to implement, with retailers, distributors and the Australian Energy Market Operator (AEMO) being required to incur costs for system changes, business process changes and staff training.”*

Any questions about our submission should be addressed to Panos Priftakis, Policy Adviser by email to [panos.priftakis@energycouncil.com.au](mailto:panos.priftakis@energycouncil.com.au) or by telephone on (03) 9205 3115.

Yours sincerely,



**Sarah McNamara**  
General Manager Corporate Affairs

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<sup>i i</sup> The Energy and Water Ombudsmen of NSW, SA, and QLD reported decreases in transfers related complaints from 2014/15 to 2015/16 of 32%, 22%, and 46% respectively.

<http://www.ewon.com.au/content/Document/Annual%20Reports/EWON-annual-report-web-2015-2016.pdf> pg 30

[http://www.ewosa.com.au/images/ewosa/PDFs/EWOSA\\_AnnualReport\\_2015-2016.pdf](http://www.ewosa.com.au/images/ewosa/PDFs/EWOSA_AnnualReport_2015-2016.pdf) pg 22

<http://www.ewoq.com.au/userfiles/files/Energy%20and%20Water%20Ombudsman%20Queensland%20Annual%20Report%202015-2016%20WEB.pdf> pg 21