

1 August 2019



Lisa Shrimpton
Senior Advisor
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Ms Shrimpton,

AEMC Reducing Customer Switching Times rule change

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to respond to the Australian Energy Market Commission's consultation on a rule change to reduce retail customer switching times.

The ability of customers to switch easily between retailers is important for achieving good consumer outcomes in the retail energy market. Consumers who are active participants in the retail market generally are on the best value plans and receive the highest quality services. The current arrangements for switching, which can often see customers wait up to 90 days for a transfer or have their transfer abandoned, are resulting in suboptimal outcomes for customers.

PIAC broadly supports moves to reduce this timeframe and the changes the AEMC has proposed to do so.

Below we address the questions posed in the consultation paper and provide comment on some additional matters.

Question 1: Does clause 7.8.9(e)(1) of the NER restrict the delivery of the proposed changes to the customer transfer procedures and process?

PIAC considers the clause requires provisions that enable a Metering Coordinator (MC), Metering Provider (MP) or Metering Data Provider (MDP) to be effective on or after the day that the market load at the new connection point transfers to the Incoming Retailer. The requirement for the MC, MP and MDP to be effective on or after the day of transfer implies each must be nominated before transfer. To the extent that having 'provisions that enable' serve as a requirement then the clause does restrict the delivery of the proposed changes. Even if the clause does not act as a requirement, removing it would not impede the proposed changes, and could eliminate an unnecessary and burdensome step from the switching procedures.

Question 2: Are there any impacts from removing clause 7.8.9(e)(1) from the NER and allowing the MC, MP or MDP roles for metering installations to be nominated in the procedures but as a separate request or in parallel to a retail customer transfer?

It is not immediately clear whether removing clause 7.8.9(e)(1) from the NER would have any impacts outside of those intended. We note that the removal of clause 7.8.9(e)(1) removes from the rules any direction as to what the MSATS CATS procedures should enable with respect to nominating MC, MP and MDP roles. PIAC considers this could result in significant future changes to the procedures for nominating roles being made without any NER rule changes and associated oversight. AEMO consults on procedure changes separately, however, some consideration should be given as to whether placing role nomination procedures outside of the NER will ensure a good outcome for consumers in future.

While it's not clear whether stipulating provisions for role nominations in the NER is necessary, the AEMC could consider amending clause 7.8.9(e)(1) to reflect the proposed changes to the customer transfer procedures instead of removing it entirely. Deciding whether to do so should come with a consideration of whether the extra layer of regulatory oversight is necessary or beneficial.

Question 3: Are there any unintended impacts from removing or clarifying clause 7.8.9(e)(2) of the NER and including the requirement in AEMO's meter churn procedures?

Similar to the removal of clause 7.8.9(e)(1), removing clause 7.8.9(e)(2) leaves no reference to the timing of installing and replacing meter installations in the NER. Whether this is a good long-term outcome for consumers should be considered.

Question 4: Are the existing provisions in the NERR related to customer billing impacting consumers utilising alternative meter read options and switching electricity retailers in a timely manner?

Given the current procedures result in switching times of up to 90 days, and sometimes no switch at all, it suggests some retailers and/or customers may not be utilising alternative meter read options.

Question 5: Is there any evidence to suggest that customers with manually read metering installations would not take up alternative meter read options to transfer retailers in a timely and seamless manner?

The proposed procedure changes that will enable consumers to switch in two days will mainly affect consumers with metering installations that need to be manually read. Given almost 70% of customers in the NEM have meters that are manually read every 91 days, and as such, can wait up to 90 days for their transfer to complete, it seems likely that these customers would benefit from access to options to speed up the process.

Question 6: Based on AEMO's proposed high level design and changes to the existing procedures, are clarifications required to clause 21(1) of the NERR to remove ambiguity about issuing final bills on estimate metering data?

AEMO's high-level design aims to clarify the meter read options available to consumers and retailers to facilitate transfers. Clause 21(1) does not specifically mention final bills in relation to estimate metering data and so it may be unclear whether this option is available.

Other issues

Customer information

Under the proposed new procedures, the old retailer would be made aware of a switch at the time of transfer. This positive change will reduce switching time and limit the uncompetitive – and arguably anticompetitive – marketing practice of ‘saves’. However, it may create periods of time where important customer information, such as concerning life support and concessions, isn’t available to the new retailer. Much of this information will be the responsibility of customers’ to inform their new retailer, however, the AEMC and AEMO should consider whether customers will be sufficiently aware of their responsibilities to inform their new retailer of necessary information.

Cooling off periods

In briefings concerning this consultation, the AEMC has indicated it is considering whether to reduce the cooling off period for retail customer switches. PIAC considers this consultation is not appropriate to address this question as it concerns only a small subsection of customers. We suggest the question of cooling off periods in general might be better addressed in the National Electricity Customer Framework review happening later in 2019.

Continued engagement

PIAC would welcome the opportunity to meet with the AEMC and other stakeholders to discuss these issues in more depth.

Yours sincerely

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