

# CUSTOMER SWITCHING IN THE NEM

ISSUES PAPER

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## EXECUTIVE SUMMARY

The publication of this Issues Paper commences the first stage of the Rules consultation process conducted by AEMO to consider proposed amendments to the Market Settlement and Transfer Solution (MSATS) Procedures under the National Electricity Rules (NER).

AEMO has prepared this Issues Paper to facilitate informed discussion and seek input from interested parties on the efficient delivery of proposed changes to the customer switching process design in the National Electricity Market (NEM).

In summary, the key proposals involve:

- MSATS change request design – FRMP change:
  - General changes for all 1000 series CRs;
  - Prospective transfer of the FRMP role;
  - Retrospective transfer of the FRMP role;
  - Transfer of the FRMP role at connection points within embedded networks;
  - Facilitating cooling-off reversal of a FRMP change; and
  - Changes to error correction 1000 series CRs.
- MC appointment objections (6000 series CRs);
- Improvements to drafting of MSATS Procedures: Consumer Administration and Transfer Solution (CATS) Procedure Principles and Obligations; and
- Consequential changes to the Meter Data File Format (MDFF) Specification NEM12 & NEM13.

AEMO expects to publish MSATS Procedures: Procedure for the Management of Wholesale, Interconnector, Generator and Sample (WIGS) NEMs, for consultation on 20 December 2019, at the same time as the publication of the Draft Report and Determination.

AEMO invites stakeholders to suggest alternative options where they do not agree that AEMO's proposals would achieve the relevant objectives and outcomes. AEMO also asks stakeholders to identify any unintended adverse consequences of the proposed changes.

Stakeholders are invited to submit written responses on the issues and questions identified in this paper by 5.00 pm (Melbourne time) on 22 November 2019, in accordance with the Notice of First Stage of Consultation published with this paper.



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## 1. STAKEHOLDER CONSULTATION PROCESS

AEMO is conducting a consultation on the on the changes required to Market Settlement and Transfer Solution (MSATS) Procedures in accordance with the Rules consultation requirements detailed in clause 8.9 of the National Electricity rules (NER).

A glossary of terms used within this Issues Paper is provided in Appendix A.

AEMO's indicative timeline for this consultation is outlined below. Dates may be adjusted depending on the number and complexity of issues raised in submissions or meetings with stakeholders.

Deliverable	Indicative date
Issues Paper published	17 October 2019
Submissions due on Issues Paper	22 November 2019
Draft Report published	20 December 2019
Submissions due on Draft Report	23 January 2020
Final Report published	21 February 2020

Prior to the submissions due date, stakeholders can request a meeting with AEMO to discuss the issues and proposed changes raised in this Issues Paper.



## 2. BACKGROUND

### 2.1 NER requirements

Clause 7.16.2 of the Rules requires AEMO to establish, maintain and publish the MSATS Procedures. Clause 7.16.1(b) requires AEMO to maintain the MSATS Procedures in accordance with the Rules consultation procedures.

### 2.2 Context for this consultation

#### 2.2.1 Regulatory context

On 3 December 2018, the Australian Energy Market Commission (AEMC) and AEMO provided joint advice to the Council of Australian Governments (COAG) Energy Council about improving the customer switching process in the NEM.<sup>1</sup> The advice considers the related recommendations 8 and 9 of the Australian Competition and Consumer Commission (ACCC) Retail Electricity Pricing Inquiry (REPI) Final Report.<sup>2</sup> These recommendations are:

Recommendation 8: AEMO [should] amend its rules and procedures so that losing retailers are only given a loss notification on the actual date of transfer of financial responsibility for the customer to the new retailer. This will limit the opportunity of 'losing' retailers to conduct 'save' activity before a customer transfer has taken place.

Recommendation 9: The AEMC should make changes to speed up the customer transfer process, for example by enabling customers to use self-reads of their electricity meters. This will ensure that customers move to new offers quickly and will limit the time available for 'losing' retailers to conduct 'save' activities.

The AEMC and AEMO joint advice proposes that, in order to efficiently deliver the ACCC recommendation outcomes, a range of actions and changes must be made to the customer switching process to improve, streamline and provide greater transparency for customer switching within the retail energy market. There are a range of issues with the current customer switching process that may be allowing for, or contributing to, opportunities for parties to delay a customer switch and to enable the conduct of a 'save activity'. The AEMC and AEMO also note that the existing customer switching process is outdated (designed at the time that the market first moved to retail competition) and needs review to meet customer expectations and improve retail market competition.

At its December 2018 meeting, the COAG endorsed the AEMC and AEMO joint advice and work program to address improving customer transfers.

#### 2.2.2 AEMO High level Design and Rule Change

As a specific action, the joint advice recommended that AEMO produce and submit to the AEMC a high level design (HLD) and associated rule changes to improve the customer switching process, streamline existing processes and improve retail market competition.<sup>3</sup>

In particular, the HLD and associated rule changes were to:

- Enable a process that allows a customer to transfer retailers within two days after the end of the cooling off period; and

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<sup>1</sup> AEMO and AEMC *Joint advice: Implementation options for ACCC recommendations 8 and 9 – customer transfers*. Available at: <https://www.aemc.gov.au/market-reviews-advice/aemc-and-aemo-joint-coag-energy-council-advice-customer-transfers>.

<sup>2</sup> ACCC *Retail Electricity Pricing Inquiry—Final Report*, June 2018. Available at: <https://www.accc.gov.au/>

<sup>3</sup> AEMO and AEMC *Joint advice: Implementation options for ACCC recommendations 8 and 9 – customer transfers*.



- Have regard to the appropriate timeframes for notification and meter read options. For example, a customer self-read, last billable reads, forecast or substitute and smart meter reads.

The relevant principles were to be that:

- There is a simple, easy and timely customer switching process for consumers;
- The supporting procedures are streamlined, transparent and provide certainty for participants;
- The obligations for parties are clear, enforceable and can be reported on;
- Any changes have regard to the implementation and ongoing costs; and
- The HLD and associated rule changes were also to take into account and consider:
  - Customer protection issues, including billing and contract information; and
  - Energy billing and settlement, and enforcement arrangements including reporting of breaches by the AER.

On 24 May 2019, AEMO submitted a rule change request to the AEMC to amend the NER and the National Energy Retail Rules (NERR). A detailed HLD paper which set out AEMO's proposed changes to AEMO's MSATS Procedures was provided to the AEMC and published alongside the rule change proposal.<sup>4</sup> The draft determination was published on 26 September 2019.

The AEMC draft determination comments that the draft rule:

...will, or is likely to, contribute to the achievement of the NEO and [National Energy Retail Objective (NERO)] for the following reasons:

by facilitating AEMO's high level design, the amendments made to the NER are likely to improve the...transfer process by removing regulatory and administrative processes that were outdated and contributing to delays and failed transfers.

the clarifications made [in the AEMC Determination] regarding the use of estimate reads for final bills and the amendment made to the model terms and conditions for standard retail contracts will increase transparency and certainty within the transfer process.

...also meets the "consumer protection test" of the NERO...by strengthening the...protections in the model terms and conditions for standard retail contracts relating to customer transfers.<sup>5</sup>

More generally, the AEMC:

...reiterates its support for AEMO's procedure changes from its joint advice to COAG...in particular [supporting] the move to...remove features of the customer transfer process where the losing retailer is notified in advance of a customer changing retailer. The [AEMC] does not consider this is a feature of a well-functioning market. As a general principle, the market transfer processes should not facilitate retailers conducting save activity. This is consistent with the [AEMC's] recommendations in the 2014 Review of Electricity Customer Switching, and subsequently the ACCC's recommendations in the [Retail Electricity Pricing Inquiry (REPI) – Final Report, June 2018].

A final determination is expected on 19 December 2019.

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<sup>4</sup> AEMC Reducing customers' switching times (retail) RRC0031. Available at: <https://www.aemc.gov.au/rule-changes/reducing-customers-switching-times-retail>

<sup>5</sup> AEMC Determination, section 2.4, page 9. The AEMC made the Determination in response to AEMO's request on 23 May 2019, to consider making a rule change under section 91 of the National Electricity Law.



AEMO held a technical workshop regarding the proposed HLD with interested parties on 21 August 2019 and has held other informal discussions with a range of parties. These discussions have assisted AEMO in the development of this Issues Paper and associated proposed changes to AEMO procedures.

### 2.2.3 Context for MSATS procedural and system changes

MSATS procedures define the roles and obligations of participants and AEMO, facilitating and supporting an efficient process for the:

- Provision and maintenance of MSATS Procedures: Consumer Administration and Transfer Solution (CATS) Procedure Principles and Obligations Standing Data;
- Discovery of approved NMI Standing Data;
- Transfer of retail customers between retailers;
- Registration of metering installations; and
- Settlement and administration of NMIs.

In the context of customer switching, there are two MSATS Procedures that require amendment to accommodate the changes proposed in this Issues Paper:

- MSATS Procedures: Consumer Administration and Transfer Solution (CATS) Procedure Principles and Obligations - that apply to customer connections in the NEM; and
- MSATS Procedures: Procedure for the Management of Wholesale, Interconnector, Generator and Sample (WIGS) NMIs – that apply to wholesale connections in the NEM.

Processes and systems which facilitate the customer switching experience were designed at the time that the market first moved to retail competition. These processes and systems have not significantly changed since this time. Therefore, in order to realise the outcomes of the joint advice and AEMC Rule Change process, key changes to the MSATS Procedures and associated systems are required. At a high level, these changes can be categorised into:

- Amendments supporting a change in the FRMP (refer section 3.1);
- Related MSATS procedural changes (refer section 3.2 and 5.1);
- Consequential changes to the Meter Data File Format (refer to section 5.2); and
- Timing for implementation of the proposed changes to AEMO procedures and systems (refer to section 5.3).

This Issues Paper makes reference to:

- NER version 124;
- MSATS Procedures: Consumer Administration and Transfer Solution (CATS) Procedure Principles and Obligations version 4.8;
- MSATS Procedures: Procedure for the Management of Wholesale, Interconnector, Generator and Sample (WIGS) NMIs version 4.8; and
- Meter Data File Format (MDFF) Specification NEM12 & NEM13 version 1.06.



### 3. DISCUSSION

This section discusses the proposed changes to the MSATS Procedures to implement the design presented in the rule change request and associated high level design (HLD). AEMO recommends that those papers are read in conjunction with this Issues Paper.

#### 3.1 MSATS change request design – FRMP change

The Change Request (CR) process in MSATS facilitates the change of role associated at a connection point. There are currently 19 different types of change reason codes (CRCs) supporting the CR process and customer switching in the MSATS procedures and systems, including nine specific error correction requests. The customer switching CRs are known as the 'CR1000' series and are numbered 10XX. The effect of the CR1000 series is to change the role of the FRMP at the connection point (more commonly referred to as the retailer, in the context of customer switching in the NEM).

The HLD paper describes the current CR purpose and processes in detail and provides AEMO's analysis regarding its ongoing suitability, comparison with overseas markets and proposes changes to meet the objective discussed in the joint advice from the AEMC and AEMO to the COAG Energy Council.

This section details the changes proposed in procedures and systems across the following areas:

- General changes for all 1000 series CRs;
- Prospective transfer of the FRMP role;
- Retrospective transfer of the FRMP role;
- Transfer of the FRMP role at connection points within embedded networks;
- Facilitating cooling-off reversal of a FRMP change; and
- Changes to error correction 1000 series CRs.

##### 3.1.1 General changes for all 1000 series CRs

This section details changes that are proposed to apply to all CRs in the 1000 series in the MSATS Procedures.

###### Nomination of multiple roles alongside a change of retailer

The MSATS Procedures currently enable a retailer to initiate a customer switch and to nominate changes to the roles of Metering Coordinator (MC), Metering Provider (MP) and Metering Data Provider (MDP) within the one CRC. In the case that one or more of these roles is nominated in the CRC, the nominated party may raise an objection on the basis that they decline the appointment.

In practice, however, the only role that can currently be proposed to change alongside a retailer as part of a transfer request is the MC; MPs and MDPs can only be appointed to provide services if they are suitably authorised as an accredited provider (as determined in the NER) and have access to the systems which support the metering installation in question.

Current, if a proposed MC objects to their appointment for whatever reason (e.g. as they do not wish to provide services to that retailer; or to the location of the connection point in question) the completion of the customer switch suspends, or is cancelled.



AEMO does not consider it reasonable that the erroneous appointment of a new MC, MP or MDP by a prospective retailer should give rise to the opportunity for delay or cancellation of a customer switch. The role appointment of these parties is either unrelated to a customer’s decision to select a new retailer, or in the case of a large customer who has appointed their own MC, the subject of a separate commercial agreement.

AEMO considered two options by which the risk of delay or cancellation to the switching process might be nullified:

<p>Option 1: Limit the scope of customer switching CRs in MSATS, so that only the retailer role is changed in the transfer process</p>	<p>This would align MSATS with delivering the objective of a simple customer transfer process. The erroneous appointment of an MC, and any ability to subsequently object to that appointment, should have no interaction with a customer switching process.</p>
<p>Option 2: Remove the ability for Metering Coordinators to object to appointment</p>	<p>As MSATS Procedures enable retrospective correction of role changes, removing this objection right might be considered reasonable providing it could be corrected should an error occur.</p>

On review of all customer switches over the full year 2018, AEMO found that the vast majority of customer switches sought only to change the retailer, with very few (less than 0.1%) proposing to also change the MC within the retailer transfer CR. AEMO considers that there may reasonably be circumstances in which an MC does not wish to be nominated as MC at a connection point and should be able to object to a proposed appointment. Retrospective objections might be theoretically possible but appear unnecessary with such low volumes of MC appointment within the 1000 series CRs.

Accordingly, AEMO considers that the optimal change is Option 1 – to amend all customer switching CRs in order that they only facilitate a change of retailer at the connection point. This proposed change will not alter the prospective retailer’s, or other parties’, current ability to nominate a new MC, MP or MDP once the customer transfer had been completed via a 6000 series CR.

### Notification of a pending role change

The MSATS Procedures require notifications to be sent to roles associated with a connection point at various stages of a CRs progression (e.g. REQUESTED, OBJECTED, PENDING, COMPLETED). Notifications of a customer switch are provided to the current retailer regardless of whether the market framework requires them to receive such a notification.

As discussed extensively in the ACCC REPI final report, a notification of a customer switch is often used by the current retailer to conduct ‘save’ activity. The ACCC made specific recommendations for AEMO to remove notifications of a customer switch to prevent ‘save’ activity from occurring.

AEMO therefore proposes that prior to CR completion, notifications related to 1000 series CRs should be limited to:

- The party raising the CR (e.g. the new retailer); and
- Parties which are provided with a right within the market framework to object to a role change prior to its completion.

Amendments to the MSATS Procedures will be drafted to reflect this proposal.



**Objection to customer switches in Victoria on the basis of a certified debt**

In Victoria, provisions exist that enable the current retailer to object in cases where a certified debt exists.<sup>6</sup> As long as this remains a jurisdictional requirement in Victoria, AEMO procedures and systems should maintain the ability for retailers servicing Victorian customers to object to transfers in accordance with Victorian requirements. This is the only circumstance identified by AEMO which might legitimately require the current retailer to be notified of a customer switch prior to it completing.

The MSATS Procedures facilitate a process by which a current retailer in Victoria may suspend the progress of a proposed customer switch by a new retailer where it identifies that the customer has a certified debt. The process by which the suspension of a transfer occurs is as follows:

- A prospective retailer raises a 1000 series CR to commence the customer switch in MSATS;
- The MSATS system provides a notification of the pending change to the current retailer;
- The current retailer has one full business day following this notification to consider whether it has justification to object on the basis of a certified debt; and
- As a result:
  - If an objection is raised by the current retailer, the proposed customer switch does not proceed; or
  - If no objection is raised, the proposed transfer progresses as planned by the prospective retailer.

On average, of the approximately 213,000 customer switches in the NEM per month, 600 (~0.3%) are objected to on this basis. Annually, most retailers raise very few (between 0-50) objections of this type, with four to five retailers consistently raising the majority of these objections.

AEMO has considered the following options to enable retailers in Victoria to continue to exercise the right to retain a customer with a certified debt whilst meeting the objectives of the ACCC REPI recommendations:

<p>Option 1: Retain the current objection mechanism and one business day objection period.</p>	<p>This model enables current retailers to prevent Victorian customers with a certified debt from switching retailers, however it is problematic for reasons including:</p> <p>The one business day objection window requires that all customer switches are held in abeyance regardless of the fact that the vast majority (~99% in Victoria) will not be subject to an objection;</p> <p>The notification of the pending transfer facilitates save activity in Victoria – removal of such notification was the subject of ACCC recommendations in the ACCC REPI; and</p> <p>MSATS system architecture does not allow restriction on notification of pending transfers based on jurisdiction. As a result, either:</p> <p style="padding-left: 40px;">Retention of notification to the current retailer of pending transfers in Victoria would prevent cessation of notification elsewhere in the NEM, enabling save activity to persist NEM-wide;</p>
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<sup>6</sup> Essential Services Commission, Electricity Customer Transfer Code, 13 October 2014, clause 5.1 (page 6)



	<p>MSATS system architecture requires redesign to enable notification restriction based on jurisdiction; or</p> <p>A separate set of CRCs are required within the 1000 series to accommodate Victorian only customer switches which accommodate notification and one business day objection processes.</p>
<p>Option 2: Retain the current objection mechanism and reduce the objection period to zero business days.</p>	<p>This option would provide the same facility as described above, however it would reduce the period from one business day for objection, to zero business days. A 'zero' day objection period would provide the current retailer only the period of time between the customer switch initiation and midnight on that same day to consider whether there is a justification to object (e.g. if a 1000 series CR is raised at 2.00p.m. on a business day, the current retailer would have from 2.00 p.m. until midnight on that same day to decide whether to object).</p> <p>This option would enable the Victorian switching process to be aligned with the timeframes in the rest of the NEM, subject to objections.</p> <p>Issues regarding continuation of save activity and MSATS ability to restrict notification are not resolved and are the same as described for Option 1 above.</p>
<p>Option 3: Remove the current objection period and replace with a process to re-instate the previous retailer following the completion of a transfer in MSATS upon identification of a certified debt.</p>	<p>This option provides a facility for the losing retailer to have a specified timeframe to raise a 'DEBT' CRC which has the effect of reversing the customer switch (in Victoria only) in a manner similar to an error correction CRC in MSATS.</p> <p>The CRC would not be subject to objection.</p> <p>This option would ensure that customer switches across the NEM can follow the same process regardless of the region in which the customer resides, whilst maintaining the ability for the retailer who has a certified debt with a customer in Victoria to cancel a customer switch.</p> <p>The ACCC REPI recommendation regarding the removal of notification of a pending customer switch to the current retailer is adopted, preventing save activity in Victoria, in line with all other NEM regions.</p>

AEMO considers that the mechanism to enable the prevention of a customer switch as a result of a certified debt should be proportionate and not add undue complexity or delay into the customer switching process, particularly as it is applied in very few cases (less than 0.3% of customer switches in the NEM per month) and generally by only a select group of four to five retailers. The Essential Services Commission (ESC) has recently communicated with AEMO on the topic of certified debt objection, encouraging consideration of a uniform approach to timing and process for customer switches across the NEM.

The ESC also encouraged AEMO to consider the benefits of enabling a faster switching process to the vast majority of customers (who will not be seeking to switch retailers whilst holding a certified debt) in this issues paper and consultation.



AEMO considers that neither Options 1 or 2 are consistent with the ACCC REPI recommendations and that they create either an unwarranted delay in completion of a customer switch for Victorian customers (Option 1 - if a one business day objection period is maintained), or an unreasonably short period of time by which a retailer might reasonably exercise the ability to object based on a certified debt (Option 2 - if the objection period is reduced to zero days).

AEMO proposes to adopt Option 3 and establish a new CRC which allows for a customer switch to be reversed (in Victoria only), where a retailer identifies a certified debt. One business day will be allowed for the retailer to identify a certified debt, consistent with the established timeframes under current processes. After one business day, the certified debt reversal will not be able to be raised. Prospective retailers will be notified of the reversal on the basis of a certified debt and will be able to notify and liaise with affected customers as provided for in the ESC Code.

### Questions

1. Does the proposed change, to limit 1000 series CRs to a change of FRMP only, unreasonably restrict a retailer or other party from performing an action as required by the NER? Are there any additional considerations that AEMO has not presented?
2. Are the issues raised by AEMO regarding restrictions being placed on an MCs ability to object to an appointment reasonable?
3. Does the removal of the notification of a pending customer switch unreasonably restrict retailers from being able to comply with the NER or NERR?
4. Are there any alternative design options that AEMO should consider facilitating prevention of a customer switch by a retailer based on a certified debt, which are consistent with the ACCC REPI recommendations for the removal of the notification of a pending customer switch and do not unreasonably delay customer switches in Victoria?
5. Does the one business day timeframe proposed to enable the raising of the new Victorian certified debt objection CRC reasonably enable retailers to exercise the ability to prevent the customer switch on this basis?

### 3.1.2 Prospective transfer of the FRMP role

Prospective role-change 1000 series CRs (raising a CR for a change of FRMP role on a future date) make up approximately 85% of all retailer transfers in the NEM.

#### CRC 1030 – Prospective FRMP role change (customer move-in)

A specific CRC supports a prospective change of the FRMP role which is aligned to a new customer moving in to a property - CRC 1030. Approximately 36% of all retailer transfers are raised using this CRC. In most circumstances, a re-energisation of the connection point is raised to be certain of the continued provision of a supply of electricity to the incoming customer. Re-energisation services provided by distribution network service providers are typically required to be delivered within 24-hours of a request and are covered by Guaranteed Service Level (GSL) obligations on the Distribution Network Service Provider (DNSP). The customer switch is facilitated via the re-energisation process in most cases. As highlighted in the HLD, AEMO consider that whilst the common industry practice of de-energisation and re-energisation might be considered unnecessary or unreasonably costly for customers, in the context of customer switching it does provide an outcome consistent with the customer's wishes (i.e. to transfer the connection point to the selected retailer within one day in most cases).



### CR 1000 – FRMP role change (in-situ customer)

The CRC 1000 is the most commonly used CRC to support a change of the FRMP role, accounting for approximately 49% of all customer switches and is typically used where a customer which is already obtaining a service at a connection point through one retailer, wishes to move to a new retailer product or service.

The AEMO HLD identified fundamental design issues with the CRC 1000 which delay the completion of a customer's decision to change retailer, which included:

1. The need for a meter reading to be obtained before the change to the role of FRMP at a connection point can occur in all cases;
2. The reliance on the use of the Next Scheduled Read Date (NSRD) as the vehicle to provide that meter reading for manually read metering installations and
3. Restrictions imposed through MSATS procedures which limited retailer's ability to switch customers during the cooling-off period (this is considered further in section 3.1.5).

Under current processes, a meter reading must be obtained, or generated by the MDP prior to the change of FRMP role completing in MSATS. A retailer has the facility to raise a CRC 1000 and include a description of the reading type required to facilitate the transfer (e.g. Estimated Read, Special Read, etc.), although the vast majority of CRC 1000s seek for the role change to occur on the NSRD for manually read metering installations (which make up over 70% of all small customer connections in the NEM). To complete the CRC 1000, the MDP for the connection point must provide a CRC 1500 in response. The CRC 1500 is provided once a meter reading has been obtained; it confirms, or provides, the date of the role change and that a meter reading exists for the date of transfer. The MDP subsequently sends a data file to both the losing and new retailers with the corresponding metering data.

The reliance on a reading being taken before a customer switch can occur is a material barrier to a customer's ability to obtain the benefits from the new retailer arrangement that they have selected, particularly if the customer switch process is reliant on the NSRD. AEMO explored the use of the NSRD in the customer switching process extensively in the HLD paper and concluded that continued use of an NSRD as the basis for customer switch is incompatible with a fast and reliable process. Reasons for the lack of suitability of an NSRDs include:

- Uncertainty that a reading will be taken on any specific date; and
- The time taken between the customer choosing a new product or service and the read being taken, which could be weeks or months into the future.

Cyclical meter reading processes, such as using an NSRD, are not used in markets with advanced transfer processes, regardless of the regularity of those cycles (e.g. monthly, bimonthly, quarterly or 6 monthly). In these markets, smart meter readings (where available), or estimated metering readings are provided subsequent to the transfer having been completed.

AEMO considers that the removal of the NSRD from the process is critical to enhancing customers' ability to access retail products and services. Feedback obtained in discussion with a number of retailers which have expressed a desire to retain the use of NSRDs indicates that, should the NSRD be retained as an option, it is unlikely that the more efficient transfer times would be adopted across the NEM and customers would not benefit from the proposed changes.

### Proposed design for prospective changes of the FRMP role

AEMO is not proposing to amend the CRC 1030 at this time, save for the matters discussed in section 3.1.1 (General Changes for all 1000 series CRs). Whilst the change of FRMP is reliant on a meter reading,



obtaining the reading is a by-product of the higher priority task to ensure the customer has a supply of electricity; supply re-energisation responsiveness provided assurance in established GSLs.

The CRC 1000 however requires amendment to resolve the issues discussed in the HLD and summarised above and has considered the following options:

<p><b>Option 1:</b></p> <p><b>Retirement of the CRC 1000 and Introduction of new 10X0 series CRs for customer switching.</b></p>	<p>This option retires the CRC 1000 from use and replaces its function with the following CRCs:</p> <p>CRC 10X0 – will facilitate prospective customer switches that will complete on the date specified by the incoming retailer (which can be as early as the next calendar day). Subsequent to the completion of the customer switch, the MDP will be required to provide either a substituted meter reading (for connection points that have manually read metering installations), or a remotely collected meter reading (for connection points that have remotely read metering installations). This CRC would be applicable for metering types 1-6.</p> <p>CRC 10X2 – will facilitate prospective customer switches for connection points with manually read metering installations where the customer or the incoming retailer has specifically requested that a meter reader make a physical visit to obtain a reading from the meter (e.g. via a special read request). This CRC will continue to require a CRC 1500 from the MDP to enable completion. This CRC would be applicable for metering installation types 4A, 5 and 6.</p> <p>Customer switches that are in progress when amended procedures come into effect (i.e. open CRC 1000s) will be enabled to complete as planned up to the maximum 65 prospective business days forward but are not able to be raised and are retired from use from the implementation date.). MDPs will have to operate processes to close off CRC 1000s and provide data for CRCs 10X0 and 10X2 in tandem for a period of 65 business days post implementation date.</p>
<p><b>Option 2:</b></p> <p><b>Retain the CRC 1000</b></p>	<p>This option retains the current CRC 1000 for in-situ transfers and enables implementation of new processes via changes at the 'Read Type Code' level applicable for use with the CRC 1000 as follows:</p> <p>RR (Read Required) – will facilitate prospective customer switches that will complete on the date specified by the incoming retailer (which can be as early as the next calendar day). Subsequent to the completion of the customer switch, the MDP will be required to provide either a substituted meter reading (for connection points that have manually read metering installations), or a remotely collected meter reading (for connection points that have remotely read metering installations). This Read Type Code would be applicable for metering types 1-6.</p> <p>SP (Special Reading) – will facilitate prospective customer switches for connection points with manually read metering installations</p>



where the customer or the incoming retailer has specifically requested that a meter reader make a physical visit to obtain a reading from the meter (e.g. via a special read request). This CRC will continue to require a CRC 1500 from the MDP to enable completion. This Read Type Code would be applicable for metering installation types 4A, 5 and 6. This is consistent with current practice in the use of the SP Read Type Code.

The NSRD and other Read Type Codes would be retired on the implementation date, but those raised prior to implementation date would be able to be completed using current processes.

AEMO has identified issues and risks associated with the use of estimated meter readings in the HLD and has requested the AEMC considers associated consumer protections in the rule change proposal which the AEMC is progressing.

AEMO recognises that a customer switch arranged via either the proposed CR 10X2 (Option 1), or the SP Read Type Code (Option 2), will not guarantee an efficient or timely customer switch due to issues including the increasing costs of providing a manual reading in response to a special read request being raised, the time taken to obtain a reading and the risk that attempts to obtain a read fail. However, unlike the use of the NSRD, AEMO considers that it is reasonable to retain the option to access an on-demand meter reading service in the case that a physical reading is explicitly requested by a customer.

AEMO proposes to adopt Option 2 (CRC 1000 retention and redesign at Read Type Code level). AEMO considers that this option is more efficient and is likely to be less impactful and costly to implement for reasons including:

Option 1 requires a transition period to assist retailers to stop using and complete processing of the NSRD Read Type Code that are in-flight.

Transition is made simpler under Option 2 as follows:

- No cancellation and re-raising of 'in flight' CRC 1000 customer switches are demanded as current process will continue to operate for the natural life of CRCs raised prior to implementation date, and therefore retailers are not compelled to relitigate agreements with customers regarding process or timing of planned customer switches; and
- Option 2 enables the retention of existing processes for the delivery of special readings via the SP Read Type Code – i.e. no material changes to systems to effect a customer switch on this basis.

Retailers and MDPs are likely to have more material changes to systems to accommodate a new range of CRCs and retire old CRCs.

### Questions

6. Should AEMO seek to replace rather than redesign the current CRC with two new prospective CRs? If so, how might transactions 'in-flight' be treated upon implementation of the procedure changes and associated system changes?
7. Is there a compelling reason to retain the use of the NSRD in the customer switching process? If so, what are these reasons; and what controls might reasonably be introduced such that its use no longer becomes commonplace and that customers benefit from the ability to access next-day switching?



8. Is there value in retaining an ability for a prospective change of FRMP role to occur based on a special reading?

### 3.1.3 Retrospective transfer of the FRMP role

Retrospective role-change CRs (raising a CR for a change of role on a date that has passed) make up approximately 15% of all retailer transfers in the NEM. The majority of these retrospective role changes are for CRC 1040's which are designed to enable a retrospective change of the FRMP role, aligned to a date in the past 10 business days (which could be raised for the current day if a CR is scheduled to complete no earlier than the day following the current day) where a new customer has moved into a property. The CRC 1040 does not require the current FRMP's permission to proceed, as the customer at the connection point is not contracted to it. A retailer initiating a CRC 1040 will typically send a service order to the DNSP prior to raising the CRC, requesting that the supply be re-energised or verified as being connected. A reading will also be obtained which enables the MDP to issue a CRC 1500 to complete the transfer.

A small number of retrospective changes relate to error corrections (CRCs 1024 and 1025); reinstating the old retailer due to an incorrect retailer transfer, typically as a result of the customer not agreeing to the transfer or the retailer transferring the wrong customer. The error correction can be for a date up to 130 business days in the past. Obligations for resolution of FRMP transfers in error are established in the National Energy Retail Rules (NERR) and the MSATS procedures provide mechanisms to support correction. These longer term errors require mutual agreement between the two retailers involved in the correction to proceed.

AEMO considers that the current facility to transfer retrospectively should be broadened and made simpler to enable in-situ customers to access the benefits of using a recently-obtained reading to facilitate their decision to switch retailers.

The benefits of enabling the use of a recently-obtained reading to support a customer switch are likely to include:

For the customer:

- That the new retailer arrangements commence from the date of their last bill, meaning that they will not have to deal with bills from the old and new retailer over the same period and outside of the usual billing cycle; and
- Confidence in the accuracy of the reading as the customer has already had the opportunity to dispute and otherwise validate their bill.

For the losing retailer:

- There is no need to issue a final bill, save for notifying the customer of the cessation of their services;
- Exposure to the wholesale market is limited to the date of the last bill to the customer; and
- The risk of rebilling the customer, for additional charges or to issue a credit is reduced.

For the prospective retailer:

- The ability to establish an arrangement with the customer from the date of the last bill; and
- Confidence in the accuracy of the reading as the customer has already had the opportunity to dispute and otherwise validate their bill.

For both losing and prospective retailer:

As the reading used for the last bill has already been established, there is no need to generate a new reading.



AEMO has considered matters which might require limitations being placed on the timeframe within which a previous reading could be used to facilitate a customer switch other than for longer term, retrospective error corrections:

- Losing retailer exposure regarding contract position – a retailer could become exposed to unreasonable risk if a substantial number of customers transferred away from them retrospectively in any settlement period; and
- Customer credit / payment plans – if a customer has set up a payment plan, or predictable monthly payment schedule with their retailer, they may have been billed, and paid for energy based on those arrangements, outside of a quarterly reading cycle. For example, a customer which has established a monthly payment arrangement may not be billed based on a quantity of energy per month, rather the agreed amount is billed per month, and their account is adjusted at intervals based on meter readings obtained. The customer is credited back for overpayment or invoiced for underpayment. In these circumstances, a customer transfer on the last billable read would in most cases require the losing retailer to provide the customer with a credit, unless a time limit was placed on the automatic application of a previous read to avoid this risk.

AEMO is persuaded that whilst the contract position risk to a retailer can be mitigated by retailers’ retention, marketing and service offerings and competitiveness, there is potential for confusion regarding any established payment plans, if the ability to transfer on a last reading date is likely to interfere with that cycle in most cases.

**Proposed design for retrospective changes of the FRMP role**

AEMO proposes to create a new facility in NMI discovery (the MSATS system functionality used by prospective retailers to confirm information with respect to a customer’s connection point prior to initiating a customer switch) to display information that would enable a retailer, or their agent, to have visibility of recent reading dates to determine whether that date could be used to facilitate a customer switch. Two data fields have been identified for this purpose:

1. The date of the previous reading (Last Read Date); and
2. The quality of that reading (e.g. if the reading was a reading by the MDP via a visit to the meter, a substituted reading, etc.) for metering installations that are manually read (Read Quality).

Mechanisms for achieving this have been considered as follows:

<p><b>Option 1:</b> <b>Introduction of two new fields (Last Read Date and Read Quality)</b></p>	<p>This option proposes the creation (schema and MSATS) of the Last Read Date and Read Quality fields available to a prospective retailer at NMI level in NMI Discovery via browser (online access) and batch system (file share or API web service).</p> <p>This option requires MDPs to populate the associated fields in MSATS upon each read via the CR process, a new CRC would be required.</p> <p>AEMO’s technical analysis confirms that this option would require a schema change to enable the creation of the necessary fields in MSATS.</p>
<p><b>Option 2:</b> <b>MSATS Browser &amp; CSV File Provision</b></p>	<p>This option proposes a solution that involves a two-pronged approach involving changes to the batch process and the MSATS browser interface:</p>



	<ul style="list-style-type: none"> <li>MSATS Browser – Initiated by a NMI Discovery request MSATS will provide the Last Read Date and Read Quality values and return them to the Browser. MSATS will derive these values from meter data files received by AEMO, from MDPs.</li> <li>Batch process – Initiated by a NMI Discovery request MSATS will provide a NMI Discovery Response with two files returned in a single message:             <ul style="list-style-type: none"> <li>NMI Discovery Response – as currently provided; and</li> <li>MDN File – which can be used by the receiving party to determine the Last Read Date and Read Quality.</li> </ul> </li> </ul> <p>No schema change is required to enable this option, nor is there any requirement for MDPs to perform any new activity as required in Option 1.</p> <p>This option provides a simple solution for those retailers who use NMI Discovery via the browser interface, however retailers who use NMI Discovery via batch interface will need to accept and interpret the new MDN input as described above.</p>
<p><b>Option 3:</b> <b>Re-purpose NSRD Field to hold the date of the Last Read Date.</b></p>	<p>This option proposes to repurpose the NSRD field in MSATS NMI Discovery, to display the Last Read Date field. MDP’s would be required to update this Last Read Data field in preference to the current NSRD (i.e. update the field with the date of the reading taken rather than the date of the next scheduled reading).</p> <p>The Read Quality information would not be available, and the prospective retailer would not be able to identify the NSRD in NMI Discovery.</p> <p>No schema change is required for this option.</p>

Option 1 provides an outcome which delivers both sets of information in simple form, however this change will require a change to the aseXML schema utilised by MSATS. Schema changes occur from time to time; however they are typically more complex to implement than change to systems that require configuration only. MDPs would be required to provide data via a CR process to update the new information fields; the complexity should be limited as this process should mirror the design of current activity such as updating the NSRD.

Option 2 delivers both sets of information without additional action on the part of the MDP. For participants who use the MSATS browser to access NMI Discovery, this option provides the same outcome as Option 1, however the mechanism for delivery for non-browser users is more complex as it requires those participants using MSATS batch processes for NMI Discovery to:

- Make changes to systems to interpret an MDN file to determine the date and quality flags as appropriate;

and for retailers who wish to determine the Last Read Date:



- Be capable of receiving and interpreting a B2B and a B2M transaction in a single B2M file when receiving a NMI Discovery response.

Option 3 is a low impact change, which requires some limited changes by MDPs (updating a current field with a different but related data input (Last Read Date), however it will have little to no impact on retailer systems and interfaces. Option 3 might be problematic in that it does not provide the Read Quality information and unless populated by AEMO via an alternative process, removes the NSRD from NMI Discovery.

The removal of the NSRD in itself might not be problematic as the NSRD will no longer be able to be used for prospective customer switches, however, the lack of Read Quality information might prevent retailers from having sufficient confidence to use the Last Read Data for customer switching. This option also removes visibility of the NSRD which may be of interest, even though it can no longer be used as a Read Type Code for a prospective customer switch.

AEMO proposes to adopt Option 1 as it is a complete solution design for the long-term access to the two data fields in NMI Discovery which does not place a barrier or limitation on how retailers can obtain access. Processes to update the Last Read Date and Read Quality information fields are new but will be based on the format and timing of existing transactions between MDPs and AEMO systems. Unlike Option 3, access is maintained to the NSRD field in NMI Discovery to the extent that it is still of use.

### Questions

9. With the NSRD no longer able to be used to facilitate prospective customer switches, is there value in maintaining access to the NSRD in NMI Discovery?
10. How critical is the Read Quality information to the potential use of the Last Read Date for retrospective customer switching?
11. Are there other matters that AEMO should consider regarding the three options presented, or any alternative options that AEMO might consider?

AEMO has considered the mechanism by which a retrospective customer switch based on a recent reading might be raised within the CR process. Similar to the issues discussed in section 3.1.2 of this Issues Paper, options include the creation of a separate CRC specifically for the purpose (e.g. a new CRC 10X1 enabling customer to be able to switch retailers on the date of a recent reading for a manually read metering installation) or including the use of a recent reading in the existing CR framework (e.g. expanding the use of the CRC 1000 for a 'last read date' retrospective customer switch by way of a specific Read Type Code designed for this purpose (e.g. PR – Previous Read).

Subject to review of matter discussed in section 3.1.2 of this Issues Paper, AEMO proposes to extend the existing CRC 1000 as described above, avoiding the need for the creation of a new CRC.

Regardless of the CRC mechanism used to raise a customer switch on a recent reading, AEMO proposes to restrict the use of the retrospective process such that it can only:

- Be proposed for a date within the last 15 business days;
- Be raised on the published date of the last reading (as validated by MSATS).; and
- Apply to connection points with manually read metering.

AEMO believes that the period of 15 business days provides customers with a degree of flexibility without establishing a material risk of needing to be credited for payments made on a structured, predictable monthly payment plan.



AEMO proposes to amend the CR 1040 to extend the number of business days within which a retrospective transfer can apply to 15 business days (currently 10 business days), to align with the proposed retrospective period discussed in this section. This change is in addition to the matters discussed in section 3.1.1 (General Changes for all 1000 series CRs).

### Questions

12. Has AEMO reasonably presented the relevant considerations in relation to using recent readings to support customer switching? Are there any additional considerations that AEMO has not presented?
13. Is the proposed 15 business day 'window' in which a recently-obtained metering reading could be used to support a retrospective in-situ customer switch reasonable? Are there additional matters that AEMO might consider in support of a lengthening or shortening of this 'window'?
14. Is the proposed inclusion of a retrospective customer switch in the CRC 1000 a preferable outcome to the creation of a new specific CRC for this purpose (linked to questions in section 3.1.2)?
15. Is the proposed extension of five business days (from 10 to 15 business days) to the retrospective period within which a CR 1040 may be raised reasonable? Are there additional matters that AEMO might consider in support of maintaining the current 'window', or the lengthening or shortening of this 'window'?
16. Should the use of a recent reading be limited to customers who have manually read metering installations? Smart metering systems should be able to provide readings for a specified date within the last 15 business days (e.g. if a customer with a smart meter can confirm the date of their recent bill is within the last 15 business days, why should the prospective retailer be restricted from retrospectively switching the customer on that date, so that the customer and participants can access the benefits of a retrospective customer switch as described in this section?)

### 3.1.4 Transfer of the FRMP role at connection points within embedded networks

MSATS Procedures contain five specific CRs solely for use in transferring the FRMP role for connection points within embedded networks (CRs 1080, 1081, 1082, 1083 and 1084). These five CRs are an exact duplication of the five main CR types used for FRMP transfers at connection points other than in embedded networks (e.g. CR 1080 is a mirror of CR 1000, CR 1083 is a mirror of CR 1030, etc.).

The current use of the five embedded network-specific CRs is very low (approximately 100 in total were raised in the calendar year 2018).

The standard CR 1000 series can be used for customer switching regardless of whether the connection point is within an embedded network or otherwise. As a result, AEMO has been unable to identify a reason to have a separate set of change requests solely for embedded network connection point use and proposes to remove all five from the MSATS Procedures.

### Questions

17. Has AEMO overlooked any requirement or reasonable justification for the retention of the five embedded network-specific CRs?



### 3.1.5 Facilitating cooling-off reversal of a FRMP change

AEMO has not proposed any change to mandated cooling-off periods or requirements<sup>7</sup>; however, AEMO considers that systems which facilitate customer switching should accommodate a facility enabling the customer to exercise its right to cool-off<sup>8</sup>.

The MSATS Procedures currently operates to limit how a retailer might observe the cooling-off requirements<sup>9</sup>, specifically requiring retailers to:

- Ensure that a CR does not complete prior to the end of the cooling-off period relevant to each jurisdiction; and
- Initiate a CR for a customer switch no later than two business days after the conclusion of the cooling-off period.

The MSATS Procedures also include an error correction CR (CR 1026) which notionally provides for a reinstatement of the previous retailer in the case that either the above-mentioned restrictions are not complied with, or the customer's desire to cool-off is not acted on until after the transfer of FRMP at a connection point has been completed. This CR is problematic in design, as it must be raised by the previous retailer which was not party to the customer switch, or by the instruction from the customer regarding their desire to cool-off.

Upon review, AEMO considers that the requirements restricting compliance with cooling-off provisions are unreasonably restrictive. AEMO also considers that the current cooling-off CR is overly cumbersome, complex, prone to delay and failure and as such, does not adequately support customers' cooling-off rights.

To better facilitate customers' rights to cool-off, AEMO proposes to:

- Remove the current restrictions from the MSATS Procedures, providing retailers with a choice to complete customer switches within or following the completion of the cooling-off period as provided for in the NERR and ESC codes; and
- Amend the current CR 1026 (error correction CR – Cooled Off) in order that it performs a reversal of a completed 1000 series CR, which:
  - May only be raised by the retailer which raised the original and now completed 1000 series CR;
  - Can only reverse a 1000 series CR that has completed within the previous 10 business days; and
  - Requires no approval or action by any market participant including the retailer which is regaining its customer as a result of the cooling-off regarding the completion of the cooling-off reversal in MSATS.

#### Questions

18. Do the changes adequately provide for retailers to comply with the cooling-off provisions and customers' exercising their right to cool-off?
19. Is the redesign of an existing cooled-off error correction CR preferable to the creation of a new error correction CR for the purpose stated above?

<sup>7</sup> Retailers must allow a customer to withdraw from its new contract within 10 business days of the customer receiving the required information about that contract: NERR rule 47. Similar provisions exist in Victoria: Essential Services Commission, Electricity Customer Transfer Code, 13 October 2014, clause3 (pages 3-4).

<sup>8</sup> Cooling-off should not be confused with error corrections which are facilitated by error correction CRs.

<sup>9</sup> MSATS Procedures: Consumer Administration and Transfer Solution (CATS) Procedure Principles and Obligations – section 2.2(b).



### 3.1.6 Changes to error correction 1000 series CRs

There are 10 error correction CRCs within the 1000 series, numbered 1020 to 1029 inclusive.

CRCs 1024 (transfer missed) and 1025 (transferred in error) are discussed in section 3.1.3 of this Issues Paper. They account for approximately 2% of all transfers and are proposed to be retained for ongoing longer term error correction (up to 130 business days in the past).

Error correction CRC 1026 (cooled off) is discussed in section 3.1.5 of this Issues Paper.

AEMO considers that CRCs 1021 (missed 1500), 1023 (update correct FRMP on greenfield site) and 1029 (other error corrections for small customers) might have ongoing value and does not propose for them to be materially altered. The CRC 1020 (long term error correction) will still be required to deal with long term customer switching errors.

A further three error correction CRCs, 1022 (incorrect transfer date), 1027 (customer moves out on or before completion date) and 1028 (non-account holder signs contract) are provided for in the MSATS Procedures, however are rarely, if ever, used. In the calendar year 2018, collectively these three CRCs were used less than 25 times in total.

AEMO proposes to remove error correction CRCs 1022, 1027 and 1028 as they are rarely if ever used and are designed to support a very specific set of circumstances that might otherwise reasonably be covered by another existing error correction CRC.

#### Questions

20. What problems, if any, might be caused by the removal of the error correction CRCs 1022, 1027 and 1028?
21. Should changes be considered to error correction CRCs 1020, 1021, 1023 and 1029 to better facilitate resolution of issues and errors for customer switching?

### 3.2 MC appointment objections (6000 series CRs)

The 6000 series CRs in MSATS provides the facility to appoint a variety of roles to a connection point, including the MC. Currently the MSATS procedures enable MCs to object to an appointment at a connection point using the following codes and reasons:

- **CONTRACT** – May only be used by the current MC at a large connection point, to object to an appointment of a new MC where the current MC is appointed by the large end user and where that contractual agreement takes precedence over the proposed change; and
- **DECLINED** – May be used by the MC proposed to be appointed to a connection point if the MC does not wish to perform the role for which it has been nominated in the CRC.

#### Reinstatement of the Initial MC at a connection point

There might reasonably be circumstances in which a retailer assigns an MC to a connection point in good faith, but in error. For example, a customer at 1 High Street request a service that requires the appointment of a new MC by the retailer and that retailer appoints the MC to 11 High Street in error.

In such a circumstance, the retailer might determine to correct the error and reinstate the previous MC. Where both the previous and new MCs are competitive MCs and the connection point is provided by an



advanced meter, the appointment correction should be able to be managed by the retailer through contractual means and this should avoid the need for one or more MCs unreasonably objecting to the appointment.

AEMO considers that the current objection facility is less suited to a situation where the previous MC, which the retailer is seeking to reinstate, is the Initial MC (i.e. the DNSP MC providing manually read metering services to metering installation types 5 and 6). If an Initial MC determines to object using a reason of 'DECLINED', the retailer and newly appointed MC are left in a state of limbo in terms of the provision of MC services at the metering installation, with a competitive MC not having the customer's consent to install metering services that it is registered to provide and the retailer unable to appoint the only party authorised to operate on an ongoing basis as the MC (the Initial MC).

AEMO therefore proposes to amend the use of objection codes for the appointment of MC such that the Initial MC may only use the objection code of DECLINED where:

- The connection point to which it is proposed to be appointed has a metering installation which is other than a type 5 or 6 metering installation; or
- The MP and MDP roles at the connection point have been altered to parties other than the DNSP's MP and MDP; or
- The Initial MC has previously raised a notice of a metering installation malfunction as provided for in clause 11.86.7 of the NER.

### Questions

22. Are the changes proposed to the objection codes available to MCs regarding MC role appointment reasonable?
23. Are there other unreasonable restrictions placed on appointing parties by the MSATS procedures that limit or prevent MSATS role appointment to align with the NER requirements at a connection point that AEMO might consider?

### Objection period for MC appointment

The topic of objection periods for MC role changes was discussed in the AEMC's consultation for the Metering Installation Timeframes rule change that concluded in December 2018. The rule change considered issues that might delay the installation of metering equipment to a small customer's connection point, particularly in circumstances where the existing meter at the connection point is a manually read metering installation.

The AEMC's final determination recommended that AEMO:

- Streamline the appointment process in the MSATS system for metering parties in certain circumstances; and
- Reduce the objection period to zero days in cases where an existing accumulation meter or manually read interval meter needs to be replaced with an advanced meter.

AEMO's view, expressed at the time of the AEMC consultation, was that retailers and MCs might see value in a reduction in appointment timeframe in the context of the rule change under consideration. The party which is potentially exposed to risk should the objection period be reduced to zero days is the nominated MC. The nominated MC would have a reduced period of time to determine whether they wish to take on the role to which they are nominated (i.e. the period of time between the CR being raised nominating them to the connection point and the end of that business day).



AEMO has considered the matter further, including more recent feedback from interested parties, and has determined to not propose a reduction in objection timeframes. AEMO understands that the objection period as it stands does not act as a material barrier to the installation of metering as considered more broadly in the AEMC's rule change discussed above. AEMO is seeking feedback from interested parties in relation to this topic to consider whether the AEMC recommendation still holds value that might reasonably outweigh the risk to nominated MCs.

**Questions**

- 24. Are there issues affecting the installation of metering that could reasonably be resolved by reducing the nominated MC's objection timeframe to zero days in MSATS?
- 25. Would MCs reasonably be capable of determining whether to object to transfers if the objection period for MC nomination was reduced to zero days?



#### **4. DRAFTING FOR PROPOSED CHANGES**

To help stakeholders and other interested parties respond to this Issues Paper, AEMO will publish a draft of MSATS Procedures: Consumer Administration and Transfer Solution (CATS) Procedure Principles and Obligations and Meter Data File Format (MDFF) Specification NEM12 & NEM13 incorporating the changes AEMO proposes for consultation by 31 October 2019. Clean and change-marked versions will be available at [the NEM Customer Switching Consultation web page](#).

Change marked versions of all affected procedures, including the MSATS Procedures: Procedure for the Management of Wholesale, Interconnector, Generator and Sample (WIGS) NEMs, will be provided alongside AEMO's draft report on 20 December 2019.



## 5. OTHER MATTERS

### 5.1 Improvements to procedure drafting

AEMO has made a number of structural changes and drafting improvements to sections 1, 2, 3, 4, 5 and 6 of the MSATS Procedures: Consumer Administration and Transfer Solution (CATS) Procedure Principles and Obligations. These changes are designed to provide greater clarity, accessibility and remove duplication. These changes are not intended to materially change the obligations placed on MSATS Participants, including AEMO.

#### Questions

26. Are there further suggestions on changes to structure to improve the clarity and accessibility of sections 1 to 6 of the MSATS CATS procedures?
27. Do MSATS Participants believe that the proposed changes materially alter the obligations placed on them within the MSATS procedures?

### 5.2 Consequential changes to the Meter Data File Format (MDFF) Specification NEM12 & NEM13 (MDFF)

To accommodate the variety of reading methods made possible by the proposed changes discussed in this Issues Paper, AEMO considers that a consequential change should be made to the MDFF to allow the MDP to specify the method of reading type used.

AEMO proposes to include a Reason Code (number to be confirmed) - Transfer to identify where metering data has been provided to enable a customer transfer.

#### Questions

28. Is the change to the reason code in the MDFF necessary?
29. Should other changes be considered to the MDFF to accommodate the changes proposed in this Issues Paper?

### 5.3 Timing and implementation

AEMO system changes to facilitate the changes proposed in this Issues Paper are expected to be deliverable at the end of the first quarter in 2020.

When determining the implementation timing AEMO will consider the importance of balancing the opportunity to deliver benefits to customers as soon as possible as a result of the proposed changes, whilst acknowledging that:

- Retailers will need to make alterations to process and staff training to take advantage of the changes and deliver the benefits to customers; and
- MDPs will have to make changes to processes to ensure data is delivered to enable a smooth transition.

AEMO understands that there are times of the year that incur higher than average rates of in-situ customer switches and that the period of June/July is amongst these. AEMO is also aware of the industry focus on



delivering changes to energy settlements systems and process commencing in earnest toward the second half of 2020. Accordingly, AEMO proposes for system changes to be implemented in line with the May 2020 MSATS release, with implementation of the revised procedures coinciding with that change in order that the proposed changes can be implemented outside of seasonal peaks for customer switching activity and prior to the industry at large moving focus to implementation of recent settlement rule changes.

#### Questions

30. Is the rationale described in this Issues Paper regarding the proposed timing for implementation reasonable?
31. Are there other considerations or proposals that AEMO might consider regarding the timing for implementation of the proposed changes?



## 6. SUMMARY OF MATTERS FOR CONSULTATION

In summary, AEMO seeks comment and feedback on the following matters:

1. General changes for all 1000 series CRs;
2. Prospective transfer of the FRMP role;
3. Retrospective transfer of the FRMP role;
4. Transfer of the FRMP role at connection points within embedded networks;
5. Facilitating cooling-off reversal of a FRMP change;
6. Changes to error correction 1000 series CRs;
7. MC appointment objections (6000 series CRs);
8. Improvements to drafting of MSATS Procedures: Consumer Administration and Transfer Solution (CATS) Procedure Principles and Obligations; and
9. Consequential changes to the Meter Data File Format (MDFF) Specification NEM12 & NEM13.

Submissions on these and any other matter relating to the proposal discussed in this Issues Paper must be made in accordance with the Notice of First Stage of Consultation published with this paper by 5.00 pm (Melbourne time) on 22 November 2019.



## APPENDIX A - GLOSSARY

Term or acronym	Meaning
ACCC	Australian Competition and Consumer Commission
AEMC	Australian Energy Market Commission
CATS	Consumer Administration and Transfer Solution, a part of MSATS
COAG	Council of Australian Governments
CR	Change Request
CRC	Change Reason Code
DNSP	Distribution Network Service Provider
ESC	Essential Services Commission
FRMP	Financially Responsible Market Participant
GSL	Guaranteed Service Level
HLD	High Level Design
LNSP	Local Network Service Provider
MC	Metering Coordinator
MDFF	Meter Data File Format
MDP	Metering Data Provider
MP	Meter Provider
MSATS	Market Settlements and Transfer Solution
NMI	National Metering Identifier
NEM	National Electricity Market
NER	National Electricity Rules
NERR	National Energy Retail Rules
NSRD	Next Scheduled Read Date
REPI	Retail Electricity Pricing Inquiry
WIGS	Wholesale, Interconnector, Generator and Sample NMIs