

Workshop and Feedback Notes – Customer Switching

DATE: Wednesday, 21 August 2019
TIME: 12.30 – 15.30 AEST
LOCATION: AEMO Melbourne Office
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ATTENDEES:

Name	Company	Location
Lee Brown (chair)	AEMO	Melbourne
Luke Barlow	AEMO	Melbourne
Jackie Krizmanic	AEMO	Melbourne
Arjun Pathy	AEMO	Melbourne
Rachel Rundle	AEMO	Melbourne
Ben Davis	AEMC	Melbourne
James Hyatt	AEMC	Melbourne
Sue Richardson	Agility CIS	Melbourne
Mark Riley	AGL	Melbourne
Stephanie Lommi	Alinta Energy	Melbourne
Paul Willacy	Aurora Energy	Melbourne
Justin Betlehem	AusNet Services	Melbourne
Neil Hyde	Click Energy	Melbourne
Tom Kubis	Click Energy	Melbourne
Dino Ou	Endeavour Energy	Melbourne
Travis Worsteling	EnergyAustralia	Melbourne
Libby Hawker	ERM Power Retail	Melbourne
Jeff Roberts	EvoEnergy	Melbourne
Divya Kapoor	Flow Power	Melbourne
Robert Lo Giudice	Intellihub	Melbourne
Joe Castellano	Origin Energy	Melbourne
Priyanka Mehta	People Energy	Melbourne
Suvid Satyawadi	People Energy	Melbourne
Ian Wolhuter	PowerMetric	Melbourne
Stewart Rudzinski	ReAmped Energy	Melbourne
Stephen White	Red and Lumo Energy	Melbourne
David Woods	SA Power Networks	Melbourne
Aakash Sembey	Simply Energy	Melbourne
Malcolm Hempel	Tango Energy	Melbourne
Charlie McNamara	Vocus Energy	Melbourne

INTRODUCTORY REMARKS

Luke Barlow (AEMO) welcomed all to the workshop. Luke noted that Meghan Bibby (AEMO) was an apology due to flight cancellations.

Lee Brown (AEMO) outlined the intent of the workshop, which was to obtain feedback from interested parties on a number of technical matters regarding the potential changes to AEMO procedures to facilitate the design for customer switching. No agreement or consensus will be sought, nor is the input provided part of the formal procedure consultation which is planned to commence later in 2019. Lee noted that AEMO would follow up by email with any attendee who was unable to attend the workshop due to flight problems and would discuss the same material as planned for this session. If any additional feedback is obtained as a result, it will be included in the workshop notes.

THE PROPOSED CHANGE

1.1 Customer transfers reform objective

Rachel Rundle (AEMO) spoke to the context driving the Customer Switching reforms and to the reform objective: *To put in place a customer switching process that enables customers to transfer within a two-day time period, irrespective of metering arrangements.* Rachel noted that the reforms are to be guided by the following design principles:

- There is a simple, easy and timely customer switching process.
- Supporting procedures are streamlined, transparent, and provide certainty for participants.
- Obligations are clear, enforceable, and can be reported on.
- Changes have regard to the implementation and ongoing costs.

1.2 Key features of the proposed design

Lee Brown (AEMO) spoke to the key features of AEMO's proposed [high-level design](#):

1. Customer transfer change requests – Change of Retailer role only.
2. No longer able to transfer on NSRD.
3. Actual change date (CR1500) only required on a 'Special Read'.
4. Transfer will occur:
 - Next day (outside VIC).
 - Next day + 1 (VIC).
5. Transfer reading will be required post-transfer completion for market participants (not AEMO).
6. Recent reading will be usable for transfer without requiring agreement (Last read date to be visible in NMI discovery).
7. Cooling-off:
 - No change proposed or needed to cooling-off provisions either in the Essential Services Commission (ESC) codes or in the National Energy Retail Rules (NERR).
 - Facility in MSATS to reverse change if customer cools-off.
8. Customer self-read – for use between customer and Retailer.

Lee Brown (AEMO) noted that the design features were written to invert the current dynamic: in current market processes and systems, giving the customer's desire to transfer retailer primacy, with industry processes designed to accommodate that choice, rather than customer transfers being subject to complex and lengthy legacy industry processes.

Lee Brown (AEMO) noted that the additional day for Victorian transfers is required to be included to accommodate provisions for objection on the basis of certified debt under clause 5.1(b) of the ESC's Electricity Customer Transfer Code. Lee noted that the use of this provision is currently highly concentrated: of the roughly 7,000 debt objections raised per year, approximately 70 percent were raised by two retailers. If the debt objection provision is removed from the ESC code at some point in the future, then Victoria would be harmonised with other jurisdictions to realise next-day transfers.

1.3 Outcomes for customers

Rachel Rundle spoke to some of the key positive outcomes for customers:

- Next-day (or next-day + 1 in Victoria) transfer.
- No "saves" (outside Victoria).
- Expanded meter-read types for final bills.
- Backdated transfers on a recent read.
- Special reads are still enabled.
- NERR consumer protections are maintained.

1.4 Example process flows

Lee Brown (AEMO) spoke to the process flows on the slides. Lee reiterated that in the Victorian case, the losing retailer would still be notified of their customer's transfer before the transfer had occurred due to debt objections provision.

ITEMS FOR DISCUSSION

(Note that whilst comments and points for noting were often provided in general flow of discussion and in many cases prior to the raising of specific questions by AEMO, they have been arranged by topic in the minutes below rather than being provided in the order raised).

2.1 Change Request amendments (FRMP change)

Lee Brown (AEMO) spoke to the slides on change request (CR) amendments. Lee noted that AEMO would consider reviewing the CR 1000 series to determine if all CRs were still necessary or if their requirements could be reduced.

AEMO proposes to make the Last Meter Read Date available by NMI Discovery in order to facilitate the CR1010's use to transfer on a previous read (within 15 days of that read).

Lee Brown (AEMO) asked whether it was preferable for AEMO to amend CRs under their existing codes (e.g. the amended CR1010 will still be called a CR1010) or for AEMO to use new CR codes for amended CRs and delete old ones as necessary. Participants generally expressed that they had no strong preference either way. Dino Ou (Endeavour Energy), Stewart Rudzinski (ReAmped Energy), and Mark Riley (AGL) noted that the use of new CR codes would mean that in-flight transactions would have to be cancelled and re-raised under new codes. Dino further raised that communications notifications would not need to change on

the assumption that the CR codes did not change. Bruce Turnbull (TasNetworks) provided post workshop feedback that they prefer to use the existing CR codes.

Lee Brown (AEMO) asked whether the 15-business day limitation on use of the last meter reading (proposed new CR1010) was too short. Aakash Sembey (Simply Energy) expressed a preference for a 10-business day limitation, as is currently provided for in the existing CR1010. General comments were made that wholesale volume risk would be introduced were the deadline to be extended too far back. Lee Brown confirmed that 15 days had been proposed in consideration of wholesale risk as detailed in the high level design.

Lee Brown (AEMO) asked whether any participants had objections to limiting use of the Last Meter Read Date to types 4A, 5, and 6 metering installations. No participants raised objections.

Lee Brown (AEMO) asked whether Last Meter Read Date should only be shown for reads that are “A” or “F” (Actual or Final Substitution); a number of participants commented that they would prefer a quality flag in MSATS instead. Mark Riley (AGL) noted that the quality of the last meter read (e.g. substitute, actual, etc.) would need to be provided for the Last Meter Read Date to be of use for a retailer. Dino Ou (Endeavour Energy) asked whether MSATS would perform any validations on this type of use for the CR1010; Lee replied that there are two options under consideration – one where MSATS would ensure the proposed (retrospective) transfer date would match the Last Meter Read Date, and the other with the validation of date match being performed by the MDP. Bruce Turnbull (TasNetworks) provided post workshop feedback that they would prefer to have only A and F quality reads made available to facilitate a last read date transfer.

Lee Brown (AEMO) asked whether the change of retailer should complete with the effective day being the day the CR is raised or completed. Jackie Krizmanic (AEMO) responded that it should complete on the proposed date.

Lee Brown (AEMO) asked whether changes were required to the MDFF to accommodate the delivery of meter data that supports the proposed amendments. Dino Ou (Endeavour Energy) proposed that a new reason code be included in the MDFF for the type of transfer read (e.g. “actual”, “estimate”, and so on). Bruce Turnbull (TasNetworks) provided post workshop feedback that this may depend on whether the solution calls for a new Transaction Code.

Mark Riley (AGL) asked why AEMO was removing customers’ ability to choose a transfer on the Next Scheduled Read Date (NSRD). Lee Brown (AEMO) responded that the case against continued use of the NSRD was presented in AEMO’s high level design. Lee further noted that if retailers really wanted to transfer on a NSRD, they would be able to submit a ‘last read date’ CR (proposed CR1010) up to 15 days after the NSRD had passed and assuming that a meter reading had been successfully completed on or around the NSRD, but he did not expect that to occur in large volumes given that in overseas markets retailers and customer have utilised the quicker transfer times when they are available.

Stephanie Lommi (Alinta Energy) noted that, when meters had indicated a fault, a competitive Metering Coordinator (MC) would have to be nominated upon the change of retailer. Jackie Krizmanic (AEMO) noted that this problem occurs today and is already provided for via other MSATS CRs, and that this is a matter aside from the proposed changes to transfer processes. Lee Brown (AEMO) also noted that MSATS data indicates that the vast majority of CR1000s are retailer only changes, with only a very small number including changes to the MC role also.

2.2 Embedded network retailer transfer CRs

Lee Brown (AEMO) noted that there are very few uses of the embedded network retailer transfer CRs (just over 100 in 2018). Lee noted further that AEMO did not perceive a notable difference between the embedded network retailer transfer CRs and the regular retailer transfer CRs and therefore asked whether any participants had any reasons to object to AEMO's planned removal of the embedded network retailer transfer CRs (to be replaced by use of standard 1000-series CRs).

No participants raised objections to removal of the embedded network retailer transfer CRs.

2.3 Cooling-off reversal (FRMP role reversal)

Lee Brown (AEMO) outlined the business rules that would govern AEMO's proposed cooling-off reversal mechanism. Aakash Sembey (Simply Energy) noted that Simply Energy were not supportive of the proposed mechanism for cooling-off due to difficulties in re-establishing a customer on their previously held contract: currently, if a customer seeks to transfer, upon notification of a pending transfer the customer's account is put on "pending" status, so if they "cool-off", they are able to resume their old contract, whereas under the proposed mechanism the Retailer is only notified upon the customer's successful transfer and Simply Energy would close the customer's account. Lee Brown (AEMO) responded that AEMO is not proposing amendments, nor has the power to change obligations with respect to cooling-off but is rather enabling better facilitation of provisions in the NERR and ESC codes that already exist. Dino Ou (Endeavour Energy) commented that this would be an existing issue as transfers can be reversed under current mechanisms. Aakash agreed, commenting that the changes are not introducing a new issue, rather that they are likely to increase the volume of cases.

Stephanie Lommi (Alinta Energy) noted that the proposed cooling-off mechanism would have trouble matching the correct number of days under NERR requirements, as the 10-day deadline for cooling-off in the NERR is from the day that the paperwork is submitted to the customer, and AEMO will not have visibility of that date. Lee Brown (AEMO) responded that the proposed limitation is an upper limit from the only identifiable start point in MSATS and that the consequences of a gaining retailer performing the reversal outside of the 'true' cooling-off period were detrimental to them and not apparently to any other party (i.e. the old retailer gets the customer returned as if they had never moved, without having to perform an action in MSATS or otherwise).

Bruce Turnbull (TasNetworks) provided post workshop feedback that potential improvements to the suggested mechanism may include:

- The initiating transaction of the cooling off reversal would not need to be visible to the DNSP and potentially any other party.
- MSATS uses an existing CR for completion of the cooling off function to return the FRMP role to the previous FRMP (i.e. CR1026).

2.4 MC appointment error correction

Lee Brown (AEMO) outlined the scenario that is currently not catered for in the MSATS procedures – retailer appointing an MC in error, where the original MC is the initial MC.

Lee Brown (AEMO) proposed that there are two methods that might be explored to resolve this - an "MC cooling off mechanism" akin to the mechanism to be deployed for retailer appointment cooling-off, or simply placing restrictions on the use of objection processes under the existing CR MC appointment process. Dino Ou (Endeavour Energy) and David Woods (SAPN) noted that volumes of this scenario appeared insufficient to warrant the creation of a specific mechanism. Lee Brown (AEMO) noted that if AEMO determined to propose such a

change, it would be formally consulted on as part of the Rules consultation process. Mark Riley (AGL) commented that there would be benefits in being able to access information in MSATS on whether a metering installation malfunction has previously been raised by the initial MC to reduce the risk of re-appointing an initial MC in error, rather than relying on the initial MC's objection.

2.5 Objection timeframe for MC appointment

Lee Brown (AEMO) spoke to the AEMC's recommendations in the final determination on the Metering Installations Timeframe rule (2018) regarding MC appointment objection periods in MSATS.

Lee Brown (AEMO) asked whether zero days (i.e. having only the remainder of the day upon which the CR was raised to object) was a reasonable objection period for MC appointment. Dino Ou (Endeavour Energy) noted that AEMO's proposed changes decoupled MC objections from customer transfers which therefore obviated the original motivation for reducing MC objection periods, meaning that a one-day objection period remains appropriate.

Mark Riley (AGL) highlighted that the most limiting factor in the rules was the notice for planned interruptions in the NERR and that a change to MC objections was moot unless that was substantially changed. Robert Lo Giudice (Intellihub) proposed that AEMO should investigate how many MCs object to a CR6300; if the volumes are low, the objection period should be lowered to zero. David Woods (SAPN) stated that reducing the objection logging period to zero days (from what it is today) appears to be overly aggressive and would make it nearly impossible for an MC (even with automated systems) to raise a valid objection in the available logging timeframe. David noted that he doesn't support the change but if this was to occur then you would need to question whether providing the objection option at all is required. Robert responded that this would be problematic for metering installations that might be classified as small but are to become large, with a bespoke customer selected MC who must be able to object to retailer instigated removal. Bruce Turnbull (TasNetworks) provided post workshop feedback that they would support any move to zero objection days for MC appointments as they believe the risks are minimal and any erroneous changes can easily be reversed.

2.6 VIC DEBT objection timeframes

Lee Brown (AEMO) noted that the number of objections per annum over the last 3 calendar years was approximately 7000 per year, with the majority raised by 2 retailers. Lee asked whether debt objections in Victoria could be reduced to zero days (i.e. having only the remainder of the day upon which the CR was raised to object) while accommodating ESC requirements to reduce delays specific to Victoria so long as the ESC Codes retained the ability for the current retailer to object for debt. Aakash Sembey (Simply Energy) noted that Simply was not supportive of debt objections in general and would therefore support lowering them to zero. Mark Riley (AGL) noted that if a retailer has set up their systems to auto-object to customer transfers using the debt objection in all cases, a reduction in timeframe to zero days would have no positive effect on those customer transfers completing as requested by the customer and the new retailer. Neil Hyde (Click Energy) confirmed that Click Energy set up systems to auto object to customer switches using the debt objection as Mark had suggested.

2.7 Implementation

Lee Brown (AEMO) noted that AEMO was looking to start consultation as early as the last week of September. Based on AEMO's proposed high-level design, AEMO expects to be capable of executing the required changes to its IT systems by 1 February 2020 and sought

input on what might prevent full go live at that time. Sue Richardson (Agility CIS) asked when AEMO would expect to issue a final decision. Lee responded that AEMO expected to issue its final determination in mid-January, however the draft determination would be expected prior to the end of 2019. Stephen White (Red and Lumo Energy) noted that these changes would require staff training and customer education for the benefits to be realised, which would not be implementable by 1 February 2020. The majority of attendees at the workshop noted that it would be difficult to achieve a 1 February 2020 implementation date due to system changes, staff training and customer education. Paul Greenwood (Vector), Justin Betlehem (AusNet Services) and Bruce Turnbull (TasNetworks) provided post workshop feedback that they are supportive of the intent of the customer switching changes, however, they would require system changes, and this was not achievable by February 2020 if consultations close in January 2020 (one month to understand, implement and test the final requirements). Both Vector and TasNetworks provided post workshop feedback that go live changes should consider Five Minute Settlement (5MS) system implementation, with both supportive of implementation post this work.

Stephen White (Red and Lumo Energy) asked whether AEMO had done any modelling to indicate how much retailers would likely be “short” from underbilling as a result of the change. Lee Brown (AEMO) responded that this has not been an issue in both larger and smaller markets overseas where shorter transfer times have been introduced and that risks are limited to consumer protections in the NERR. Stephen also asked whether AEMO were planning to perform a full cost benefit analysis as part of the consultation process. Lee Brown (AEMO) confirmed that similar to the AEMC, AEMO is required to comply with the relevant market objective when developing or maintaining NER procedures; AEMO has no plans to perform a full cost benefit analysis but welcomes any cost information to be provided for consideration through the formal consultation process.

Stephanie Lommi (Alinta Energy) asked how AEMO’s proposed cooling off mechanism would work outside of the 10-business day window, specifically whether it would be able to facilitate error correction processes. Lee Brown (AEMO) noted that AEMO was not proposing substantive changes to AEMO’s existing error correction change processes. Stephanie noted that there are currently substantial challenges with the process, as the previous retailer is required to agree to have the error correction succeed. As such, Stephanie proposed that error correction requirements for agreement between previous and current retailer be removed. Lee agreed that AEMO would seek to confirm whether the agreement process or requirements were contained in the NERR and how much flexibility AEMO had in CR design in this area, noting that the AEMO team might reach out to Stephanie to discuss further after the workshop.

NEXT STEPS

Lee Brown (AEMO) noted that any attendee who was unable to attend will be given an opportunity to provide feedback on the questions posed to participants in the workshop. Lee thanked all for their attendance and contributions.