

21 November 2019

Australian Energy Market Operator
Level 22, 530 Collins Street,
Melbourne VIC 3000.

Submitted by email: NEM.Retailprocedureconsultations@aemo.com.au

Dear Sir/Madam

AEMO Customer Switching in the NEM Issues Paper

Thank you for the opportunity to provide a submission in response to the Australian Energy Market Operator's (AEMO) Customer Switching in the NEM Issues Paper which covers proposed amendments to the Market Settlement and Transfer Solution (MSATS) Procedures and the Meter Data File Format (MDFF) Specification NEM12 & NEM13.

Momentum Energy is a 100% Australian-owned and operated energy retailer. We pride ourselves on competitive pricing, innovation and outstanding customer service. We retail electricity in Victoria, New South Wales, South Australia, Queensland and the ACT. We offer competitive rates to both residential and business customers along with a range of innovative energy products and services. We also retail natural gas to Victorian customers.

Momentum Energy is owned by Hydro Tasmania, Australia's largest producer of renewable energy.

Support for Approach

While we do not believe that the current switching arrangements are broken we generally support most of the changes which will enhance the customer switching process by reducing switching times and minimising the opportunity for retailer "saves" programs. The mandatory roll out of smart meters into Victoria has already significantly reduced switching times in this jurisdiction, but we acknowledge, this quantum step of improvement is unlikely to occur in other NEM jurisdictions, which are subject to competitive retailer lead transitions to utilising remotely read interval smart meters.

Jurisdictions in the NEM, since the commencement of retail contestability, have experienced world leading customer churn activity via the current switching processes. Therefore we believe these proposed improvements should be implemented in an orderly cost effective manner that considers the impacts of other market and regulatory changes that are already scheduled for implementation in the next 12 to 18 months. There is a limit to the amount of system and process changes that a retail business can successfully implement without putting both compliance and customer service at risk.

Matters Raised in the Consultation Document

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| 1. General changes for all 1000 series CRs |
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Scope of Customer Transfer Process

The separation of the customer switching process from the MC role appointment process is subject to an AEMC rule change which is now being considered.

We disagree with AEMO on their preferred option here and instead support Option 2 which removes the ability of the current Metering coordinator to object to an appointment. This allows the prospective retailer to nominate their preferred MC at the time they submit a transfer into the market. This is a much more efficient process and is automated by many cases.

Objection Period for Victorian Certified Debt

Momentum agrees that the objectives of the ACCC REPI would not be met if all transfers in the NEM were delayed to allow the application of the Victorian certified debt objection right.

We support Option 3 to remove the current objection period and replace it with a process to reinstate the previous retailer, following the completion of a transfer, in MSATS upon identification of a certified debt. This will also future proof the MSATS system should Victoria change their views on the value of this regulatory provision. However we are concerned that the proposed one business day time allowed to raise a “Debt CRC” is insufficient as it would not allow the losing retailer time to reassess the conditions around the aged debt that may result in them not raising a “Debt CRC”. Extending this period to two business days will allow for additional escalated reviews within the business, which will not affect the market, as it will remain a retro transfer process and therefore not delay the effective transfer date.

Notifications of Pending Role Change

We agree that sending notifications to the losing retailer at all stages of the customer transfer has contributed to the development of “saves” programs. However we believe that retaining a late notification may avoid some unintended consequences of this change. In some cases of churn, shortly before a request for disconnection for debt a site, may be de-energised inappropriately due the lack of a notification to the losing retailer. Moreover the removal of all notifications could result in wrongful disconnections particularly with move in scenarios. We urge AEMO to investigate all scenarios before all notifications to the losing retailer are removed.

2. Prospective transfer of the FRMP role

Momentum supports AEMO’s preferred option:

Option 2 Retain CRC 1000 for insitu transfers and use the Read Type Code to facilitate the read type requested by the retailer.

As mentioned in the Issues Paper this option retains the current CRC 1000 for insitu transfers and enables the implementation of new processes, via changes to the Read Type Codes, which will manage the approved read types applicable for each meter type.

Option 2 is also preferred as it avoids any transitional arrangements related to Option 1 which involves the retirement of CRC1000 and the introduction of a new series of CRs for customer transfers.

3. Retrospective transfer of the FRMP

Momentum agrees that greater use of retrospective customer transfers is an important aspect of reducing customer switching times. This will ensure customers transfer promptly and on actual reads eliminating any customer complaints regarding inaccurate estimated reads. It will also minimise any customer rebilling and is fair to all retailers and customers involved in the transaction

We fully support the changes required to deliver greater transparency (via MSATS and NMI Discovery) of previous actual reads and the quality of these reads to facilitate retrospective transfers.

While Option 1 (Introduction of the two new fields last read date and read quality) will require a schema change it will support more automated processes than the alternative Option 2 suggested by AEMO.

We note that AEMO has suggested a period of up to 15 business days for retrospective transfers. Momentum is of the view that this period could be extended to 40 business days (limited to type 4A, 5 and 6 meters) so that the use of previous actual reads can be maximised. AEMO advised the AEC, at a recent retailer meeting, that the proposed transfer system will allow prospective transfers up to 65 business days with agreement from a customer. This means that retailers would have a range of over 105 business days to search for either past actual reads or prospective read dates to effect a transfer. Moreover special reads can also be considered as another alternative before estimated reads are contemplated. We also propose that the retrospective period should not be available to customers with Vic AMI or type 4 meters as actual reads are available for every prospective day for these meters.

We believe that estimated reads may not be necessary if the retrospective range is extended to 40 days and we urge AEMO to consider this option. As mentioned previously estimated reads do not instil customer confidence in any transaction and they impose an uncontrollable risk on the losing retailer caused by the winning retailers' choice to use estimated reads.

4. Transfer of the FRMP role at connection points within embedded networks

AEMO has identified specific CRs 1080, 1081, 1082, and 1083 that are used for embedded network customer transfers, that appear to be duplications of the five main CR types used for FRMP transfers, at non embedded network connection points. Momentum believes that they should remain in place as they distinguish child sites from parents and any benefits achieved from removing them would be negligible. If they are removed testing needs to be undertaken to ensure that changes have not interfered with any other processes or the history of relevant transfers.

5. Facilitating cooling –off reversal of a FRMP change

Momentum is supportive of the intention to amend CR 1026 (error correction CR – Cooled Off) so that it now may only be raised by the retailer which raised the original and completed 1000 CR series. Formerly this could only be raised by the previous retailer which was problematic and inefficient. This transaction will reverse the transfer and places the obligation on the most appropriate retailer to rectify the situation.

6. Changes to error correction 1000 series CRs

We note AEMO's intention to remove some rarely used CRCs 1022, 1027 and 1028 that may be substituted with other existing error correction CRs. While we agree in principle of this general tidy up of the procedures our concern is that it may create more work and testing to remove them than perhaps to simply signal a future sunset date from which they are not to be used. This would have less impact for any inflight transactions of these types and could allow new entrants to ignore them for their system build certification.

7. MC appointment objections 6000 series CRs

Momentum supports the approaches proposed by AEMO under this topic.

8. Improvements to drafting MSATS Procedures: Consumers Administration and Transfer Solution (CATS) Procedure Principles and Obligations

Momentum supports the approaches proposed by AEMO for procedure drafting.

9. Consequential changes to the Meter data File Format (MDFF) Specification NEM12 & NEM 13

Momentum supports the approaches proposed by AEMO for this item.

10. Timing and Implementation

As mentioned earlier Momentum fully supports the general approach with these customer switching enhancements, that will reduce transfer times, for customers that do not have remotely read interval meters. We do not believe that these changes should be rushed into the market simply to address a slightly higher customer switch period of June/July 2020. Rather they should be delayed to at least Q4 2020 or some later date that allows retailers and other participants more time to coordinate a suitable cross industry transition implementation time. These changes include new and amended transactions that all parties will need to manage, regardless of whether they initiated them. Hence this is not an individual participant decision.

Should you require any further information with regard to these issues, please don't hesitate to contact me on 0478 401 097 or email: randall.brown@momentum.com.au

Yours sincerely

[Signed]
Randall Brown
Regulatory Manager