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Dear members of the retail procedures team at AEMO,

### **Customer switching in the NEM – Issues paper and first stage of consultation**

AusNet Services appreciates the opportunity to respond to the AEMO's switching paper on implementing changes to speed up retailer transfers and substantially reduce the ability for a customer's existing retailer to prevent a retailer transfer from occurring.

We support the recommendations of the ACCC's Retail Electricity Pricing Inquiry final report published in June 2018. In particular, we agree that avoiding "retailer save activity" will mean retailers can invest in greater price discounts and promotions to acquire customers. Many customers will benefit from this.

AEMO's switching review issues paper outlines a comprehensive set of procedure changes to implement changes, which amongst other things, prevent retailer save activity. However, we consider the changes are too extensive, and the proposed early 2020 implementation timeframe would disrupt our 5 minute settlement program resulting higher costs and risks to our program of works.

As discussed at the previous two meeting of the 5MS executive forum, our change program to implement 5-minute settlements and global settlements is so extensive that we cannot commit to successfully deliver another significant process such as this in the timeframe proposed.

If the changes were delayed to on or after July 2021 businesses would have the opportunity to align IT work with other large change programs or with normal life cycle changes of IT systems. The downside of this is it would delay customer benefits. We have undertaken a detailed appraisal of the changes, and consider there are options substantially prevent retailer save activity and limit the impacts of the changes.

We believe there is possibly a way to provide benefits associated with the Switching Review whilst avoiding costly and disruptive changes in advance of the 5 Minute Settlements implementation. AEMO could substantially limit the impact of this procedure change to only the minimal changes to prevent retailer save activities and defer all other changes until on or after 5 minute settlements implementation.

- As proposed in the issues paper, limit the scope of customer switching change request transactions in MSATS, so that only the retailer role is changed in the transfer process;
- Reduce the objection logging time for retailer transfers to zero days and new retailers would avoid save activity by batching transfers until 7pm;
- Develop changes outlined in option 2 to enable the NMI Discovery process to provide the previous meter data read.

Limiting switching review associated procedure changes to just these three changes would de-risk the AEMO's and industry delivery programs and materially reduce our implementation costs. The other deferred changes can be undertaken on or after 5 minute settlements.

Our detailed submission responds the questions discussed in the issues paper, proposed draft procedures, assesses the options presented and explains our recommendations.

If you have any queries on our submission, please do not hesitate to contact Justin Betlehem on 03 9695 6288.

Yours sincerely,



Clinton Rodda  
**General Manager, Electricity Distribution**

# CUSTOMER SWITCHING IN THE NEM

## FIRST STAGE CONSULTATION

## PARTICIPANT RESPONSE TEMPLATE

***Participant:*** AusNet Services

***Submission Date:*** 22 November 2019

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## 1. Context

This template is to assist stakeholders in giving feedback to the questions raised in the issues paper about the proposed changes to the customer switching process design in the NEM.

## 2. Questions raised in the NEM Customer Switching Issues Paper

Question No.	Question	Participant Comments
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?	AusNet Services is supportive of the change to limit 1000 series Change Request transaction to a change of FRMP only, and we are not aware of any additional considerations. This change would not impact our transactional systems and processes. Making this change is important in limiting the scope of implementing these procedure changes.
2	Are the issues raised by AEMO regarding restrictions being placed on a MCs ability to object to an appointment reasonable?	If the 1000 series Change Request transactions no longer incorporates a MC change, then there would be no reason for an MC to object to retailer transfer.
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?	Removing the pending role would appear to not impact the ability of participants to comply with electricity law, however, we question whether it would impact participant systems with automation that expects the transaction and whether removing the pending status is beneficial to customers. We suggest, there would be no benefit of removing the status for existing registered participants.

Question No.	Question	Participant Comments
4	<p>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?</p>	<p>AusNet Services is concerned that the option proposed in the issues paper was chosen without considering how the alternative option 2 could also prevent “retailer save activity”. With option 2, retailers could batch their 1000 series CR transactions to after 7pm so the current retailer (if they responded instantly) would not be legally permitted to call the customer to offer a counter offer. In the rare case of a customer satisfying the Vic criteria for a DEBT objection, the current retailer could still automatically object to the transfer. On this basis, option 2 satisfies the Electricity Customer Transfer Code while option 3 doesn’t.</p> <p>We make this point because option 3 involves much more significant and costly IT system changes in establishing a new Change Reason Code (CRC) that for the above reasons is unnecessary.</p>
5	<p>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?</p>	<p>We are not able to comment on retailer’s ability to process objections in 1 business day if done manually, but retailers may be able to automatically object to transactions based on artificial intelligence on the same day a transaction is raised. In our experience, same day automatic objections are effective.</p>

Question No.	Question	Participant Comments
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?	AusNet Services agrees with the proposed option 2 of retaining the existing prospective CRs. Other options involving the replacement of these CRs would create unnecessary changes and extend the cost of this procedure change.
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?	AusNet Services considers there is no compelling reason to remove NSRD. We agree that it is only used in the transfer process, but we have systems that expect it and that update it. Removing NSRD requires costly system changes and would be unnecessary to improving customer outcomes associated with this change.
8	Is there value in retaining an ability for a prospective change of FRMP role to occur based on a special reading?	We consider that there is value in retaining the prospective change of FRMP role to occur based on a special reading. That value, is to avoid another unnecessary and costly change. Retaining prospective change of FRMP role to occur based on a special reading creates no detriment. Removing it appears to be change for the sake of change.
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?	AusNet Services considers removing the NSRD is a costly and unnecessary change that would disrupt our 5-minute settlements implementation program. We recommend avoiding this change and adopting the solution outlined in the issues paper option 2 involving the batch process and MSATS browser interface.

Question No.	Question	Participant Comments
10	How critical is the Read Quality information to the potential use of the Last Read Date for retrospective customer switching?	No response provided
11	Are there other matters that AEMO should consider regarding the three options presented, or any alternative options that AEMO might consider?	<p>Participants are currently in the process of comprehensively updating our metering data management systems for the 5-minute settlements changes. Having significantly advanced our program, AusNet Services is concerned the proposed changes associated with option 3 would disrupt our 5-minute settlements program and hence result in higher costs and risks.</p> <p>However, option 2 avoids unnecessary impacts on the participants that provide metering data and are building systems for 5-minute settlements. The issues paper seems to not choose option 2 based on the need to avoid changes to retailers' batch interface system. We question whether many retailers have provided AEMO with these formal positions or quantified this cost. From our perspective, the proposed option 3 is more costly for customers and disrupts our 5-minute settlements program.</p>
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?	We do not disagree with the presented considerations in relation to using recent readings to support customer switching. However, we note any change to systems and process needs to be justified with benefits.



Question No.	Question	Participant Comments
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'?	AusNet Services agrees, in principle, with the proposed 15 business day window for retrospective customer switching. However, given the change may result in Registered Participants needing to make system changes, and we are already working on 5-minute settlements, we should not be changing the window for retrospective customer switching in 2020.
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 (liked to questions in section 3.1.2)?	No response provided
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'?	AusNet Services agrees, in principle, with the proposed 15 business day window for retrospective customer switching. However, given the change may result in Registered Participants needing to make system changes, and we are already working on 5-minute settlements, we should not be changing the window for retrospective customer switching in 2020. The marginal benefit in allowing a 15 business day window over and above a 10 business day would not appear to justify the implementation costs.
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	AusNet Services considers there appears to be no business reason for restricting retrospectively switching customers with smart meters, except prospective customers with smart meters works today. Instead, the question should be asked whether there are quantifiable customers for

Question No.	Question	Participant Comments
	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?	changing from status quo. Otherwise this change is unnecessary and costly.
17	Has AEMO overlooked any requirement or reasonable justification for the retention of the five embedded network-specific CRs?	No response provided
18	Do the changes adequately provide for retailers to comply with the cooling-off provisions and customers' exercising their right to cool-off?	No response provided
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?	Yes, we consider the redesign is lower impact solution.
20	What problems, if any, might be caused by the removal of the error correction CRCs 1022, 1027 and 1028?	No response provided
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?	No, we consider these changes would be unnecessary and add further costs.
22	Are the changes proposed to the objection codes available to MCs regarding MC role appointment reasonable?	AusNet Services does not agree with the proposed removal of objection codes. The majority of AusNet Services sites have Vic AML meters. In Victoria, electricity law does not permit small customers to move to Type 4 metering. By removing these objections from the 6000 series CR transactions, MSATS would not allow Victorian DNSPs to object to

Question No.	Question	Participant Comments
		<p>transactions that contravene electricity law. This would be an appalling outcome for customers.</p> <p>Often retailers with operations based mostly outside Victoria make the innocent mistake of appointing a contestable metering coordinator. If the metering coordinator replaces the meter for a small customer using less than 160 MWhr/year, we are required to restore AMI metering. The contestable MC losses their investment and the customer are left confused.</p> <p>Today, we can avoid this from happening by objecting to changes for small customers, and where a retailer wants to put Type 4 metering on say a new bakery all they have to do send us a request to classify the site as large and tell us why (e.g. new bakery). However, the proposed changes do not allow this to occur.</p>
23	<p>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?</p>	<p>No response provided</p>
24	<p>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?</p>	<p>AusNet Services is not aware of any issues that could be resolved by reducing the nominated MC's objection timeframe to zero days in MSATS.</p>

Question No.	Question	Participant Comments
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?	AusNet Services would have to establish “bots” with artificial intelligence to undertake these objections by the end of the day. Because objecting to MC assignments in contravention of electricity are the best interest of our customers.
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?	No response provided
27	Do MSATS Participants believe that the proposed changes materially alter the obligations placed on them within the MSATS procedures?	AusNet Services considers the changes as proposed are too extensive and would disrupt our 5-minute settlement program resulting higher costs
28	Is the change to the reason code in the MDFF necessary?	AusNet Services strongly recommends all changes to the MDFF are deferred until the implementation of 5-minute settlements. The proposed addition to the reason code in the MDFF is not necessary to delivering customer benefits. We are currently in the process of making changes to our metering data management systems for the 5-minute settlements program. This unnecessary change to the MDFF would impact this work, resulting in additional cost and risk.
29	Should other changes be considered to the MDFF to accommodate the changes proposed in this Issues Paper?	No, AusNet Services considers the MDFF are unnecessary. They would disrupt our 5-minute settlements implementation program and hence be costly.

Question No.	Question	Participant Comments
30	Is the rationale described in this Issues Paper regarding the proposed timing for implementation reasonable?	<p>AusNet Services does not agree with the rational provided in the issues paper. Firstly, while the issues paper recognises impacts on retailers and MDPS, the rational provided does not recognise the impacts on DNSP systems and processes and our important role in updating standing data. We don't know why AEMO would ignore the DNSP's important role.</p> <p>Secondly, the issues paper assumes all work on 5-minute settlements does not start until mid-2020. AusNet Services and other participants have already started.</p> <p>Alternatively, AusNet Services suggests substantially limiting the impact of this procedure change to just minimal changes to prevent 'retailer save activities' and defer all other changes until after 5-minute settlements.</p> <ol style="list-style-type: none"> <li>1. As proposed in the issues paper, limit the scope of customer switching change request transactions in MSATS, so that only the retailer role is changed in the transfer process;</li> <li>2. Reduce the objection logging time for retailer transfers to zero days and new retailers would avoid save activity by batching transfers until 7pm;</li> <li>3. Develop changes outlined in option 2 to</li> </ol>

Question No.	Question	Participant Comments
		<p>enable the NMI Discovery process to provide the previous meter data read.</p> <p>Limiting switching review associated changes to just these 3 changes will de-risk the AEMO's and industry delivery programs and materially reduce our implementation costs. The other deferred changes can be undertaken on or after 5-minute settlements.</p>
31	<p>Are there other considerations or proposals that AEMO might consider regarding the timing for implementation of the proposed changes?</p>	<p>AusNet Services proposes AEMO substantially limits the impact of this procedure change to just minimal changes to prevent 'retailer save activities' and defer all other changes until after 5-minute settlements.</p> <ol style="list-style-type: none"> <li>1. As proposed in the issues paper, limit the scope of customer switching change request transactions in MSATS, so that only the retailer role is changed in the transfer process;</li> <li>2. Reduce the objection logging time for retailer transfers to zero days and new retailers would avoid save activity by batching transfers until 7pm;</li> <li>3. Develop changes outlined in option 2 to enable the NMI Discovery process to provide the previous meter data read.</li> </ol> <p>Limiting switching review associated changes to just these 3 changes will de-risk the AEMO's and</p>

Question No.	Question	Participant Comments
		industry delivery programs and materially reduce our implementation costs. The other deferred changes can be undertaken on or after 5-minute settlements.

### 3. Other Issues Related to Consultation Subject Matter

Heading	Participant Comments
MSATS Procedures - CATS	Why has the quick reference guide removed rather than updated?
MSATS Procedures – CATS: Table 4 – A	Does this replace the reference guide removed earlier in the document?
MSATS Procedures – CATS: Table 4M page 51	<p>AusNet Services considers the removal of ER Read Type Code is unnecessary, adds to the overall cost of this change and would break the ROLR process which refers to it. If AEMO wants to change it, the scope of the Consultation must include the ROLR process.</p> <p>We have no problem with retailers changing to use the Read Type Code RR instead, but removing it would require system changes and hence adds no value to customers.</p>
MSATS Procedures – CATS: Table 4M page 51	<p>AusNet Services considers the removal of EI Read Type Code is unnecessary and adds to the overall cost of this change. AusNet Services and retailers use this code today for Vic AMI meters and it works well. We have no problem with retailers changing to use the Read Type Code RR instead, but removing it would require system changes and hence adds no value to customers.</p>
MSATS Procedures – CATS: Table 4 N page 52	<p>AusNet Services do not support the proposed changes to the table of valid combinations of Read Type Codes, Metering Installation Type Codes and Change Reason Codes. These changes are unnecessary and would result in significant system and process change. Our response to question 22 in the issues paper outlines broader concerns with the removal of objection codes.</p>



Heading	Participant Comments
MSATS Procedures – CATS procedure: Section 24.1	CR to update last read date & Flag, suggest MSATS view last read date / flag if Current / New Retailer provides a NMI in MSATS
MSATS Procedures – CATS procedure, Section 24.1 Application [5072]	AusNet Services recommends that the explanation be expanded to explicitly state that this obligation doesn't extend to VIC AMI.
MSATS Procedures – CATS procedure, Section 24.2 (c)	AusNet Services recommends that the explanation be expanded to explicitly state that this obligation doesn't extend to VIC AMI as these sites are not manually read and as the site has RWD we won't be providing the last read date.