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Customer Switching in the NEM Issues Paper

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (MEA Group or Powershop) thanks the Australian Energy Market Operator (AEMO) for the opportunity to provide comments on AEMO's Customer Switching in the NEM Issues Paper (the Paper).

Background on the MEA Group

MEA Group is a vertically integrated generator and retailer focused entirely on renewable generation. We opened our portfolio of generation assets with the Mt Millar Wind Farm in South Australia, followed by the Mt Mercer Wind Farm in Victoria. In early 2018 we acquired the Hume, Burrinjuck and Keepit hydroelectric power stations, further expanding our modes of generation. We have supplemented our asset portfolio by entering into a number of power purchase agreements with other renewable generators, and through this investment in new generation we have continued to support Australia's transition to renewable energy.

Powershop is an innovative retailer committed to providing lower prices for customers and which recognises the benefits to customers in transitioning to a more distributed and renewable-based energy system. Over the last five years, Powershop has introduced a number of significant, innovative and customer-centric initiatives into the Victorian market, including the first mobile app that allows customers to monitor their usage, a peer-to-peer solar trading trial and a successful customer-led demand response program. Powershop has also been active in supporting community energy initiatives, including providing operational and market services for the community-owned Hepburn Wind Farm, supporting the Warburton hydro project, and funding a large range of community and social enterprise energy projects through our Your Community Energy program.

Powershop supports the intent of the changes proposed in the Paper. The proposed changes are proportional to those required to support the Australian Energy Market Commission's (AEMC) objective of 'Reducing customers' switching times (retail) draft rule determination'. Powershop believes the changes when fully implemented, will be positive for consumers and for competition in the industry. However, we note that the Energy and Water Ombudsman of NSW (EWON) 2018-19 Annual Report confirmed that EWON received only 375 complaints regarding a delayed transfer¹, compared with over 2,000 relating to estimate reads. Applying this customer sentiment to the significant system development required to execute this change effectively, Powershop does not believe the benefits outweigh the costs.

¹ <https://www.ewon.com.au/page/publications-and-submissions/annual-reports/2018-19> - page 29

In addition, the changes represent a significant industry shift. Consequently, the current proposed implementation time should be reviewed to allow market participants time to successfully upgrade and test their systems. Powershop suggests that AEMO defer the go live date from May 2020 to 1 October 2020, to ensure customers benefit from more efficient transfers. This would also reduce the risk of industry not being able to switch customers due to development constraints and unnecessarily tight delivery timeframes.

Please find below our responses to the questions raised in the Paper.

3.1 MSATS change request design – FRMP change

3.1.1 General changes for all 1000 series CRs

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?

Please refer to our response for Question 2.

2. Are the issues raised by AEMO regarding restrictions being placed on an MCs ability to object to an appointment reasonable?

Powershop believes that neither option proposed would cause any regulatory issues. The options are reasonable in application and would achieve AEMO's objective of ensuring a more efficient customer transfer process.

However, Powershop believes that Option 2, the removal of a Metering Coordinator's (MC) ability to object to an appointment, is the preferred option. This is because Option 1 would require significant system changes for industry, with one of the most commonly used change request transactions requiring considerable modification causing significant development cost.

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?

Powershop supports this change and its intent and does not believe that the proposed changes to the notification process restrict retailers from complying with the National Electricity Rules or the National Energy Retail Rules.

However, Powershop would like to emphasise that this is a highly significant system change for retailers as it is a complete redesign of the entire switching process. Subsequently, the implementation period following AEMO's final design must reflect this significance, or risk the market becoming paralysed through customers not being able to switch retailers. The May 2020 go live date is not practical and should be deferred at a minimum to 1 October 2020.

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?

Please refer to our response for Question 5.

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?

Powershop does not object to transfers based on certified debt in Victoria. As noted in the Paper, this scenario is associated with only 0.3% of transfers in the market, therefore most market participants do not use this objection. Powershop encourages AEMO to ensure that the final decision and high-level design does not apply any unnecessary system development to cater for such a small number of transfers.

3.1.2 Prospective transfer of the FRMP role

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?

Powershop believes that Option 2, to retain the Change Reason Code (CRC) 1000, is the preferable option. The provisions for 'Read Type Code' already exist within the current market procedures, therefore to replace the CRC 1000 with two new CRC's would be unnecessary. Powershop believes that under Option 2, any 'in-flight' transactions would remain largely unaffected.

If the use of Next Scheduled Read Date (NSRD) is withdrawn, Powershop believes that any in-flight transfers using this read type code should be allowed to complete to prevent customer confusion. The customer switching process yields long term market benefits, hence an interim period of some customer switching using the NSRD is acceptable.

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?

Powershop in its response to the AEMC's draft rule determination believed that the NSRD can present a free, quick and accurate customer experience, where the NSRD is close to the customer switching date. Powershop believes that AEMO could set guidelines where an NSRD switch is allowed – for example, within 10 business days of the customer switching date.

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

Powershop believes that the ability for a customer to switch based on a special reading needs to remain. Restricting the ability for a basic meter customer to transfer on an actual reading could cause significant customer dissatisfaction. The above EWON data represents a strong consensus that many customers prefer not to transfer retailers on a substituted read and for that reason, the ability to request a special read should remain.

3.1.3 Retrospective transfer of the FRMP role

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?

Powershop believes that there is merit in retaining the NSRD in National Metering Identifier Discovery, even if the NSRD is no longer able to be used for customer switches. Customers seeking to determine the date of their next meter read is a common enquiry, therefore having the information on hand is important for our call centre agents. Furthermore, it is important for a retailer to know when a reading is scheduled so that they can follow up with the Metering Data Provider if required.

10. How critical is the Read Quality information to the potential use of the Last Read Date for retrospective customer switching?

Powershop believes that if AEMO proceeds with using the last read date for retrospective customer switching, the read quality information is critical for the smooth implementation of this change. This will enable better provision of customer information, allowing customers the choice of choosing a special read if they don't wish to transfer on an estimated last read.

11. Are there other matters that AEMO should consider regarding the three options presented, or any alternative options that AEMO might consider?

Powershop believes that Option 1 is the most viable option. Option 2 should not be considered because it would not provide the required information to the participant in real-time, whilst Option 3 omits the important information of a read quality flag, meaning the benefits of the change will not be fully realised.

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?

Powershop believes that the considerations and options presented by AEMO are reasonable. Powershop notes that retailers do have specific obligations in relation to the content of final bills for small customers. These would need to be considered where a losing retailer has already issued a bill to a customer, which subsequently becomes a final bill following a retrospective transfer.

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'?

Powershop believes that the 15 business day window is reasonable. We also suggest that such a window could be acceptable for future transfers, using the NSRD.

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)?

Powershop believes that the CRC 1000, using the Previous Read type code, is already fit-for-purpose for facilitating transfers of this type. Powershop believes that a new CR type would not produce any additional benefits and would require system upgrades that would incur unnecessary costs.

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'?

Powershop does not object to this change. Powershop would like to emphasise that the draft rule determination presented by the AEMC relates to in-situ transfers only and questions whether the CRC 1040 for move-in customers should be contained within the scope of this change.

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?

Powershop believes that the intent of the change to facilitate retrospective transfers is to improve the switching experience for customers, who do not have a remote read capable meter. Powershop does not believe that retrospective transfers should become the industry standard.

Where a customer has a remote read capable meter, it is likely that they have been billed up until the switch date. This means if the winning retailer was to submit a retrospective CR for 15 business days prior, the bill would need to be reversed. This creates unnecessary customer confusion and additional work for the losing retailer. Customers do not expect to be transferred retrospectively and with daily readings available, there is no apparent benefit to transfer retrospectively.

3.1.5 Facilitating cooling-off reversal of a FRMP change

18. Do the changes adequately provide for retailers to comply with the cooling-off provisions and customers' exercising their right to cool-off?

Powershop supports AEMO's design if the AEMC final rule determination clearly outlines a retailer's ability to submit a Change Request during the cooling off period.

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?

Powershop believes that the CRC 2026 is suitable for the error correction. Powershop does not believe that there is a benefit to designing a new CRC for this purpose.

3.1.6 Changes to error correction 1000 series CRs

20. What problems, if any, might be caused by the removal of the error correction CRCs 1022, 1027 and 1028?

Powershop does not foresee any problems with the removal of the three CRC's above.

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?

Powershop supports retaining these CRC's. Powershop uses CRC's 1020 and 1023 regularly, therefore we suggest that AEMO do not alter the functionality of these CRC's.

3.2 MC appointment objections (6000 series CRs)

22. Are the changes proposed to the objection codes available to MCs regarding MC role appointment reasonable?

Powershop believes that the proposed changes to the objection codes are reasonable.

5. OTHER MATTERS

5.1 Improvements to procedure drafting

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?

Powershop believes that the MSATS CATS procedures are relatively clear, noting that further changes will likely be required as the consultation progresses.

27. Do MSATS Participants believe that the proposed changes materially alter the obligations placed on them within the MSATS procedures?

Powershop does not believe that the proposed changes materially alter the obligations within the MSATS procedures.

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

28. Is the change to the reason code in the MDFF necessary?

Powershop believes that the change to the reason code in the MDFF is categorically necessary to support the proposed changes.

29. Should other changes be considered to the MDFF to accommodate the changes proposed in this Issues Paper?

Powershop believes that the reason code change listed above is the only necessary change required to facilitate the switching process.

5.3 Timing and implementation

30. Is the rationale described in this Issues Paper regarding the proposed timing for implementation reasonable?

Powershop does not believe that the rationale described regarding the proposed timing for rationale sufficiently takes into consideration the system changes that retailers, and potentially other participants, will be required to make to their systems.

31. Are there other considerations or proposals that AEMO might consider regarding the timing for implementation of the proposed changes?

Powershop believes that even if the 'low impact' options we recommend are adopted, there will be significant modifications to a participant's systems in order to facilitate the following changes:

- Losing participant only receiving a notification when the switch completes. Retailer systems are built to expect a Request, Pending, Completed – in that order – to facilitate a customer switch. Adjusting this process, at the same time as having a clear benefit in meeting the objections of the rule change, is a significant change to core logic of transfers, and requires a significant implementation period;
- Schema changes to MSATS to include previous read date will need to be built into participant's systems;
- Changes to the CRC 1000 reason type codes will need to be built;
- CRC 1026, the use of which will be greatly expanded, will have to be rebuilt in market participant systems;
- The cooling off period, which would be hard coded into a market participant's systems, will have to be rebuilt entirely; and
- Staff training on the new functionality, as well as the changes themselves, will have to be conducted.

Powershop emphasises that if the implementation period does not give market participants an appropriate timeframe to build and test their systems in relation to the change, there would be no workaround available. We also believe customers could be subject to duplicate billing or billing delays.

AEMO has acknowledged that the June-July period normally has a very high level of switching transactions, rendering the slim timeframe more contentious. Powershop believes that a more suitable implementation time would be 1 October 2020 to ensure a smooth transition process.

If you have any queries or would like to discuss any aspect of this submission, please feel free to contact me.

Yours sincerely,

A handwritten signature in black ink that reads "H Jones". The signature is written in a cursive, slightly slanted style.

Haiden Jones
Operations Manager
Powershop Australia Pty Ltd
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