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Australian Energy Market Operator

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

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Dear Lee

Customer Switching in the NEM, Issues Paper

AGL Energy (AGL) welcomes the opportunity to provide feedback on the Australian Energy Market Operator's (AEMO) Issues Paper, *Customer switching in the NEM*, October 2019 (Issues Paper).

AGL generally supports the approach proposed through the AEMC draft Rule and AEMO High Level Design (HLD) to reduce customer switching times. AGL agrees with the AEMC and AEMO that an efficient and seamless customer transfer process supports consumer choice, engagement and confidence in the retail market.

In order to ensure that the outcomes of AEMO's procedural changes best serve the long-term interests of electricity consumers, we recommend a range of refinements to AEMO's proposed approach as follows:

1. On the proposed limitation on notification of a pending role change, as we outlined in our submission to the AEMC,¹ we consider this change will have a range of implications for retailers' ability to comply with their obligations under the National Electricity Rules (NER) and National Energy Retail Rules (NERR), that should be appropriately considered to mitigate customer detriment;
2. On prospective transfer of the FRMP role, AGL supports AEMO's preferred Option 2 to retain the CRC1000 and redesign at Read Type Code level;
3. AGL believes AEMO's proposed procedural changes to give effect to the HLD should be driven by the principle that, wherever possible, all transfers occur on an actual meter read.
 - For accumulation meters, all Read Type Codes that meet the policy objective of AEMO's HLD should be available to retailers to ensure maximum flexibility and minimum costs in retailers' implementation including Required Read and Special Read.
 - For manually read interval meters, transfers should only occur on an actual read provided by the meter data provider for the nominated transfer date or a final substituted meter read. While we appreciate that these transfers would occur on Required Read, we recommend AEMO developing system controls to prevent the use of estimated read transfers within the Required Read option.

¹ See AGL submission in response to Australian Energy Market Commission reducing customers' switching times (retail), Rules consultation paper (6 August 2019), available at <https://thehub.agl.com.au/articles/2019/08/agl-submission-to-aemc-customer-transfers>.



4. On retrospective transfer of the FRMP role, we recommend the retrospective 'window' be expanded to 40 business days to enable customers to benefit from more competitive offers to the greatest extent possible and to provide a larger window for the retailer to locate an actual read which will also improve the customer experience of the transfer by minimising possible re-issuing of bills that could be caused by estimated reads.

Based on AEMO's advice that it will complete the review of the necessary changes to MSATS by February 2020, AGL recommends that the start date of the new transfer framework should be no sooner than September 2020. This will provide a minimum of at least 6-months to enable retailers and MDPs to build and test appropriate system capabilities to operate in the new framework.

AGL appreciates that the primary objective of the AEMC draft Rule and AEMO HLD are to modernise a transfer process that is no longer fit for purpose. In order to support that objective, AGL would also encourage AEMO to undertake appropriate system changes in relation to its own supporting operating systems. For example, with the continued use of overnight batched systems, the potential remains for customers to experience delay in the transfer process. We would therefore encourage AEMO to develop appropriate real-time processes that can appropriately support an efficient and seamless customer experience in transferring between retailers. This could be implemented in the context of AEMO's forthcoming system upgrades for 5-minute and global settlements.

We have carefully considered the matters for consultation detailed in the Issues Paper and elaborate our feedback in the **Attachment**.

If you have any queries or would like to discuss our response further, please contact Kurt Winter at KWinter@agl.com.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'C. Hristodoulidis'.

Con Hristodoulidis
Senior Manager Regulatory Strategy



ATTACHMENT

1. General changes for all 1000 series CRs

Nomination of roles alongside a change of retailer

We support AEMO's view that it is not reasonable that the erroneous appointment of new Metering Coordinator (MC), Metering Provider (MP) or Metering Data Provider (MDP) by a prospective retailer should give rise to the opportunity for delay or cancellation of a customer switch.

In this context, AGL supports Option 2 (Removal of the ability of Metering Coordinators to object to appointment) as the most efficient option to nullify the risk of delay or cancellation to the switching process.

We consider that the ability to nominate the roles of MC, MP or MDP should be retained within the one Change Reason Code (CRC) as this provides the most efficient mechanism to nominate both the Financially Responsible Market Participant (FRMP) and MC during a customer transfer. Option 1 requires significant system and process re-design and introduces a secondary step for the MC nomination, which increases the complexity of the transfer process and therefore the chances for transfer errors. Therefore, Option 1 (to limit the scope of switching Change Requests (CRs) in MSATS) should not be preferred as it increases the risk and costs of the transfer process and is not in the long-term interest of consumers.

Notification of a pending role change

We note AEMO's proposal that prior to CR completion, notifications related to 1000 series 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.

While we understand this proposal meets one of the ACCC recommendations, being to eliminate retailer intervention activity, we consider the proposal will have a range of material implications for retailers being able to comply with their obligations under the NER and NERR where they lose a customer in the transfer process, including with respect to:

- Service orders, such as:
 - Disconnections and reconnection notices;
 - meter test;
 - crossed metering investigation;
 - tariff reconfiguration; and
 - check reading (especially for chronic no access site)
- Outage notices; and
- Customer arranged appointments for works, including:
 - solar and battery installations; and
 - smart meter upgrades.

In a number of these circumstances, we anticipate that retailers may be at risk of contravening their regulatory obligations for reasons that may be outside of their control and with no ability to rectify.



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

AGL's preferred approach is that Victoria harmonises its' jurisdictional requirements relating to certified debt objections with the National Energy Customer Framework.

However, we understand this is not in the remit of AEMO and therefore support AEMO's preferred Option 3 to establish a new CRC which allows for a customer switch to be reversed (in Victoria only), where a retailer identifies certified debt and considers that the one business day timeframe for the retailer to identify a certified debt, consistent with the established timeframes under the current processes, is appropriate.

2. Prospective transfer of the FRMP role

AGL supports AEMO's preferred Option 2 to retain the CRC1000 and redesign at Read Type Code level. AGL agrees that this option is more efficient and is likely to be less impactful and costly to implement than Option 1, given that retailers and MDPs are likely to have more material changes to systems to accommodate a new range of CRCs and retire old CRCs.

However, in order to ensure that the transfer procedures best serve the long-term interests of electricity consumers consistent, AGL remains of the view that all transfers should occur on an actual meter read. In our submission to the AEMC's Consultation Paper on faster transfers², AGL recommended that transfers should occur on an actual meter read wherever possible. Below we provide more specific commentary on read and meter types.

Accumulation meters (Type 5)

In AGL's view, in the context of accumulation meters, all Read Type Codes that meet the policy objective of AEMO's HLD should be available to retailers to ensure maximum flexibility and minimum costs in retailers' implementation.

AGL supports AEMO's proposal to retire the Next Scheduled Read Date (NSRD) Read Type Code for the purpose of transfers. We consider that, for the most part, Required Read would enable retailers to facilitate prospective customer switches within the proposed timeframe while allowing a degree of flexibility for incoming retailers to specify the date of completion based on customer preference.

Special Read should also be retained as an alternative option for retailers. While we acknowledge AEMO's concern that in some instances Special Read may increase cost and delay where attempts to obtain a read fail, we also consider that Special Read provides an important avenue for retailers to expedite a transfer within the 2 business days post the 10-day cooling off period. AGL agrees with AEMO that unlike the used of NSRD, it is reasonable to retail Special Read to enable access to on-demand meter reading service in the case that a physical reading is explicitly required by a customer.

² See AGL submission in response to Australian Energy Market Commission reducing customers' switching times (retail), draft rule determination (7 November 2019), available at <https://www.aemc.gov.au/sites/default/files/2019-11/Rule%20Change%20SubmissionRRC0031%20-%20AGL%20Energy%20-%2020191106.PDF>.



Manually read interval meters (MIRM) (Type 5 or Type 4A)

For MRIM, transfers should only occur on an actual read provided by the MDP or the nominated transfer date or a final substituted meter read. While we appreciate that these transfers would occur on Required Read, we would recommend AEMO consider developing system controls to prevent the use of estimated read transfers within the Required Read option. We anticipate substantial complexity for customers where a transfer is undertaken on the basis of an estimated read in these circumstances. In some instances, remediation in relation to estimated read of MRIM could entail a customer receiving three revised bills from their former retailer and two bills from their new retailer, causing substantial complexity for customers to navigate.

3. Retrospective transfer of the FRMP role

AGL recommends that AEMO's proposed 15 business day 'window' in which a recently obtained metering reading could be used to support a retrospective in-situ customer switch be extended.

In order to ensure an optimal customer outcome, AGL considers the retrospective 'window' should enable switching customers to benefit from more competitive offers retrospectively to the greatest extent possible. Given that the retrospective 'window' timeframe is intended to reference a recently obtained metering reading, AGL considers that this reading could be dated back as far as 40 business days. Accordingly, we would recommend that the retrospective 'window' be extended to a maximum of 40 business days.

While AGL supports the retiring of NSRD for the purpose of transfers, AGL recommends that AEMO maintain access to the NSRD in NMI Discovery. Retailers rely upon the NSRD for a range of other processes beyond transfer of a site, including:

- The NSRD value drives meter reading unit update in our systems to determine if a site is on monthly or quarterly billing cycle; and
- On customer requests, retailers also rely upon the NSRD value to advise on next meeting reading.

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

AGL does not support removing the five specific CRs relating to transferring the FRMP role for connection points within embedded networks. AGL appreciates AEMO's view that the current five embedded networks specific CRs is very low and the standard CR 1000 series can be used for customer switching. However, in our view, removal of these CRs would entail operational system costs to retailers that are not justified on the basis of any customer benefit.

We also note that the AEMC's recently concluded market review on *Updating the regulatory frameworks for embedded networks* is yet to be implemented.³ In our view, it is yet to be determined whether the CRs codes relating to embedded networks may serve a particular purpose in the context of the anticipated embedded network reforms. We would therefore recommend that any changes be considered at a later date once there is greater clarity of the Embedded Network regulatory changes.

³ See AEMC, *Updating the regulatory frameworks for embedded networks* <https://www.aemc.gov.au/market-reviews-advice/updates-regulatory-frameworks-embedded-networks>.



5. Facilitating cooling-off reversal of a FRMP change

AGL supports AEMO's proposed changes to better facilitate customers' rights to cool-off, including:

- Removing the current restrictions from the MSATS Procedure, 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
- Amending the current CR1026 (error correction CR – Cooled Off) in order that it performs a reversal of a completed 1000 series.

6. Changes to error correction 1000 series CRs

While we appreciate AEMO's view that a number of error correction codes are rarely used and are designed to support a very specific set of circumstances that might otherwise reasonably be covered by another existing error correction CRC, we do not support the removal of these code at this point in time. Removal of these CRs would entail operational system costs to retailers that are not justified based on any customer benefit. We also note that removal of error correction codes could be considered at a later date, once the anticipated embedded networks reforms are implemented.

7. MC appointment objections (6000 series CRs)

AGL supports AEMO's proposal 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.

AGL agrees with AEMO that this change will help to resolve the issue of a retailer and competitive MC being left in a state of limbo in terms of the provision of MC services at the metering installation, when an initial MC determines to object using a reason of DECLINED.

8. Consequential changes to the Meter Data File Format and Specification NEM12 & NEM13

AGL notes that consequential changes are envisaged for the Meter Data File Format and Specification NEM12 and NEM13. In order to support the timeliness of transfers, AGL would request that AEMO establish appropriate systems to:

- enable transfer completion and read files to be received on the same day; and
- in the context of retailers receiving new customers in a transfer process, C4 also be received on the same day.

9. Timing and implementation

AGL appreciates the rationale described in the Issues Paper regarding the proposed timing for implementation. AGL anticipated that the associated system build requirements and testing would necessitate a 6-month development timeframe. AGL would recommend that the changes be implemented no earlier than September



2020, ensuring a sufficient lead time of at least 6 months, to enable retailers and MDPs to build appropriate system capabilities.

We would also recommend that the proposed changes only be applied to transfers requested after the implementation date and that any transfers already in motion be subject to the current process requirements. This will ensure that all transfers are treated in a consistent manner by retailers.