



14 February 2014

Australian Energy Market Commission
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By email: aemc@aemc.gov.au
Reference: EPR0038

Thank you for the opportunity to comment on the Australian Energy Market Commission's *Options Paper on the Review of Electricity Customer Switching*.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers.

Proposed options addressing the timing of the customer transfer process

Reducing maximum allowable prospective timeframe for customer transfers to 21 business days

EWON considers that while it is important that this review identifies ways to improve the timeliness of customer transfers, it is also important to bear in mind that any proposed changes will likely take place in the context of a market-led rollout of smart meters, at least in New South Wales. The use of smart meters will eliminate the current problems of meter access, untimely meter reads and costly special meter reads.

EWON acknowledges the AEMC's view that transfers based on special meter reads are infrequent and that this is mainly because, in the view of some retailers, they are too expensive and potentially not cost reflective¹. As noted in our submission to the *Issues Paper*², the extra meter read fee can be a significant impost on customers. We consider that customers must be asked to provide their explicit informed consent to the extra fee when offered to transfer on a special meter read.

EWON also notes that in their submissions to the *Issues Paper*, some retailers suggested a reduction of the contract cooling-off period to improve the timeliness of transfers³. We agree with the AEMC's view that the consumer right to a 10-day cooling off period is

¹ AEMC 2014, Review of Electricity Customer Switching, Options Paper, 23 January 2014, Sydney, p21.

² AEMC 2013, Review of Electricity Customer Switching, Issues Paper, 3 December 2013, Sydney.

³ AEMC 2014, Review of Electricity Customer Switching, Options Paper, 23 January 2014, Sydney, p24-25.



guaranteed in the *Australian Consumer Law* and any variance of this right under the *National Energy Consumer Framework* would be invalid. Given that EWON continues to receive complaints from customers about being signed up under pressure or misleading circumstances, we consider that improvements to the transfer timeframe should not come at the expense of consumer protection measures.

Transferring on estimated reads

EWON considers that the most cost-effective and reliable way to obtain an estimated read is for customers to photograph their meter where possible. The date of the meter photograph can be verified either by way of a camera with date coding, or by the customer including a newspaper in the photo to act as a date stamp. We consider that this will reduce settlement and billing risks for retailers as the photograph will indicate the actual consumption at the premises as at the transfer date. This read can be validated by meter data providers (MDPs) later.

Alternatively, if final reads are to be estimated by MDPs, EWON would support the development of a standardised estimation methodology to ensure consistency across market participants. However we query whether there would be extra costs involved in generating an estimated final read, which may ultimately be passed onto customers.

Where an estimated read requires adjustment, EWON agrees with the AEMC's suggestion that the billing adjustment should occur solely with the winning retailer⁴. We consider that any adjustment process involving the issuing of multiple accounts to customers by more than one retailer will introduce an element of confusion for customers and retailer billing systems.

Introducing incentive arrangements for metering data providers

With the exception of meter access and occupational safety issues, EWON considers that if the need to introduce incentive arrangements for MDPs suggests that there is an issue in performing a service order the first time it is raised, then perhaps there is a need to review why this may be occurring.

Increasing the monitoring and public reporting of statistics associated with the timing of transfers

EWON supports the AEMC's proposal to increase the monitoring and public reporting of statistics related to the timing of customer transfers, by the Australian Energy Market Operator (AEMO) and/or the Australian Energy Regulator (AER). We consider that this will allow retail and meter reading practices around transfer times to be benchmarked over time, and across retailers and MDPs. This reporting can also assist in retailers and MDPs comparing performance and developing and sharing best practice over time. We also

⁴ Ibid, p36.



agree that this information may assist stakeholders in identifying barriers to faster switching times.

If SCER proceeds with the proposed options outlined in the *Options Paper*, EWON expects to be actively monitoring complaints to assess the impact of the changes for customers. We may receive more transfer-related complaints as barriers to switching decrease and the market becomes more competitive. We will continue to work with NSW retailers, distributors and regulators to address any industry issues. We are pleased to provide feedback from customer complaints to retailers, distributors, the NSW Government, the AEMC, and the AER.

Proposed options addressing the accuracy of data used in the customer transfer process

Cleansing MSATS data and developing an industry-agreed standard for addresses

In EWON's submission to the *Issues Paper* we noted the difficulty in ensuring an accurate customer transfer where the address maintained in MSATS does not correspond to the customer's understanding of their address. We submitted that this occurs where:

- a local council has reassigned street numbers but fails to provide this information to the relevant network distributor who would otherwise update MSATS
- MSATS lists the site address as a lot number as previously known in government property documents, rather than a numbered street address which the customer provides to the retailer
- a property is subdivided from a single site (eg number 20) to several houses on the same site (eg 20A, 20B, 20C, 20D) and this change is not reflected on MSATS.

EWON supports the establishment of an industry working group to cleanse and audit MSATS data. We consider that industry participants, based on their working knowledge of MSATS, would be better placed to gauge how MSATS might be cleansed and improved. Another possible method may involve checking addresses on MSATS against Australia Post address data, however we consider that this may be problematic for customers who may only be known to Australia Post by a PO Box address. In the interests of reducing customer dissatisfaction and complaints, we suggest that the MSATS database needs to be easily updated when processing transfers and administrative changes.

EWON also supports the development of an industry-agreed standard for addresses, including the standardisation of addresses to reflect the Australia Post standard. We suggest that confusion can be reduced if addresses for battle-axe blocks have consistent lettering, for example 9A and 9B is less ambiguous than 9 and 9A.

Increasing the monitoring and public reporting of statistics associated with the accuracy of data used in transfers

As discussed above, EWON supports this proposal and is pleased to provide feedback from customer complaints to retailers, distributors, the NSW Government, the AEMC, and the AER.

In EWON's submission to the *Issues Paper*, we indicated that it is currently unclear which bodies are responsible for the compliance and enforcement of the procedures contained in *MSATS Procedures: CATS Procedure Principles and Obligations* (MSATS Procedures). We understand that *MSATS Procedures* outline the procedures and obligations governing a customer transfer and falls within AEMO's jurisdiction. We are also aware that the *NSW B2B Procedures* detail the processes that retailers are required to follow when transfer errors occur. The *NSW B2B Procedures* were introduced by the NSW Government, who would presumably be responsible for compliance and enforcement of the retailer obligations outlined in this document. We are therefore not clear whether AEMO would have jurisdiction over compliance issues relating to the *NSW B2B Procedures*. We would ask the AEMC to provide further guidance on this issue.

Obligation to display NMIs on all small customer meters

EWON considers that displaying NMIs on all small customer meters could be beneficial for customers and retailers. We agree with the AEMC's view that if customers can provide their NMI when signing up then this would avoid the NMI discovery process and potential transfer errors, as well as the costs of rectifying these errors.⁵

In EWON's submission to the *Issues Paper*, we noted that any cross-checking of the customer's address and NMI when customers request a transfer may not reveal errors where the customer has given an incorrect address, or a marketer or customer service representative in the call centre has recorded the address incorrectly. This is because it is the NMI for the incorrect address that is being verified in MSATS. We consider that this situation can be avoided where a customer can provide their NMI to a retailer who can then check whether the address recorded against that NMI in MSATS is consistent with the customer's address.

NMIs may not be readily accessible where customers have thrown away their bills or receive their bills electronically. Displaying NMIs on meters would allow customers better access to their NMI and simplify the process of transferring.

EWON notes the AEMC's view that placing stickers of NMI numbers on existing meters is a relatively low-cost initiative.⁶ However we also consider that this method may be prone to human error, so we recommend further engagement with key stakeholders on this issue.

⁵ Ibid, p55.

⁶ Ibid, p56.



NERR obligation on retailers to resolve erroneous transfers in a timely manner

EWON supports creating an obligation on retailers to coordinate to resolve erroneous transfers in a timely manner in the *National Energy Retail Rules*. We consider that this will strengthen and clarify existing retail responsibilities, particularly the responsibility of the winning (errant) retailer to rectify errors instead of referring customers back to their original retailer.

EWON notes the AEMC's suggestion that guidelines could be established to clarify how and when a retailer is required to raise transactions in MSATS to resolve erroneous transfers.⁷ We understand that such a guideline already exists in NSW. The *NSW B2B Procedures* sets out the obligations of both winning and losing retailers in a number of common erroneous transfer scenarios. For each of these scenarios it outlines the transactions required in MSATS from both retailers to rectify the erroneous transfer.

The *NSW B2B Procedures* appear to complement *MSATS Procedures*. However as noted in our submission to the *Issues Paper*, transfers in error continue to be a significant driver of complaints to EWON. In our experience, it is unclear whether the *NSW B2B Procedures* document is regarded as an authoritative guideline amongst retailers for resolving erroneous transfers.

EWON considers that the requirement for timely resolution of erroneous transfers would need to be clearly defined in a NERR obligation and reflected in MSATS procedural guidelines. We note that currently under *MSATS Procedures* market participants must action correction requests within 2 business days, whereas under *NSW B2B Procedures* the required timeframe is 1 business day. We consider that, although small, this discrepancy can cause confusion.

Proposed options addressing the effectiveness of the objections framework

In our submission to the *Issues Paper*, we noted that customers have complained of delays in resolving objections and cancellations by both winning and losing retailers, and also by distributors. These complaints were driven by apparent confusion and some inconsistent understanding across market participants of objections, the reasons they have been raised and what can be done to resolve them. We consider that any revised objections framework needs to be clear and encourage common understanding across all market participants. We would also see benefit in the AEMC or other appropriate body working with all the relevant stakeholders to develop this common understanding and practical implementation.

⁷ Ibid, p57.



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If you would like to discuss this matter further, please contact me or Emma Keene, General Manager Policy and Community Engagement, on 02 8218 5250.

Yours sincerely

A handwritten signature in black ink that reads "Clare Petre".

Clare Petre
Energy & Water Ombudsman NSW