



21 February 2014

Australian Energy Market Commission  
PO Box A2449  
SYDNEY SOUTH NSW 1235

Lodged online at: [www.aemc.gov.au](http://www.aemc.gov.au)  
Project number EPR0038

Dear Sir/Madam

### **Re: AEMC Options Paper – Review of Electricity Customer Switching**

Thank you for the opportunity to comment on the Australian Energy Market Commission (AEMC) *Options Paper – Review of Electricity Customer Switching* (the Paper).

The Energy and Water Ombudsman (Victoria) (EWOV) is an industry-based external dispute resolution scheme that helps Victorian energy and water consumers by receiving, investigating and facilitating the resolution of their complaints. EWOV's interest in responding to the Paper is based on our extensive experience in handling customer complaints.

In response to the Issues Paper released during this consultation process, EWOV provided information about our case handling experience in matters where customers have been affected by a transfer error, transfer delay or transfer objection. We also provided some analysis and insight into the impact that transfer problems have on customers and case studies to illustrate some customer experiences<sup>1</sup>. While this submission will refer to our earlier comments, we will respond specifically to the nine options presented in the Paper - to speed up transfer times, improve the accuracy of data used in the process and to develop the effectiveness of the transfer objection framework. EWOV's response to each of the options is provided below and based on our case handling experience.

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<sup>1</sup> See [http://www.ewov.com.au/data/assets/pdf\\_file/0008/10007/EWOV-comments-AEMC-Issues-Paper-Review-of-Electricity-Customer-Switching.JS.pdf](http://www.ewov.com.au/data/assets/pdf_file/0008/10007/EWOV-comments-AEMC-Issues-Paper-Review-of-Electricity-Customer-Switching.JS.pdf)

***Option A1: reduce the maximum prospective timeframe for customer transfer requests, as set out in the Market Settlement and Transfer Solutions (MSATS) Procedures, from 65 business days to 21 business days.***

EWOV believes that the option to reduce transfer timeframes would be workable in Victoria as most customers have remotely read Smart Meters with no or negligible special meter read fees<sup>2</sup>. Therefore meter reads do not need to be taken on a quarterly (or other) schedule.

We have some concern however, about customers with analogue meters incurring special meter read costs for a mid-cycle read in order for industry to meet the shorter transfer timeframe. Special meter read fees vary up to about \$40 depending on the state, distribution area and retailer<sup>3</sup>. The potential cost savings for a customer moving quickly to a new retailer on a cheaper tariff might be off-set by the cost of a special meter read fee.

The Paper recognised that customers could consent to a special meter read fee. From EWOV's experience, we suggest that even if a customer was informed of a possible fee at the point of sale or marketing, or in the contract terms, they may not understand the implications until they receive their first bill and then question the fee with the retailer - and potentially EWOV<sup>4</sup>.

***Option A2: allow customer transfers to occur on the basis of estimated reads, which would provide an alternative to the current practice of obtaining an actual meter read for a transfer request to complete.***

The AEMC proposes a well-considered framework to implement this option, however EWOV remains concerned that due to the necessary complexity of the process there may be customer confusion and distributor/retailer costs.

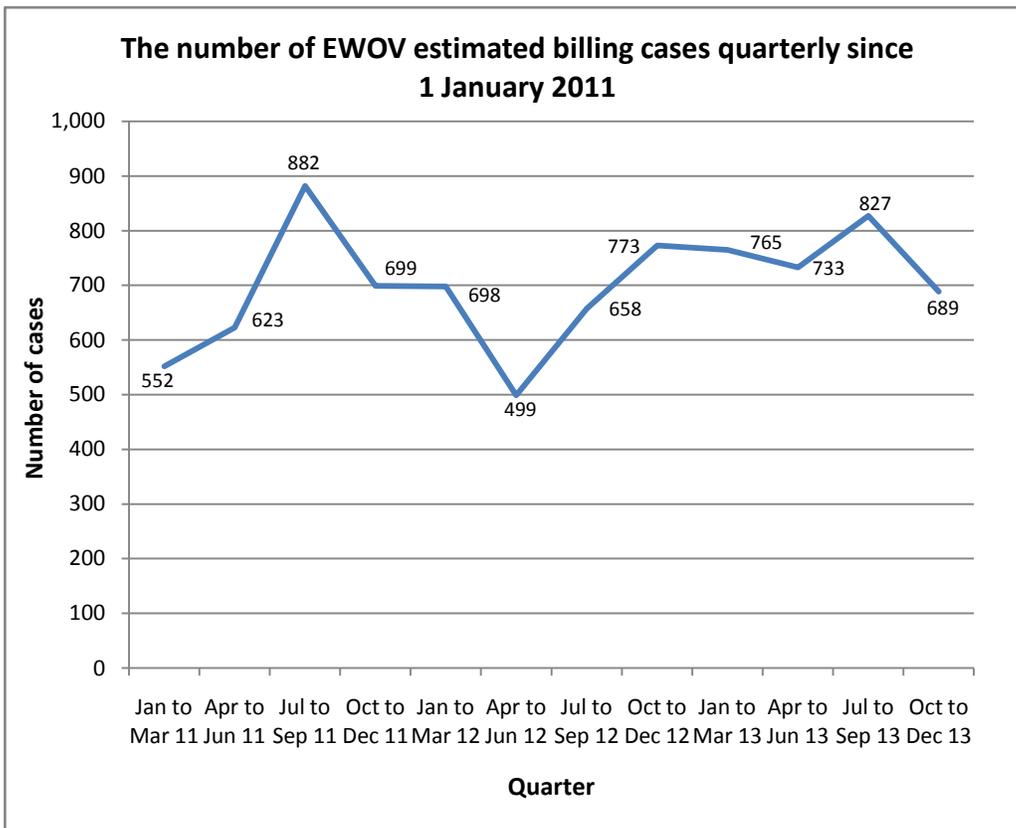
The graph below shows the number of EWOV cases received quarterly since 1 July 2011 concerning estimated bills.

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<sup>2</sup> See <http://www.aer.gov.au/taxonomy/term/1252>

<sup>3</sup> See <http://www.aer.gov.au/networks-pipelines/determinations-and-access-arrangements>

<sup>4</sup> See EWOV's Marketing and Transfer Reports - <http://www.ewov.com.au/reports/marketing-and-transfer-report-january-2014/marketing-report>



In 2013, EWOV received 3,014 cases where customers raised estimated billing as an issue in their complaint. This was a 15% increase on cases for 2012. EWOV believes that the large and increasing number of cases we receive about estimated billing suggests that this issue is a concern for customers and is commonly raised with retailers.

Many complaints about estimated bills arise from customers’ actual or perceived concerns that the meter read upon which their bill is based is inaccurate and therefore their bill is wrong. In investigating these complaints, EWOV has sometimes found that an estimated meter read based on a property’s historical electricity use does not closely reflect the property’s real usage because:

- there had been seasonal changes in the customer’s electricity use
- the customer had moved in or out of a property
- the introduction to the household of new power-intensive appliances (such as air conditioners)
- a recent change in occupancy, such as the birth of a baby
- previous meter access issues causing extended periods of read estimations.

While these EWOV cases obviously do not encompass situations arising from the proposed option, we think that transfers on an estimated read may cause customer confusion and may lead to a lack of confidence that they have been billed correctly. This may lead to complaints to

retailers and EWOV. Anecdotally, our experience suggests that an actual meter read gives customers a reliable assurance that there was an accurate and visible point in time when their billing changed retailer.

Also, a transfer on an estimated meter read may be the latest in a series of estimated reads (due to meter access issues or otherwise) which compounds existing billing issues and may potentially lead to a large backbill, possibly for a customer in financial hardship.

The Paper states that a customer's consent is required before a transfer based on an estimated read. As stated earlier, EWOV is aware that many customers do not always understand the implications of giving their consent, particularly at the time of marketing, and so may later question their billing with their retailer and potentially EWOV<sup>5</sup>.

***Option A3: introduce an incentive scheme on regulated metering data providers, to encourage such parties to provide more timely and accurate special meter reads.***

EWOV does not have enough case information about metering data providers to provide an informed view about the merits of this option. However, anecdotally, we have received customer complaints about meter readers missing scheduled meter read dates and time-windows.

***Option A4: increase monitoring, and public reporting, of statistics associated with the timing of the customer transfer process, by the Australian Energy Market Operator (AEMO) and the Australian Energy Regulator (AER).***

EWOV believes that it is appropriate for the AEMO and the AER to examine the timeliness of the customer transfer process. We support the method of industry accountability through monitoring and public reporting by the regulators about the effectiveness of transfer processes.

***Option B1: cleanse the MSATS data that is used in the customer transfer process, and develop an industry-agreed standard for addresses in the MSATS database.***

EWOV supports the adoption of an audit method which balances the costs associated with cleansing the data with a reasonable timeframe to complete the audit process and make corrections to the records.

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<sup>5</sup> See EWOV's Marketing and Transfer Reports - <http://www.ewov.com.au/reports/marketing-and-transfer-report-january-2014/marketing-report>

As stated in EWOV's previous submission, we have found that MSATS transfer errors usually occur because of mismatches between property address descriptions, meter numbers and NMI details. We wrote<sup>6</sup>:

*EWOV is focused on customer outcomes, rather than root-cause analysis of the transfer issues or regulatory compliance, however we have found that MSATS transfer errors usually happen because of mismatches between property address descriptions, meter numbers and NMI details. In examining EWOV cases, we found that transfer errors generally arise in the following circumstances:*

- *The council property description does not align with the NMI or meter number details listed in MSATS, or the distributor's or retailer's systems, resulting in the wrong property being transferred, such as property number 166 instead of 166A.*
- *The energy retailer inputs incorrect address, NMI or meter details into its system or MSATS.*
- *A customer quotes the incorrect meter details to the energy retailer, or one that doesn't correspond with the NMI or meter details in MSATS.*
- *A problem with the MSATS listing itself. For example, the NMI or meter number in MSATS does not match the details at the address because it has not been updated in MSATS or was assigned the wrong number.*
- *Retailer and distributor business-to-business communications or systems problems.*

***Option B2: increase monitoring, and public reporting, of statistics associated with the accuracy of the data that is used in the customer transfer process, by the AEMO and the AER.***

It is intrinsically important that accurate data is used to complete a successful customer transfer to another energy retailer. As stated earlier, we have found that MSATS transfer errors often occur due to mismatches between property address descriptions, meter numbers and NMI details. Accordingly, EWOV supports this option as it promotes transparency through more monitoring and public reporting by the regulators, which should lead to greater data clarity and accuracy.

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<sup>6</sup> See page 5 - [http://www.ewov.com.au/\\_data/assets/pdf\\_file/0008/10007/EWOV-comments-AEMC-Issues-Paper-Review-of-Electricity-Customer-Switching.JS.pdf](http://www.ewov.com.au/_data/assets/pdf_file/0008/10007/EWOV-comments-AEMC-Issues-Paper-Review-of-Electricity-Customer-Switching.JS.pdf)

***Option B3: introduce an obligation for the National Metering Identifier (NMI) number to be displayed on all small customer meters.***

EWOV supports this option as a method (when combined with other options) to help to reduce the chances of mismatches between the customer's address and the NMI number. From our case handling, we have found that sometimes a customer quotes the incorrect meter details to the energy retailer, or one that doesn't correspond with the NMI at the property or meter details in MSATS. A customer would have the further option to advise a new retailer of their property's NMI by physically looking at the meter at their property, as well as from reading their bill.

***Option B4: confirm and strengthen the obligations on retailers to co-ordinate to resolve erroneous transfers in a timely manner.***

EWOV supports this option because it would provide regulatory guidelines to 'winning and losing retailers' about how to quickly fix transfer errors.

We reiterate comments made in our previous submission that problems such as transfer errors or objections need a resolution before the transfer request can be resubmitted - therefore necessitating a delay<sup>7</sup>. A transfer delay may then cause a large backbill, putting financial pressure on the customer and demands on retailer customer service resourcing - and potentially EWOV. We therefore view this option as a good way for retailers to work together to promptly fix transfer issues and improve the speed of resubmitted transfers.

***Option C1: undertake a project to improve the functioning of the objections framework that forms part of the customer transfer process, with the objective of promoting the efficiency of this particular element.***

EWOV supports this option to review and update the objections framework so that it is more efficient and fewer errors are made.

In Victoria, unlike under NECF, a retailer can object to a customer transfer due to the customer having an outstanding energy debt<sup>8</sup>. Most EWOV transfer objection cases arise from this scenario. Customers rarely contact us with a complaint concerning the technical features of the MSATS objections framework, and so EWOV has limited insight into how to improve the

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<sup>7</sup> See page 7 - [http://www.ewov.com.au/\\_data/assets/pdf\\_file/0008/10007/EWOV-comments-AEMC-Issues-Paper-Review-of-Electricity-Customer-Switching.JS.pdf](http://www.ewov.com.au/_data/assets/pdf_file/0008/10007/EWOV-comments-AEMC-Issues-Paper-Review-of-Electricity-Customer-Switching.JS.pdf)

<sup>8</sup> See Clause 5 <http://www.esc.vic.gov.au/getattachment/96bb2149-f0d4-4fc4-8307-9b6d96f708d0/Electricity-Customer-Transfer-Code.pdf>

efficiency and accuracy of the transfer objections process. In our previous submission we wrote<sup>9</sup>:

*A transfer objection may also occur for technical reasons arising from the compatibility of the meter type with MSATS or the retailer's billing system. For example, a retailer bases an MSATS transfer request on a basic meter when there is a Smart Meter installed at the property. The rollout of Smart Meters in Victoria should mean that meter types become more universal and therefore, as long as MSATS is updated accurately, there should be fewer transfer objections due to incompatible meter types.*

We trust that these comments are useful. Should you require further information or have any queries, please contact Justin Stokes, Senior Research and Communications Advisor on (03) 8672 4272.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Cynthia Gebert', with a stylized flourish at the end.

**Cynthia Gebert**  
**Energy and Water Ombudsman (Victoria)**

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<sup>9</sup> See page 10 - [http://www.ewov.com.au/\\_data/assets/pdf\\_file/0008/10007/EWOV-comments-AEMC-Issues-Paper-Review-of-Electricity-Customer-Switching.JS.pdf](http://www.ewov.com.au/_data/assets/pdf_file/0008/10007/EWOV-comments-AEMC-Issues-Paper-Review-of-Electricity-Customer-Switching.JS.pdf)