



Review of the Electricity Industry Customer Transfer Code 2004 – Draft Recommendations Report

Alinta Energy Submission

7 November 2014

Introduction

Alinta Sales Pty Ltd (**Alinta Energy**) is pleased to provide further comment on the *Electricity Industry Customer Transfer Code 2004 (Transfer Code)* as part of the review being conducted by the Public Utilities Office (**PUO**).

Alinta Energy has the following specific comments on the *Review of the Electricity Industry Customer Transfer Code 2004 – Draft Recommendations Report (Recommendation Report)*.

Recommendation 3 - Charges

Amend the definition of “charges” to include those payable by the retailer to the network operator and Market Operator in connection with the “supply” of electricity.

Alinta Energy supports the amendment of the definition to clarify that “charges” means those payable by the retailer in connection with the transfer and supply of electricity.

Recommendation 8 – Trading day

Maintain the definition of “trading day” as currently drafted.

Alinta Energy supports the PUO’s recommendation to retain the current definition of “trading day” in the Transfer Code until full retail contestability is adopted in the South West Interconnected System (**SWIS**). At that time, Alinta Energy would support a full cost benefit analysis to ensure the costs of aligning the timeframes in the Transfer Code and the *Electricity Industry (Metering) Code 2012 (Metering Code)* do not outweigh the benefits. In particular, the costs and benefits of aligning the Transfer Code’s 8am to 8am “trading day” definition with the Metering Code’s 12am to 12am definition of “day”, as opposed to the converse, should be analysed.

Recommendation 13 – Submitting a data request

Amend clauses 3.4(1) and 3.4(2) to increase the number of standing data requests and historical consumption data requests that can be made per day by a retailer from 20 to 100.

Alinta Energy supports increasing the number of standing data and historical consumption data requests to 100 in the short-term. This would ensure a better customer experience and improve the current administrative issues encountered by retailers churning multi-site customers.

In the longer-term, Alinta Energy would support increasing the cap and, should full retail contestability be adopted in the SWIS, completely removing the cap.

Recommendation 17 – Charges for standing data and historical consumption data

Delete clause 3.10(3) and amend clause 3.10(2) so a network operator may charge a retailer for historical consumption data only in accordance with the Metering Code 2012.

Alinta Energy supports the proposed amendment noting that Western Power, under its current Model Service Level Agreement (**MSLA**), provides 0 to 12 months of historical consumption data free of charge.

Recommendation 18 – Submitting a customer transfer request

Increase the number of transfer requests that can be submitted in a day or with the same nominated transfer date by a retailer from 20 to 50 (if no meter change and/or manual meter reading are required to facilitate the transfer).

Alinta Energy supports the above recommendation in the short-term. Should full retail contestability be adopted in the SWIS, Alinta Energy considers the cap should be completely removed, as such a cap could be seen as a potential barrier to entry and competition. Alinta Energy notes that there were 6,216 customer transfers¹ in the Western Australian retail gas market in July 2014, an average of 200 transfers per day.

Recommendation 21 – Network operator's obligations following receipt of a valid transfer request

Transfer Code not to be amended to make a network operator liable for retailer or customer losses caused by a network operator's act or omission that resulted in the customer transferring after the nominated transfer date.

Instead, amend clause 4.10 to require a network operator to notify the outgoing and incoming retailers that the network operator will not be able to transfer the customer on the nominated transfer date (when a nominated transfer date had been agreed previously).

Alinta Energy supports the proposed amendment to clause 4.10 to require the network operator to advise the incoming retailer when a transfer date cannot be achieved. The network operator should be required to meet transfer timeframes except in extraordinary circumstances.

Request for comment – Rectifying an erroneous transfer

Stakeholder comment is sought on whether clause 4.15 should be amended to prescribe a timeframe within which requests to rectify an erroneous transfer must be made to the network operator. If so, views are sought on what might constitute a reasonable timeframe.

Alinta Energy would support either a 6 or 12 month timeframe within which requests to rectify erroneous transfers could be made. Alinta Energy's experience indicates that the three month timeframe proposed by Western Power is not sufficient.

A 6 month, or 130 business days, timeframe would align with the timeframe in the National Electricity Market (**NEM**)².

A 12 month timeframe would align with the Independent Market Operator's (**IMO's**) settlement period.

¹ REMCo Monthly Market Outcomes Report – September 2014, www.remco.net.au

² MSATS Procedures: CATS Procedure Principles and Obligations ver 4.1, 1 July 2014, cl 3.10.1(c), www.aemo.com.au

Recommendation 30 – Code amendment

Amend Part 8 to include provisions that state nothing in Part 8 limits:

- *a person's ability to propose a Code amendment to the Minister; or*
- *the Minister's discretion to propose, consider or make a Code amendment.*

Alinta Energy supports this recommendation so that the Transfer Code clarifies that any person, not just the Economic Regulation Authority and Transfer Code participants, can propose an amendment to the Transfer Code.

Recommendation 31 – Retailer objections to a transfer

Transfer Code not to include provisions to allow retailers to object to a transfer on the grounds of unpaid debt by a customer or an active Energy and Water Ombudsman investigation.

Alinta Energy supports the Transfer Code amendment proposed by Perth Energy and Synergy to allow a retailer to object to a customer transfer if the customer has an outstanding debt with the retailer.

It becomes more problematic for a retailer to recover outstanding debt once the customer has churned away from the retailer. Likewise, the retailer loses the ability to provide assistance to the customer in meeting their financial obligations. The potential financial risk to the customer may therefore increase as the customer leaves one debt behind and commences accumulating new debt with their new retailer.

The customer's current retailer must be afforded every ability to recover a customer's outstanding debt, providing assistance along the way; however there will be some instances where a retailer has no option but to disconnect a customer. Maintaining a market environment that facilitates a customer's ability to transfer retailers and avoid debt is not in the best interests of all consumers.

The benefit to customers is twofold. Firstly, the requirement to pay off an outstanding debt, generally via a payment plan tailored to suit the customer's ability to pay, forces the customer to take control of their debt. This is a better alternative than the customer churning from retailer to retailer, accumulating a large debt with each that will never be paid off (in some cases, which the customer never intends to repay). Secondly, it reduces the bad debt risk that a retailer needs to pass on to its remaining customers through increased tariffs.

Alinta Energy would support a \$200 debt amount above which a retailer could object to a customer transfer. This is consistent with the *certified debt*³ amount in the Victorian electricity industry. There should also be rigorous rules around the circumstances in which objection for debt should be permitted e.g. if the debt is outstanding beyond a certain period of time, if the customer has been offered and failed to adhere to a payment plan, etc. Alinta Energy encourages the PUO to consider the circumstances outlined in the Victorian *Electricity Customer Transfer Code* and to consult with retailers further regarding this issue.

Alinta Energy considers that retailers should have the ability to object to a customer transfer where there is an outstanding debt, but it should always be at the retailer's discretion.

³ *Electricity Customer Transfer Code*, Essential Services Commission, October 2014, cl 6 p 9, www.esc.gov.au