



# **Review of the Electricity Industry Customer Transfer Code 2004 – Issues Paper**

## **Alinta Energy Submission**

**30 May 2014**

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## Introduction

Alinta Sales Pty Ltd (**Alinta Energy**) is pleased to provide comment on the *Review of the Electricity Industry Customer Transfer Code 2004 – Issues Paper (Issues Paper)* drafted by the Public Utilities Office (**PUO**).

Alinta Energy is Western Australia's largest gas retailer and also supplies electricity to large use customers (those consuming over 50 MWh per annum) in the South West Interconnected System (**SWIS**). It is a condition of Alinta Energy's electricity retail licence that it complies with the *Electricity Industry Customer Transfer Code 2004 (Transfer Code)*.

Below, Alinta Energy seeks to address each of the questions posed in the Issues Paper.

## Question 1 - Application

*Should the application of the Transfer Code be extended to include network operators and retailers if it is a term or condition of their licence exemption that they comply with the Transfer Code?*

The Transfer Code should, for clarity, state that it applies to network operators and retailers to whom, as a term or condition of their licence exemption, compliance with the Transfer Code is required.

## Question 2 – Code definitions

*A. Comments are invited on the suitability of the definitions identified in the Issues Paper as potentially requiring amendment.*

*B. Are there definitions not identified in the Issues Paper that are inaccurate or incorrect? If so, what amendments are required to those definitions?*

*C. Are any new definitions required?*

## Access Contract

Alinta Energy agrees that the definition of "access contract" should be amended to reflect the *Electricity Networks Access Code 2004 (Access Code)* definition of "contract for services".

## Exit point / bidirectional point

A new definition of "bidirectional point" should be included in the Transfer Code and any references in the Transfer Code to exit points that apply equally to bidirectional points should be updated (including the definition of "transfer").

## Trading day

Alinta Energy acknowledges that inconsistencies between the timeframes in the *Electricity Industry (Metering) Code 2012 (Metering Code)* and Transfer Code are problematic and need to be addressed. Alinta Energy believes the most efficient and lowest impact solution would be to amend the definition of "day" in the Metering Code, or alternatively include the definition of "trading day" as currently defined in the Transfer Code, in the Metering Code. Data validation, substitution and estimation methods under the Metering Code would then be

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required to be based on the “trading day”, a 24 hour period commencing at 8am. This would ensure consistency with gas market timelines while at the same time minimise any impact on the operation of the Wholesale Electricity Market. Alinta Energy acknowledges, however, that the cost to Western Power of implementing any necessary system upgrades may be high and as such a cost benefit analysis should be undertaken.

### **UMI or unique market identifier**

The term “UMI” or “unique market identifier” should be replaced with “NMI” or “national metering identifier” and a definition consistent with that in the *National Electricity Rules*.

### **Verifiable consent**

Alinta Energy believes it would be prudent to update the term “verifiable consent” with the term “explicit informed consent” and definition in the *National Energy Retail Law*, which permits consent to be obtained verbally and to be recorded by the retailer for auditing and compliance purposes.

### **Question 3 – Meaning of “publish”**

*Should the meaning of “publish” be amended to be consistent with the Metering Code 2012?*

For consistency the meaning of “publish” in clause 1.6 should be updated to reflect the meaning in the Metering Code. Alinta Energy questions whether the 7 year requirement goes beyond what is reasonably necessary.

### **Question 4 – Network operator must treat retailers at arm’s length**

*Should the arm’s length treatment provisions be amended so that clause 2.2(1) does not apply to a network while there is no more than one retailer on the network?*

The obligation to treat at arm’s length establishes good business practices that will support impartiality in the event that new or additional retailers access a network and should therefore be retained.

### **Question 5 – Submitting a data request**

*A. Is the limit of 20 requests for standing data and historical consumption data in clause 3.4 consistent with the Transfer Code objectives?*

*B. Does the current limit represent a barrier to effective retail competition?*

*C. What is a suitable number of requests, or should the number of requests be unlimited?*

The imposition of a cap on the number of standing and historical data requests that is not reflective of system capabilities and is without justification is not conducive to the promotion of competition in the electricity market. Alinta Energy notes that the current cap is already creating problems and delays in the market and will only act as a further barrier as competition increases. For example, there have been instances where a multi-site customer has had to churn to a new retailer over a number of days as it has more than 20 NMIs. This is not a good customer experience and it is administratively difficult for retailers.

Unless justification can be provided for imposing a cap, the cap should be removed. Additionally, any volume control measures should relate to the delivery of the information

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rather than set limitations on the number of requests that may be made. This would indicate actual market demand and enable system capabilities and thresholds to be determined accordingly, based on market requirements.

#### **Question 6 – Verifiable consent required for historical consumption data**

*Should clauses 3.2(1) and 3.5(1) be amended to require a retailer to submit the customer's verifiable consent with a data request?*

Alinta Energy does not support amendments that require a retailer to submit a customer's verifiable consent with a data request. Such a requirement would pose a risk to a customer's privacy and would result in increased complexity in the administration and submission of a transfer request without any benefit. Alinta Energy believes that current audit practices are sufficient to ensure a retailer's compliance without the additional costs or potential privacy issues.

#### **Question 7 – The communication rules and providing data to a retailer**

*Should clause 3.8(2) be amended to reflect that a network operator can now establish its own communication rules under the Metering Code 2012?*

While a lack of consistency in communication rules could create inefficiencies for retailers and potential discrepancies in standards between network operators, Alinta Energy believes the requirements in clause 6.5 and 6.7 of the Metering Code are sufficient and network operators should be permitted to establish their own communication rules without approval provided they comply with the Metering Code.

#### **Question 8 – Network operator's obligations following receipt of a valid data request**

*Are the prescribed timeframes for a network operator to provide requested data to a retailer (as per the table in clause 3.8(2)(b)) suitable?*

Alinta Energy does not believe the timeframes are justified and notes that present requests for data are fulfilled within a 24 hour period. Any mandated timeframes should be reflective of system capabilities and effective market outcomes. Alinta Energy would support a substantial reduction in minimum timeframes to reflect current fulfilment timeframes and to promote efficient market behaviour.

#### **Question 9 – Charges for standing data and historical consumption data**

*A. Is the figure of \$45 in clause 3.10(2)(a) reasonable and, if not, what should it be?*

*B. Rather than prescribe a maximum allowable charge under 3.10(2)(a), should charges for less than 12 months of data reflect the network operator's reasonable costs (similar to clause 3.10(2)(b))?*

Alinta Energy believes this data is readily available and therefore should be available free of charge. To reduce administrative burden and cost, retailers should be able to access this data online and as such, an appropriate system/portal should form part of the network operator's infrastructure. Alternatively, should a fee be required, it should be nominal and reflective of the reasonable estimate of time spent fulfilling the request.

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### Question 10 – Review of the charges for historical consumption data

*A. Should the Transfer Code have a specific process to request an amendment to the data charge in clause 3.10(2)(a)?*

*B. If so, what should the process be and should the charge be approved by the Authority or the Minister?*

If a charge is to be permitted, Alinta Energy views the Economic Regulation Authority (**Authority**) as the party best placed to conduct an assessment as to reasonableness of an estimate of the cost to the network operator in providing data.

### Question 11 – Submitting a customer transfer request

*A. Is the amount of 20 customer transfer requests in clause 4.5(1)(b) reasonable?*

*B. Is there a need for a cap in the number of transfer requests?*

*C. Should a network operator and a retailer be allowed to negotiate the number of transfer requests?*

Alinta Energy believes the cap on the number of transfer requests is unreasonable and is a potential barrier to entry and competition. In line with comments in relation to question 5, a cap on the number of requests should only be imposed if justification exists. In this case there are no barriers known to Alinta Energy that justify capping the number of transfer requests and as such the cap should be removed entirely. Alinta Energy notes that this cap on transfer requests is already creating administrative difficulties in the current market and will only act as an impediment if maintained.

### Question 12 – Retailer's representations and warranties in relation to a transfer request

*Should clause 4.6(1)(b) clarify what the responsibilities of each party are when effecting a meter change under the Metering Code 2012 to enable the transfer of a customer?*

In so far as the responsibilities of each party when effecting a meter change is unclear, Alinta Energy supports clarification of responsibilities provided it is necessary.

### Question 13 – Nominated transfer data

*Should the timeframes (including the timeframes in clauses 4.7 and 4.10) for carrying out a metering service be aligned with the MSLAs service levels?*

Alinta Energy supports consistency and clarity in the obligations of market participants and believes that the obligations in Western Power's Model Service Level Agreement (**MSLA**) should align with the obligations contained in the Transfer Code. Alinta Energy does not propose the timeframes in the Transfer Code be amended but suggests the PUO raise the inconsistencies with the Authority.

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## Question 14 – Network operator’s obligations following receipt of a valid transfer request

*Should the network operator be liable for retailer and customer losses caused by an act or omission by the network operator that result in the customer transferring after the nominated transfer date?*

Alinta Energy believes the network operator should be liable for retailer and customer losses caused by an act or omission of the network operator as otherwise retailers bear an unfair risk profile and network operators have insufficient incentive to deliver efficient business outcomes (transfers on nominated dates).

## Question 15 – The transfer – actual readings

*Should clause 4.11(1) be aligned with the Metering Code 2012 by defining the term “actual value” in relation to meter readings?*

Clause 4.11(1) should be aligned with the Metering Code and specifically include “deemed actual value” as a valid read on which a transfer can occur.

## Question 16 – Effect of a transfer on an access contract

*A. Is the Transfer Code clear on which retailer supplies the customer during negotiations that take place under clause 4.12(3)?*

*B. If not, what amendments are required to address this uncertainty?*

Alinta Energy is not aware of any such negotiations taking place however assumes that the current retailer would supply the customer until negotiations conclude or the dispute is resolved on the basis that it is easier to continue to supply a customer than perform a retrospective transfer.

## Question 17 – Network operator performance reports

*Should the Transfer Code require network operators to prepare and publish annual performance reports on services related to customer transfers?*

Yes, in a competitive environment, visibility is important and allows consumers to be informed as to performance standards of all market participants. Publishing reports on customer transfer services will enable retailers to set realistic expectations as to transfer timeframes for the end users.

## Question 18 – Supplier of last resort

*Should the Transfer Code address its applicability during a SoLR event; for example, should the Transfer Code be amended to clarify its provisions do not apply during a SoLR event?*

As the Transfer Code does not address or contemplate a Supplier of Last Resort (**SoLR**) event it makes sense that the applicability of the Transfer Code during such an event is specifically excluded. The SoLR Plans of designated network operators and the SoLR Regulations are more suited to outline the requirements and obligations of transfers as a result of a SoLR event.

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### Question 19 – Consistency with the customer code

*A. Should the Transfer Code require the network operator to ensure its process for transferring a customer does not cause a retailer to breach its Customer Code obligations?*

*B. If so, what requirements should the Transfer Code prescribe?*

Obligations imposed on both retailers and network operators should be complimentary and inconsistencies should not exist. To produce better outcomes for consumers, distributors should be required to use best endeavours to ensure that their transfer processes do not cause a retailer to breach any regulatory obligations.

The Transfer Code should require the network operator to notify the incoming retailer if a transfer is not going to occur on the date nominated.

### Question 20 – Communications rules

*Should Part 5 of the Transfer Code be removed or amended to make it consistent with Part 6 of the Metering Code 2012?*

As the Metering Code is the primary instrument under which the communication rules are made, Alinta Energy supports the deletion of Part 5 of the Transfer Code.

### Question 21 – Referral of disputes to the Authority

*Should the Energy Arbitrator replace the Authority as the arbitrator of Transfer Code disputes?*

Alinta Energy supports a three-stage approach to resolving disputes.

In the first instance, market participants should seek to resolve disputes between themselves. Currently, transfer disputes are generally resolved through retailer business-to-business processes.

In the event that a dispute cannot be resolved by market participants, Alinta Energy believes the Authority should then be engaged in the determination, as is currently the case under the Transfer Code.

The Western Australian Energy Disputes Arbitrator (**Energy Arbitrator**) should only be used to arbitrate in extreme circumstances as resolution processes are costly and time-consuming.

### Question 22 – Costs of disputing parties

*If the Authority is replaced by the Energy Arbitrator as the arbitrator of disputes, should the Transfer Code adopt the Metering Code 2012 provisions on the determination and recovery of the Energy Arbitrator's dispute costs?*

As outlined above, Alinta Energy supports a three-stage approach to dispute resolution. Should a dispute require mediation through the Energy Arbitrator process, Alinta Energy agrees that the Metering Code provisions on the determination and recovery of the Energy Arbitrator's costs should be adopted.