

Submission in Response to PUO Public Consultation

Review of the Electricity Industry Customer Transfer Code 2004

Standing

Community Electricity is:

- a. a licenced Electricity Retailer and a provider of Electricity Retail Services and Market Consultancy;
- b. a member of the Independent Market Operator's Market Advisory Committee;
- c. a member of the Economic Regulation Authority's Technical Rules Committee;

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Submission

Community supports review of the Transfer Code and responds below to the individual questions posed by the Discussion Paper.

We would also emphasis two important considerations that we consider have not been contemplated in the Discussion Paper:

1. The practical reality is that the Transfer Code is implemented by means of Western Power's internet-based Metering Services Portal, for which the Code is effectively, amongst other things, the design specification; and
2. The Code spawns some 71 licence condition obligations across network and retail licensees, of which 36 apply to retailers that do not supply Small Use Customers (Community included). Of those 36 obligations, we perceive that around 22 are merely a ritualistic nuisance cost that can be removed by provisions in the Code to the effect that:
 - a) all transfers are to be conducted through use of Western Power's Metering Services Portal; and
 - b) the portal is to be designed to comply with the various 'design' provisions of the Code.

We state the nuisance obligations in the table below, taken from the ERA's Compliance Manual.

More generally, we suggest that the compliance and audit costs associated with the provisions of, and changes, to the Code should be carefully considered. In particular, and as described below, we perceive that the audit compliance is mandated to the letter rather than the spirit and we perceive that there are instances where inefficiency might be purposely implemented in order to comply with dysfunctional audit requirements.

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#	LICENCE CONDITION	OBLIGATION	DESCRIPTION
6.	EILCR 5(2)	EICTC3.2(2)	A retailer must submit a separate data request for each exit point unless otherwise agreed.
7.	EILCR 5(2)	EICTC3.4(1)	A retailer, unless otherwise agreed, must submit a data request electronically and must not submit more than a prescribed number of standing or historical data requests in a business day.
9.	EILCR 5(2)	EICTC3.6(2)	A retailer must pay any reasonable costs incurred by the network operator for work performed in relation to a withdrawn request for historical consumption data.
23.	EILCR 5(2)	EICTC4.2(2)	A retailer must submit a separate customer transfer request for each exit point unless otherwise agreed.
24.	EILCR 5(2)	EICTC4.3	A retailer's reason for a transfer must be specified in the customer transfer request form as either to transfer a contestable customer to the retailer which submitted the customer transfer request or to reverse an erroneous transfer.
25.	EILCR 5(2)	EICTC4.4(1)	A retailer may only submit a customer transfer request if it has an access contract for the network, unless it is to reverse an erroneous transfer.
26.	EILCR 5(2)	EICTC4.4(2)	A retailer that submits a customer transfer request to reverse an erroneous transfer must ensure the transfer was made in error and, if it is an incoming retailer.
27.	EILCR 5(2)	EICTC4.5(1)	A retailer, unless otherwise agreed, must submit a customer transfer request electronically and must not submit more than a prescribed number of customer transfer requests in a business day or with the same nominated transfer date.
29.	EILCR 5(2)	EICTC4.7	A retailer must nominate a transfer date in a customer transfer request in accordance with specified timeframes, except if the customer transfer request is to reverse an erroneous transfer.
34.	EILCR 5(2)	EITC4.9(6)	A network operator and retailer must agree to a revised nominated transfer date in certain circumstances.
39.	EILCR 5(2)	EICTC4.11(3)	A network operator and the retailer must take certain action if the contestable customer's meter is not read on the nominated transfer date.
40.	EILCR 5(2)	EICTC4.12(3)	The parties to an access contract must negotiate in good faith any necessary amendments to the access contract arising from certain circumstances.

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43.	EILCR 5(2)	EICTC4.15	In the case of a transfer to reverse an erroneous transfer, a network operator and all affected retailers (and the independent market operator if applicable) must act in good faith to ensure that the rights and obligations of the affected contestable customer are as they would have been had the erroneous transfer not occurred.
48.	EILCR 5(2)	EICTC5.1(4)	A network operator and a retailer must comply with approved communication rules.
49.	EILCR 5(2)	EICTC6.2	A licensee's notice in relation to a data request or customer transfer request must identify the exit point to which it relates.
52.	EILCR 5(2)	EICTC6.4(1)	A retailer must notify its contact details to a network operator within three business days of a request.
53.	EILCR 5(2)	EICTC6.4(2)	A retailer must notify any change in its contact details to a network operator at least three business days before the change takes effect.
54.	EILCR 5(2)	EICTC6.6	A network operator or a retailer must send required electronic communications to the applicable electronic communication address, in accordance with Annex 6.
68.	EILCR 5(2)	EICTC Annex 6 clause A6.2(a)	A network operator and a retailer must use reasonable endeavours to ensure that its information system on which electronic communications are made is operational 24 hours a day and 7 days a week.
69.	EILCR 5(2)	EICTC Annex 6 clause A6.2(b)	A network operator and a retailer must establish a mechanism to generate an automated response message for each electronic communication (other than an automated response message) received at the electronic communication address.
70.	EILCR 5(2)	EICTC Annex 6 clause A6.6	The originator of an electronic communication must identify itself in the communication.
71.	EILCR 5(2)	EICTC Annex 6 clause A6.7	The originator of an electronic communication must use reasonable endeavours to adopt a consistent data format for information over time, to facilitate any automated processing of the information by the addressee.

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Question 1

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?

We suggest that as a general principle the compliance obligation placed on Market Participants should be fit-for-purpose and minimised. The practical reality is that any participant that is the Financially Responsible Market Participant for one or more Connection Points must enter with Western Power into an Electricity Transfer Access Contract (ETAC) and through the ETAC and its subordinate policies Western Power will require compliance with the CTC. While on the face of it, it doesn't much matter either way whether clause 1.2 is extended, it is important to avoid triggering the ritualistic audit requirements that apply to licensed participants.

Question 2

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

We acknowledge the issue of the mismatch of the Trading Day and the Day and would welcome removal of the operational inconvenience that it causes. However, we suggest that the resolution should have careful regard to the consequential cost of changing the IT systems of Western Power and the IMO, and also beware of triggering further audit requirements. For a retailer, the practical reality is that it receives 8 hours additional data on day 1 (which it must remember to delete) and is short of 8 hours data on the final day, which it must request as part of its 20 request allocation. [We have personal experience of having 'lost' an 86 load portfolio and having to request 86 sets of 8 hours of data subject to a limit of 20 requests per day.] Other things being equal, we would rather receive the correct data on the final day and have to request the missing data for the first day (as there is less of a time imperative for the first invoice rather than the final). On that theme, we perceive no requirement for the reading of the meter on the changeover day as mandated on clause 4.11(1). Perhaps a simple fix would be to require Western Power to deliver the data for all days on which the NMI is supplied; in this case, the nuisance of the manual data requests would be avoided.

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

C. Are any new definitions required?

We suggest including the following new definitions:

Financially Responsible Market Participant (FRMP) - which would be defined as the entity that holds the rights and responsibilities in respect of a Connection Point (for example, clause 4.6). We perceive that this concept is already used internally by Western Power and also in the national market.

Connection Point – as a generalisation of the existing Exit Point to include an Exit Point, a Bidirectional Point and a newly defined Entry Point. In addition to avoiding the grammatical inelegance of changing existing references to an “exit point” to instead refer to “exit point or bidirectional point”, this definition would also capture the circumstance

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where energy is expected on balance to flow into the network as a result of a relatively large behind-the-meter generating facility (Entry Point).

Question 3

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

We support revision of the meaning of “publish” to include maintenance on the website while it is current. We suggest that care should be taken to avoid an audit requirement to maintain it for 7 years or any other period, as this might trigger an additional and unnecessary audit checkpoint.

Question 4

Should the arms 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?

We support this revision as the existing requirement is ritualistic in most practical circumstances. We trust that such a revision would also reduce the audit compliance cost.

Question 5

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

We would emphasise the distinction between Standing Data and Historical Consumption Data. It has been our experience that Standing Data is delivered instantaneously via the Metering Services Portal, whereas Historical Consumption Data is delivered ‘next day’.

Historical Consumption Data

We note that clause 3.4 is in reality part of the design specification for Western Power’s Metering Services Portal. It has been our experience that in respect of requests for historical metering data, the portal works extremely well up to its implementation of a cap of 20 requests. We suggest that the real issue here is whether that cap can reasonably be increased – and in particular, whether it exists as a monument to the absurdity of the current audit compliance obligations which mandate that the limit of 20 be implemented. We intuit that the cap can simply be reset to a higher figure and if so, we propose that it should be. While it is inevitable that a constraint would be encountered at some point, we suggest that there is an important distinction between “making a request for information” and the corresponding obligation on Western Power to deliver it. We intuit that delivery is more onerous than storing a request, and would welcome the ability to lodge the necessary number of requests in one session (in a queue as it were), even if the data was to be progressively delivered in accordance with the delivery obligation.

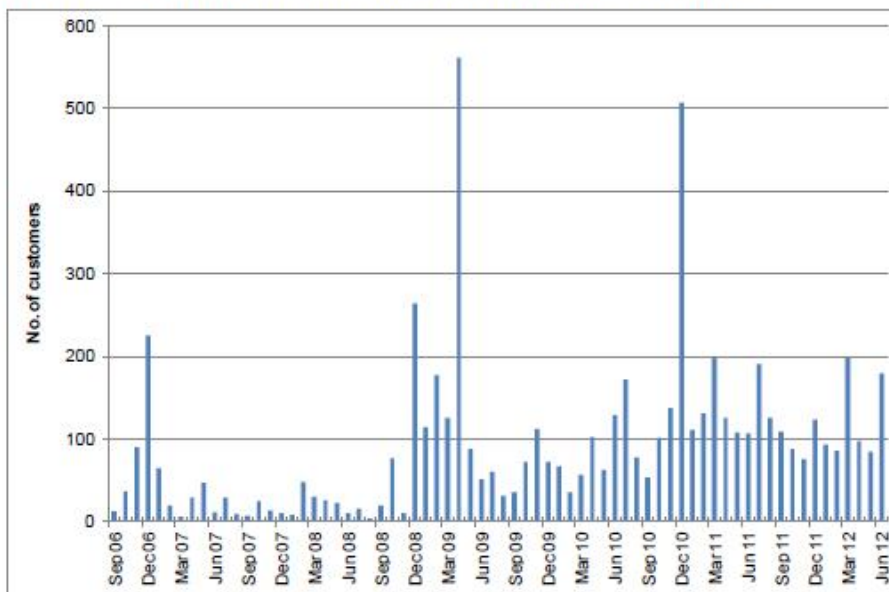
B. Does the current limit represent a barrier to effective retail competition?

The ERA has published historical customer churn rates per the following:

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Figure 25 Number of customers changing retailer (customers per month)



¹⁵⁸ Customer churn is measured by the number of National Meter Identifiers (NMIs) transferred between retailers.

Noting that customer churns often occur after a tender process and that that process generally precipitates meter requests from several retailers, we consider that the current limit of 20 requests (~450 per month per retailer) materially impedes proposal development and thereby retail competition. It should also be noted that Western Power's current charging policy for historical meter data (discussed at Q 9) means that there are multiple request per customer.

We would also note that the occasions of 500 churns per month would also have occasioned 500 requests for the 8 hours of 'missing billing data' discussed above.

We further note that we have confined our comments to consideration of the foreseeable circumstances in which the contestability threshold remains at 50MWh. We consider that the current caps would plainly materially impede Full Retail Contestability.

Standing Data

It has been our experience that the Standing Data facility of the Metering Service Portal is automatic and very efficient. We suggest that the cap on its use should be set at the highest practical level accommodated by the portal.

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

We suggest that it is important to draw a distinction between the outcomes delivered by automatic processes and an occasional 'manual intervention' service. As stated above, we consider that the caps implemented by the Metering Services portal should be set as high as it practically permits, and a realistic cap should be set according to the process steps that actually host the constraint (such as actual delivery of Historical Consumption Data as opposed to queuing requests). It is also desirable to eliminate the mandated 'equity' between retailers that is imposed, so that the unused allocation of one retailer could reasonably be informally allocated to another. It has been our experience that we

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occasionally are constrained by the limit for several consecutive days, followed by no requirement at all on some days.

Depending on the functionality of the portal IT, we suggest that the number of *requests* should be 'unlimited' (or very high) and the obligation on Western Power to deliver should be fit-for-purpose having regard to the costs. In particular, Western Power should not be required to resource a very large number on an anytime basis when such resource is required on only a few occasions per year. These ought to be facilitated by means of manual interventions, to which the retailer should have a right (taking care to not trigger unnecessary audit checkpoints).

Question 6

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

As stated above, the Metering Services Portal works very effectively up to the present caps, and Standing Data is delivered instantaneously. We consider that a requirement for the lodgement of Verifiable Consents with Western Power as a precondition of making a request would materially impede competition because it would slow the delivery of information (and especially so for Standing Data). Further, it would impose on Western Power an obligation to 'police' the provision of Verifiable Consents, where that function is already provided by the licence audit. We quote from the ERA's Compliance Manual the following checkpoints that are audited for proof of compliance (additional to those stated earlier):

#	LICENCE CONDITION	OBLIGATIONS	DESCRIPTION
8.	EILCR 5(2)	EICTC3.5(3)	A retailer must withdraw a request for historical consumption data if the contestable customer's verifiable consent ceases to apply before the network operator provides the historical consumption data.
18.	EILCR 5(2)	EICTC3.9(3)	A retailer must not disclose a contestable customer's data to any other person without the verifiable consent of the contestable customer, except in the circumstances defined.
19.	EILCR 5(2)	EICTC3.9(4)	A retailer must keep a copy of the verifiable consent received from a contestable customer for two years.
28.	EILCR 5(2)	EICTC4.6(3)	A retailer must withdraw a customer transfer request if the contestable customer's verifiable consent ceases to apply before the transfer occurs.

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44.	EILCR 5(2)	EICTC4.16	An incoming retailer must retain a copy of a verifiable consent given by a contestable customer in relation to the lodgment of a customer transfer request for two years, except in the case of a customer transfer request to reverse an erroneous transfer.
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Question 7

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?

Further to our response to Question 20, below, we support deletion of the duplication.

Question 8

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?

It has been our experience that Western Power performs to a much higher standard than required by clause 3.8(2); we usually receive the following day all 20 requests for Historical Consumption Data. Further, we consider this a necessity for a competitive retail market. We suggest that clause 3.8(2) be reconciled with existing practice and that care should be taken to avoid impeding the functioning of the Metering Services Portal. [As an example, of the latter, we intuit that had the Code mandated delivery “on” rather than “by no later than”, the process would be far less efficient than it currently is.]

Question 9

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

It has been our experience that Western Power makes no charge for Historical Consumption Data less than 12 months, and charges excessively for data in excess of 12 months. Consequently, requests in respect of a NMI for, say, 24 months' data incurs a charge whereas two requests for 12 months of consecutive data do not (albeit utilising two of the permitted requests rather than one. (Having been excessively charged once, we resolved not to in future exceed the 12 month limit. Working from memory on the basis of a poorly articulated invoice, we perceived the charge to be around double the stated \$45.).

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 operators reasonable costs (similar to clause 3.10(2)(b))?

We suggest that the actual charges should be fit for purpose and need to be considered carefully on the basis of the functionality of the Metering Services Portal and its

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supporting processes. This should also have regard to the impact on retail competition. In particular, we note that a retailer would typically request data in respect of many more loads than it actually 'wins' at tender. In the case of Full Retail Contestability (small) loads, the stated \$45 could be a significant proportion of the retail margin. On this basis we suggest that in the interests of efficient competition, data should be provided for free and any necessary upgrade of the Metering Services Portal should be funded as approved capital investment.

Question 10

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?

As stated above, we consider that the charges should be fit-for-purpose and sufficiently low to facilitate retail competition. Where appropriate, variable costs should be minimised through authorised capital investment in the portal. We intuit on the basis of current practice that the proper variable cost should be zero. We consider that the process should be administered by the ERA.

Question 11

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?

Further to our response to Question 5, while the churn graph is out of date, we perceive the 200 per month level still represents a realistic upper expectation of the average churn rate apart from the few occasions when large portfolio customers change retailer (peaking at around 550). It has been our experience that Western Power readily accommodates requests for manual intervention to implement portfolio churns on a particular date or being lodged simultaneously.

We suggest that in assessing a reasonable limit on the number of transfers a distinction needs to be made according to whether a meter upgrade is required. We perceive that where no upgrade is required, there is no reason to have a limit because the 'transfer' is purely administrative. Indeed, prior to the development of the Code, Western Power used to make transfers retrospectively (as indeed it still does in the case of an erroneous transfer). Alternatively, where an upgrade is required, there will be a resource constraint that in the interests of efficiency should on the average be accommodated. This would presumably require further classification according to the location of the loads to be transferred (for example, urban versus rural). Otherwise, mass transfers should be managed by negotiation with a reasonableness imperative.

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Question 12

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?

We suggest that care should be taken to keep fit-for-purpose the audit checkpoints that are spawned by both the Transfer Code and Metering Code, with duplication to be avoided. On that basis, we intuit that the proposed clarification will spawn additional audit checks and should therefore not be made as it is a 'nice to have', the benefits of which do not exceed the costs.

Question 13

Should the Transfer Code's timeframes (including the timeframes in clauses 4.7 and 4.10) for carrying out a metering service be aligned with the MSLA's service levels?

We support the principle of consistency and harmony across the various regulatory instruments. As such, inconsistency should be remedied. That said, we prefer that it be done without addition to the burden of regulatory compliance.

Question 14

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?

It should be born in mind that Western Power is a regulated monopoly with no money of its own, and any 'penalty' for its non-performance is born by the community via increased electricity charges or increased taxes or borrowings. The imposition of additional liability would inspire from Western Power a defensive reflex that would result in the 'hurdle' being set at its comfort level at the expense of market efficiency. It is far more effective to place on Western Power a reasonable-endavours requirements requirement, inclusive of all its compliance adornments.

Question 15

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

We consider that clause 4.11 requires broader revision than the proposal. The practical reality is that customers supplied by private retailers are metered by 30-minute interval meters that store 35 days' data and in the majority of cases are read remotely by mobile phone download. As such, we perceive no requirement for a meter to be 'read' on the transfer day and suggest that this requirement be deleted. Furthermore, there is no basis to delay a transfer because a meter can't be read on a particular day.

In regard to the obligations placed on retailers during a transfer, the practicality reality is that the retailer makes the request and the transfer occurs at Western Power's pleasure, with no 'negotiation' of a replacement date where the original cannot be met. As such,

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we propose that the requirements placed on retailers should be deleted (which would also eliminate the attendant audit checkpoints).

Question 16

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?

The practicality is that there is no such negotiation and no such negotiation is needed. We suggest that the Code should be modified to the effect that only a Financially Responsible Market Participant (FRMP) may invoice a customer and when the FRMP is transferred, the appropriate schedules in the ETAC and elsewhere are automatically updated accordingly. In practice, Western Power automatically delivers to the FRMP the meter data as it is read, so there is no ambiguity surrounding the FRMP. [That said, Western Power may retrospectively delete meter data provided to a retailer via this portal channel – the so called Meter Data Notification.] Given that only an incoming retailer may authorise a transfer and that it must have a proper basis for doing so, we perceive that the outgoing retailer has no basis for retaining the customer and insofar as a transfer occurs “improperly”, it is for the outgoing retailer to resolve with the customer separately to operation of the Code.

Question 17

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

It has been our experience that Western Power has performed well in this respect and we do not support this proposal on the grounds that the compliance cost would far outweigh the value added through improvements to market efficiency.

Question 18

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?

We suggest that the SoLR provisions should be fully articulated and should themselves make the nominated provision.

Question 19

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?

We support the principle of consistency and harmony across the various regulatory instruments and that it is self-evident that inconsistency should be remedied. It is plainly

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absurd that a party should be placed in breach of an obligation as a consequence of compelled impossibility. We consider that the “disconnect” should be remedied as expeditiously as practicable having regard to the cost. We intuit that this issue should be remedied via the Small Use Customer Code, albeit at the expense of exposure to ridiculous compliance audit machinations.

Question 20

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

We note the comments in the Discussion Paper to the effect that the Metering Code is the primary instrument that provides for Communication Rules and that part 5 of the Transfer Code might be redundant. On that basis, we support deletion of part 5 (and all its duplicated compliance checkpoints.)

Question 21

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

We suggest that the ERA is not subject to a material conflict of interest and there is no benefit in applying resources to this issue; we propose that the existing provision be retained.

Question 22

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

Further to our response to the previous question, we consider that there is no benefit in applying resources to this issue.

Contact

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