

30 May 2014

Mr Alex Kroon
Regulation Branch, Public Utilities Office
Department of Finance
Locked Bag 11
CLOISTERS SQUARE WA 6850

Sent via email: alexander.kroon@finance.wa.gov.au

Dear Alex,

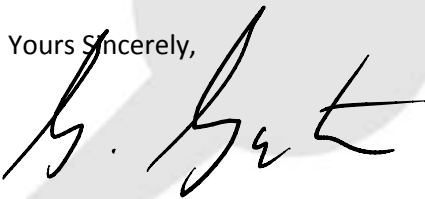
Thank you for the opportunity to provide a response to the Customer Transfer Code Issues paper. Below, we have outlined our responses to each of the issues outlined in the paper. However, we question the timing of this review in light of the Energy Market Review (EMR) announced by the Minister for Energy. It is our view that it is likely that any changes as a result of the EMR, particularly any changes to metering requirements or the contestability thresholds, will have material impacts on many of the electricity industry regulations and codes. Our responses below will form a part of Perth Energy's submissions to the EMR.

Blocking of Customer Transfers

Perth Energy believes that another issue that needs to be addressed as part of this review, or the wider EMR, are situations where a customer is transferring to another retailer to avoid a debt or other obligation under a contract with the existing retailer. Currently, a retailer has no other recourse other than to engage a debt collector or take legal action in order to recover outstanding amounts. In other jurisdictions retailers have the ability to block a transfer if amounts are overdue, the criteria of which is set by regulations. Further this ability to block transfers should be extended to situations where an Energy Ombudsman investigation underway, as under the current codes, a retailer is prohibited from taking any action while the Ombudsman is involved yet the customer is free to transfer away. The current processes result in extra costs being borne by the retailer which are ultimately passed onto all customers.

Please do not hesitate to contact me to discuss our submission.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "G. Gaston".

Geoff Gaston
General Manager Commercial

Appendix – Perth Energy’s response to the questions for consideration

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?

Perth Energy supports that equal application of the regulation and codes across similar market participants.

Question 2

Question 2 A. Comments are invited on the suitability of the definitions identified in this Issues Paper as potentially requiring amendment.

Perth Energy Comments:

Perth Energy suggests that the descriptions for connection points become less prescriptive. It should be left to the retailer and network operator to determine through access tariff arrangements the nature of the connection point (import or export or both).

Perth Energy suggests that the definition of Trading Day be made consistent across the codes and the Market Rules.

Perth Energy supports changes to the definition of “verifiable consent” to include obtaining this consent orally.

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

Perth Energy has no comment.

C. Are any new definitions required?

Perth Energy has no comment.

Question 3

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

Perth Energy supports alignment between the codes.

Question 4

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?

Perth Energy supports arm length treatment and consistency between the two codes.

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?

Perth Energy believes that the current limits are inadequate and that the network operators' computer system should not be a limiting factor on its ability to process requests. The Retail Energy Market Company (REMC) that operates the gas retail market in WA does not have any limits on requests of this type.

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

Perth Energy believes that the limits are a barrier to effective retail competition.

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

Perth Energy believes there should be no limits on the number of requests allowed. If Full Retail Contestability (FRC) were to be introduced these limits would result in major customer dissatisfaction as it would prevent churn between retailers.

Question 6

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?

Perth Energy believes this would create a massive inefficiency and an undue burden at an administrative level for all parties – especially in light of the potential for verbal consent and FRC. Verifiable consent is a key retail licence condition and is included in each licence Performance Audit. Perth Energy also questions the ability and authority of the network operator to accept or reject the form of verifiable consent. Further, retailers are also subject to the Privacy Act and treat these obligations seriously.

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?

Perth Energy supports alignment between the two codes.

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?

Perth Energy believes that these timeframes are inadequate. This data should be available immediately upon electronic request. The network operators' systems limitation should not set the framework of any of the codes.

Question 9

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

Perth Energy does not believe the \$45 charge is reasonable. The network operator receives metering charges through the access tariffs that are charged to retailers. These amounts should more than cover the costs storing and providing this data. Until such time that the current network operators are not the monopoly providers of metering and metering data, any such charge should be set by the ERA and not defined in the Code.

Further, as FRC is introduced, this additional cost would be a barrier to competition.

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))?

As above, Perth Energy does not believe there should a charge for historical consumption requests.

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 above, Perth Energy believes this cost is covered in the metering charges set in access tariffs. Any review of these costs should be included in the Access Arrangement process set by the ERA. These costs should be removed from the Code.

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?

Perth Energy believes that these limits are woefully inadequate and that the amount of transfers should be unlimited. Perth Energy has had experiences where these limits have resulted in material costs to customers. Further, REMCo does not have any limits to customer transfers in the retail gas market.

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?

Perth Energy supports clarity and the alignment of the metering and transfer codes.

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?

Perth Energy supports alignment between the codes, but does not support relaxing the current timeframes, as this could represent a cost to customer.

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?

Perth Energy believes that this should be measured as a service standard and that regulatory penalties should apply if service standards are not set. At this point, it does not appear practical to include this type of liability in the code.

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?

Perth Energy supports alignment between the two codes.

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?

In Perth Energy's experience, this has not caused any issues, but additional clarity would be supported.

Question 17

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

Perth Energy supports this proposal. As outlined in Question 14, these could be used to provide financial incentive to the network operator under the access arrangement.

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?

Perth Energy supports clarifying these provisions.

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?

Perth Energy supports alignment of the codes and should be less prescriptive in nature given the timeframes allowed.

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?

Perth Energy supports removing Part 5 of the Transfer Code and alignment with the Metering Code.

Question 21

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

Perth Energy supports alignment of the codes.

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?

Perth Energy supports alignment of the codes.