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Mr Alexander Kroon  
Senior Policy Officer  
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Dear Mr Kroon

**Review of the *Electricity Industry Customer Transfer Code 2004* – Western Power's Submission on Draft Recommendations Report**

Thank you for the opportunity to comment on the Draft Recommendations Report (**Report**) for the review of the *Electricity Industry Customer Transfer Code 2004* (**Transfer Code**). Western Power supports recommendations 5, 9, 14, 15, 19, 23, 25, 26, 27, 28, 29 and 30 and has no comments on recommendations 1, 2, 3, 4, 6, 7, 11, 12 and 31. Western Power's response to each of the remaining recommendations in the Report is set out below.

**Recommendation 8: Trading day**

Western Power acknowledges the Public Utilities Office's (**PUO**) rationale for retaining the current definition of 'trading day' at this time. However, the effect of this is that Western Power will continue with its current practice whereby:

- The outgoing retailer will need to submit a historical data request to obtain the data for the period 12am-8am.
- The incoming retailer will continue to receive data for the period 12am-8am and will need to manage its billing accordingly.

This process is required to accommodate Western Power's current system capabilities and data file formats. Retailers have been advised of this practice through normal business-to-business channels.

Western Power considers that the current practice could be included as a 'note' in the Transfer Code. This would formalise the communication already given to retailers through business-to-business channels and ensure that all Code participants are reminded of the current practice. Western Power suggests the following wording for the 'note':

*In relation to the historical consumption data for the period 12am-8am on the transfer date:*

- *The incoming retailer will automatically receive this data from the network operator.*

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- *The outgoing retailer will need to submit a historical data request to the network operator to receive this data.*

### **Recommendations 10 and 14: Verifiable consent**

Western Power supports the recommendation to give retailers greater flexibility to obtain verifiable consent. However, Western Power would like to highlight that the recommendation creates further inconsistency with the verifiable consent process under the Metering Code. Therefore, Western Power requests that the verifiable consent process under the Metering Code also be reviewed to align with the proposed amendments to the Transfer Code. This is required for the following reasons:

- Third parties requesting data under clause 5.17A of the Metering Code should be given the same flexibility to obtain oral verifiable consent as retailers will be given under the amended Transfer Code.
- The Report acknowledged that the verifiable consent process should not be managed by the network operator. However, Western Power currently manages the verifiable consent process under clause 5.17A of the Metering Code, when obtaining a direction from the customer to provide data to a third party. For example, Western Power seeks renewal of verifiable consents which have expired and, if a verifiable consent is incomplete, requests that the consent be re-submitted.

Aligning the verifiable consent requirements under the Metering Code to that proposed under the Transfer Code will remove barriers to entry for third parties and alleviate the burden of managing the verifiable consent process for Western Power.

### **Recommendations 13 and 16: Submitting a data request and data provision**

Western Power is able to accommodate the increased capped limit on standing and historical data requests. However, as raised in consultation with the PUO, Western Power will incur costs of approximately \$10,000 to make the system upgrades required to give effect to the amendment.

As highlighted in Western Power's consultation with the PUO, Western Power does not intend to revise the Model Service Level Agreement (**Model SLA**) at this time, given the Electricity Market Review. Western Power considers that the extensive timeframe for development, consultation and approval of the Model SLA is not an efficient allocation of resources for Western Power, the ERA or Code participants. Nor are such changes absolutely necessary. Western Power supports removing clause 3.8(2)(b) from the Customer Transfer Code and is willing to meet the timeframes recommended, but without the Model SLA being amended.

### **Recommendation 17: Data Charges**

Western Power agrees that the prescription of specific data charges is not a matter for the Transfer Code. However, as raised in Western Power's consultation with the PUO, Western Power does not intend to revise the Model SLA (for the reasons stated above). Thus, Western Power supports the provisions of the Transfer Code that ensure the network operator and the retailer can determine charges by agreement, based on the reasonable cost incurred by the



network operator in providing historical data. Western Power proposes that the Transfer Code be amended as follows:

3.10 Charges for standing data and historical consumption data

(1) A network operator must not charge for the provision of standing data.

(2) A network operator may charge for the provision of historical consumption data and, unless the metering code provides otherwise, the charge—

(a) if the historical consumption data is for 12 months or less—must not be more than \$45 per request for historical consumption data; and

(b) if the historical consumption data is for more than 12 months—is to be determined by agreement between the network operator and the retailer, and should reflect the reasonable cost incurred by the network operator in providing the historical consumption data.

(3) The Authority must review the amount set out in clause 3.10(2)(a) 12 months after this Code commences.

### **Recommendation 18: Submitting a transfer request**

Western Power supports the PUO's rationale in relation to recommendation 18 and supports retaining a capped limit for customer transfer requests. However, Western Power considers that adjusting the daily capped limit from 20 to 50 is not:

1. justified at this time; and
2. the best solution to the issues raised by retailers.

Firstly, as the Report indicates, the current level of churn activity in the market is significantly lower than the capped limit of 20. In the 2013/14 financial year, fewer than 1,500 customers changed retailer, which is fewer than five per day. Western Power considers that the present capped limit meets the current needs of the market and the objectives of the Transfer Code.

If the capped limit was to increase, Western Power would need to invest in upgrades to its systems to accommodate the increase. The level of investment would depend on the specific details of the amendments. In general, the greater the variables (for example multiple capped limits), the higher the level of investment required. Western Power considers it is difficult to justify this investment given the current level of activity in the market.

Secondly, Western Power considers that adjusting the capped limit may not be the best solution to the issues raised by the market. The main issue raised by retailers is the coordination of bulk transfers of a large number of connection points. As indicated in the Report, clause 4.5 of the Transfer Code contemplates that the capped limit may be exceeded by agreement between the network operator and the retailer. Western Power accommodates bulk transfer requests under clause 4.5, where possible. Western Power suggests that instead of amending the capped limit, the PUO amend clause 4.5 to clarify that the capped limit may be exceeded by negotiated agreement, in which case the timetable for the transfer may be adjusted under clause 4.10(2)(a). However, the capped limit should prevail if an agreement cannot be reached.

### **Recommendation 20: Nominated transfer date**

Western Power supports the intent of this recommendation. However, Western Power considers that specifying multiple lead-times (dependent on the metering installation at a connection point)



may be problematic. Western Power would need to invest in upgrades to its systems to accommodate this recommendation. In general, the cost of the investment increases as the number of variables increases.

Western Power considers that an extension of the minimum lead-time for all customer transfer requests, regardless of whether a meter change and/or manual meter reading is required, will remove unnecessary complexity for Code participants. This would also reduce the scope of the system upgrades required.

Western Power also requests that the PUO re-consider the minimum lead-time for performing transfer requests. Where a meter change/manual meter read is required, Western Power is effectively completing two services, being:

- The meter change (under the Model SLA, the time for this service is five days for metropolitan areas and 10 days for non-metropolitan areas).
- The customer transfer (under the current Transfer Code, the time for this service is three days for metropolitan areas and five days for non-metropolitan areas).

Importantly, these services must occur consecutively. That is, the customer transfer cannot be completed until the meter change has been completed.

Western Power considers that extending the minimum lead-time to 5 and 10 business days respectively still requires Western Power to complete services to a standard more stringent than that of the Model SLA (as two services are being provided in the timeframe specified for one). Western Power considers that extending the minimum lead-time to eight days (5+3) and 15 days (10+5) respectively is more appropriate.

#### **Recommendation 21: Obligations on receipt of valid transfer request**

Western Power supports the PUO's first recommendation in relation to liability for losses.

Western Power considers that the PUO's second recommendation, in relation to notifying retailers if the transfer cannot proceed, is unnecessary, as it is already covered under clauses 4.10 and 4.11 of the Transfer Code. Western Power notifies the incoming retailer under clause 4.10(2)(a) and the outgoing retailer under clause 4.10(2)(c) if the transfer date is to be amended. Further, under clause 4.11(3), Western Power notifies the incoming and outgoing retailers if the meter was not read, and hence the transfer could not proceed, on the nominated transfer date.

#### **Recommendation 22: Actual readings**

Western Power supports introducing a definition of 'actual value' into the Transfer Code. However, Western Power does not agree that the definition of 'actual value' should incorporate the concept of a 'deemed actual value'. Western Power considers that there is no benefit to the market to use 'deemed actual values' in the customer transfer process, for the following reasons:

- The market is not built to transfer NMI's on estimated or substituted readings. Reconciliation would be required following the transfer, which means data would have to be republished. This could cause problems for the billing process, as the outgoing and incoming retailers would have already finalised accounts with customers based on the estimated or substituted readings.

- Further, a site visit may be required to determine whether the meter is truly faulty and the actual data is irrecoverable. This could, in itself, delay the transfer from occurring on the nominated transfer date. Therefore, there is no benefit of using substituted or estimated values to effect the transfer at a later date. In such cases, Western Power may as well replace the meter and re-negotiate a later transfer date with the retailer.
- If the estimated or substituted readings were to be treated as final readings (to avoid the concern raised in the dot point above), system changes would be required for Western Power and possibly other Code participants. This holds no immediate value to the market based on the low volume of meters that would require estimated or substituted readings in order to transfer.

Western Power sees no current benefit for the market when considering the cost to implement the change to Western Power's systems. Western Power considers that the current practice of replacing or repairing the meter and renegotiating the transfer date is a better outcome for the market at this time. However, Western Power acknowledges that more flexibility may be required if full retail contestability were introduced or the contestability threshold were lowered.

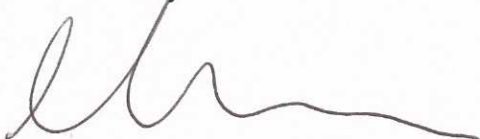
#### **Recommendation 24: Performance Report**

Provided that the format of the performance reporting required by the ERA is similar to that under the Electricity Distributors Performance Reporting Datasheets, Western Power is able to accommodate the recommendation. Western Power would incur annual costs of approximately \$14,000 to report on its performance under the Transfer Code. This cost estimate does not include the one-off IT costs required to design the recording of data and generation of reports in accordance with the format prescribed by the ERA.

It is worth noting that Western Power does not currently categorise transfer data based on metropolitan or non-metropolitan areas. If the format of the reporting proposed by the ERA required data to be presented in these categories, system changes would be required to accommodate this requirement.

If you have any questions or require any further information regarding this matter, please do not hesitate to contact Courtney Wall, Senior Compliance Specialist, on 9326 6413.

Yours sincerely



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