

18 March 2024

Market Performance Branch,  
Australian Energy Regulator  
c/ - Daniel Harding, General Manager (A/g)  
GPO Box 3131  
Canberra ACT 2601

By email: [marketperformance@aer.gov.au](mailto:marketperformance@aer.gov.au)

Dear Mr Harding

### **AER (Retail Law) Performance Reporting Procedures and Guidelines - Submission**

Energy Locals Pty Ltd (ACN 606 408 879) and its related entity, Energy Trade Pty Ltd (ACN 165 688 568) (**Energy Locals**), has welcomed the review on the Australian Energy Regulator (**AER**) (**Retail Law**) Performance Reporting Procedures and Guidelines and provided a submission on 7 August 2023. Energy Locals acknowledges that the AER has considered this feedback in the *draft AER (Retail Law) Performance Reporting Procedures and Guidelines (Draft Guidelines)*.

Energy Locals is generally supportive of the new indicators and refinements to existing indicators proposed in the Draft Guidelines. However, there are a few aspects which require further clarification and consideration by AER. Given that implementing the changes will impose additional cost and resource requirements on retailers, and the cost of regulatory reporting is ultimately borne by consumers, we urge the AER to carefully consider the rationale for requiring additional reporting for some indicators and how this will be utilised to benefit customers.

This submission will outline our position on the Draft Guidelines on:

- the introduction of new indicators;
- the refinement and consolidation of current indicators that have been identified by the AER; and
- the granularity of the requested data.

#### **1. Background – Overview of Energy Locals**

Energy Locals is an authorised electricity and gas retailer that supports customers directly as well as via partnerships with newcomers to the energy retail sector, such as RACV, Indigo Power, IO Energy, Tesla, and others. A retail gas offer has not yet been launched.

We also have extensive expertise in the implementation and management of embedded networks, which include electricity, gas, hot water, solar PV, electric vehicle charging, battery storage and telecommunications.

## 2. New potential indicators

As outlined in our previous submission, Energy Locals supports the addition of Schedule 6 with dedicated indicators related to embedded networks, family violence, and life support to improve transparency concerning these customer groups and aid the AER to assess the appropriateness and efficacy of policies and retailer strategies. However, the extent of the reporting does require careful consideration by AER. We have elaborated on this further below.

### a) *Embedded Network Customers*

Energy Locals supports the inclusion of specific indicators focused on embedded network customers but urges the AER to consider whether all new indicators in these areas are necessary in light of the increased costs required to meet the additional reporting requirements.

Reporting on the total number of embedded networks by on-market retail contracts and off-market retail contracts is straightforward, however reporting on the number of embedded network customers by specific indicators such as the number on hardship programs will require further adjustments to our systems.

As Energy Locals sells to all its embedded network customers under its retailer authorisation and does not distinguish between on and off-market customers when it comes to ensuring customer protections and rights, this data is already captured under schedule 3 and 4 of the Guidelines for our total customer base.

We urge the AER to consider its policy intent for requiring this specific information for embedded network customers. If AER is hoping to gain greater visibility of customers in embedded networks, then AER should extend these reporting obligations to exempt sellers. Our understanding is that a significant portion of embedded network customers are under contracts with exempt sellers – even if the operating entity holds an electricity retail authorisation – so excluding these entities from reporting on these indicators will likely detract from the quality of this data and further encourage these organisations to shelter behind an exemption. As flagged in our recent submission to AER on the review of the AER exemptions framework for embedded networks, Energy Locals strongly believes that exempt retailers should be subject to the same reporting obligations. However, common sense would suggest that single site embedded network operators (e.g. a caravan park) should be able to continue with minimal additional reporting burden.

### b) *Life Support Customers*

Energy Locals supports the new indicators intended to capture data for life support customers and considers that incorporating indicators on life support customers in the revised Guidelines is important. Additionally, we do not foresee these new indicators having a significant administrative or cost impact on our business. However, we do agree with other retailers who raised in their submissions to the AER that this data would be better collected from distributors. While we acknowledge the AER's point that retailers are the main point of

contact with customers, we query how monitoring this group through data obtained on new indicators will result in better protections to these vulnerable customers.

c) *Family Violence Affected Customers*

Energy Locals notes that AER has considered our previous feedback and agrees with the metric of reporting for total number of affected customers as at the last day of the reporting period.

### 3. Refinements to Current Indicators

As outlined in our previous submission, Energy Locals welcomes the plan to refine existing indicators to enhance clarity and remove ambiguity. We have provided more detailed responses to specific areas of refinement below.

a) *Debt indicators*

As outlined in our previous submission, we support the addition of an average debt measure alongside indicators such as debt at the time of disconnection, customers referred to external credit collection agencies and fortnightly amounts that customers are paying on payment plans and believe that this addition is a positive step to identify opportunities to further assist customers in managing their energy debts and to avoid disconnection.

Our main concern, however, was the need for precise definitions and guidance notes to support interpretation of these indicators. While we appreciate the updated explanatory notes in the Draft Guidelines, our queries remain in relation to the interpretation of indicators related to 'repaying an energy bill debt' and whether we are required to report on customers who have missed the due date of one energy bill. Similarly, for S3.19, in relation to the 'nature of payment plan – average fortnightly amounts' clarification is needed on whether to report on the required fortnightly amount under the payment plan, or the actual amount paid. If a customer on a payment plan does not meet a repayment amount does this also constitute an energy bill debt for the purposes of S3.17?

b) *Call centre indicators*

While we understand that the AER would like a more holistic view of a customer's engagement with their retailer, Energy Locals would like to better understand the AER's rationale for requiring further data on online interactions. As outlined in our previous submission, we recommend a cautious approach while introducing new indicators, as it imposes a heavier reporting burden on energy retailers.

Energy Locals acknowledges that the energy market is evolving, and customer preferences for communication channels are changing. While Energy Locals currently analyses data on multiple communication channels internally to enable us to cater to the diverse needs of our customer base, recording interactions on our website and through the various customer contact channels to report on the Guidelines is administratively onerous. Similarly, without further guidance, retailers may take different interpretations which will skew the data.

Energy Locals considers that further guidance on S3.5 is required particularly on what constitutes ‘contacts’ noting that the explanation that ‘*website portal includes any digital channels of engagement utilised by the customer to contact their retailer such as retailer apps, online chat, and websites*’ is still quite vague and likely to capture a number of obscure avenues.

c) *Complaint indicators*

In our previous submission we suggested that all metering installation types be captured under one indicator, by establishing a distinct category for metering complaints. Accordingly, we support the addition of S3.15.

We do, however, have concern that some of the indicators for S3.6 are quite similar which may cause confusion. For example, ‘overcharging (including incorrect meter readings)’ and ‘billing errors (including estimated read problems)’ are quite similar.

d) *Hardship indicators*

We appreciate that the AER has considered our feedback on S4.15 and has now clarified this to be 12 months from the date of the disconnection itself.

e) *Disconnection and reconnection indicators*

In our previous submission, we sought clarification on indicator S3.38 which has now been removed. We thank the AER for considering this feedback.

#### **4. Frequency and granularity of data**

In our previous submission, we outlined our concern that adjusting reporting levels may require significant modifications to retailers’ systems. While possible, reporting at a distribution level will require a number of changes to our current data capture mechanisms. Given this, Energy Locals would like to understand the rationale for obtaining data at a distribution rather than jurisdiction level.

A less burdensome approach, which may meet the AER’s needs, is to maintain quarterly reporting at a jurisdiction level, but to require an ad hoc report on the distribution areas in response to a particular query from the AER.

#### **5. Implementation timelines and revised format**

Energy Locals would like to participate in any future consultation with regard to any changes to the reporting template.

Energy Locals appreciates that that the AER has considered Energy Locals’ feedback and has granted a longer implementation period. While 1 January 2025, should be achievable with renewed attention, Energy Locals would also welcome any further extension. As previously flagged, given our organisation utilises multiple customer relationship management systems to

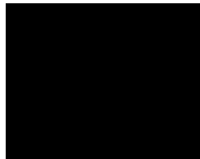
manage the complexity associated with running multiple types of energy product in the market, significant work will be involved in updating our systems and operational processes to meet the new reporting requirements.

As a general comment, Energy Locals suggests that AER consider how it could add in new indicators and refinements to current indicators without re-numbering the current indicator numbers in the current Guidelines. This is because data retrieval and reporting systems have been built to reflect these numbers.

We are sure that the AER is also aware that many energy retailers have limited short term flexibility in making changes in energy billing systems, which are necessarily complex to cater for the thousands of regulatory obligations which often vary from customer to customer based on region or circumstances. We rely heavily on these systems to provide the data requested by the AER in the Guidelines and adjusting the output of these systems can be a time consuming and costly exercise. We urge the AER to keep this in mind when considering their amendments to the Guidelines and the impacts on retailers, and in turn their customers.

We would like to take this opportunity to thank the AER for the opportunity to provide this submission and for consultation.

Yours faithfully,



**Adrian Merrick**  
Chief Executive Officer  
Energy Locals Pty Ltd