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**20 December 2010**

Mr Tom Leuner  
General Manager  
Markets Branch  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

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

Dear Mr Leuner

### **AER Issues Paper – RoLR Plan Development**

AGL Energy Limited (**AGL**) welcomes the opportunity to provide comments on the *Issues Paper: RoLR Plan Development* (the **Issues Paper**) published by the Australian Energy Regulator (**AER**) in December 2010.

AGL is currently a retailer of last resort (RoLR) in Victoria and New South Wales, and provides contractual support to ETSA in South Australia. AGL has been involved in both of the RoLR events in the NEM to date, the most recent of which was the transfer of customers from JackGreen International Pty Ltd in December 2009. As a consequence, AGL is well placed to provide feedback on the issues associated with RoLR events.

This submission has been prepared in parallel with AGL submissions on *RoLR Registrations and Appointments* and *RoLR Cost Recovery Scheme – Issues paper, November 2010*.

Given the number of open AER consultations in relation to the NECF, and the short time frames involved in which to respond, AGL has not been able to address each question raised in this Issues Paper. Rather, this submission focuses on the primary issues from our perspective. As noted in AGL's submissions in response to the other RoLR Issues Papers, given that it appears that the NECF will not be adopted by any jurisdiction until mid-2012, the AER has sufficient time to develop an efficient and effective RoLR scheme. In addition to receiving written submissions, AGL encourages the AER to meet with those retailers who have been involved in the recent RoLR events, to get a full understanding of how events unfolded from a retailer perspective. This knowledge should then inform the development of the national RoLR scheme. To this end, AGL would be pleased to meet with representatives of the AER in the coming months.

Overall, AGL supports the need for a comprehensive RoLR plan, in which the roles of impacted market participants are clear, and communication protocols with regard to customers are consistent and streamlined. We are not opposed to the proposal to use the Essential Services Commission of Victoria's RoLR manual as a template for the AER's RoLR

- > Being selected as a member of the Dow Jones Sustainability Index 2006/07
- > Gaining accreditation under the National GreenPower Accreditation Program for AGL Green Energy®, AGL Green Living® and AGL Green Spirit
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Plan. However, we encourage the AER to talk to retailers involved in the previous two RoLR events to gain a better understanding of how the events unfolded and how the RoLR communication strategies and protocols worked from a practical perspective in the various jurisdictions. For example, in AGL's experience, the ESCV protocols were overly bureaucratic when compared to the South Australian model. While it is important that key processes and responsibilities are clearly defined, there should also be scope for some flexibility.

### **Regular customer data transfers**

AGL considers it to be good practice for there to be regular transfer of customer data from retailers to a data custodian, and it would make sense for the data custodian to be either AEMO or distributors.

There are already existing requirements for retailers to provide customer data updates (known as Customer Details Notifications (**CDNs**)) to distributors via daily 'business as usual' processes. There is also a requirement for retailers and distributors (in all jurisdictions except NSW/ACT gas<sup>1</sup>) to perform a six monthly Customer and Site Details Notification (**CSDN**) reconciliation, where the retailer provides a current "snapshot" of their customer records for the distributor to upload/update in their systems. However, there is no current requirement for distributors to actually load this data into their systems. As such, the data in the distributors' systems may not accord with that of the current FRMP. If, however, distributors were required to load CDN data into their systems, they would logically seem to be the best source of customer information in a ROLR event.

In addition to this, AEMO is the custodian of customer data from Tier 2 retailers in Victoria, NSW and ACT. There is a requirement for customer data to be provided on a regular basis to AEMO and held in the event of a RoLR. AEMO check the quality of the data but not the accuracy. It may be beneficial to review the business to business (B2B) protocols that have been developed by AEMO for gas in Victoria to gain an understanding of the information exchange that is required in the event of a RoLR.

AGL is aware that, with respect to electricity, the Information Exchange Committee and Retail Market Executive Committee have directed AEMO to undertake a CSDN Project aimed at reviewing the data transfer process end-to-end. This may present an opportunity to extend the obligation to distributors to ensure that the customer data in their systems aligns with that provided by retailers.

Having said this, it must be recognised that providing additional customer data across all of the jurisdictions in which AGL currently retails would create additional overheads with significant costs. This would presumably be the case for other retailers. Ultimately, this cost would be passed onto end use consumers. Another issue to consider is that customer data may only be valid for a relatively short period, due to, for example, customer churn or the customer moving house. Requiring retailers to provide data more frequently to a data custodian will not necessarily ensure it is more accurate and there is a risk that the transfer of large amounts of customer data, more frequently, may lead to inaccuracies.

In recognition of these issues, there may be merit in maintaining the current requirement for second tier retailers only to provide a monthly snapshot of customer data. From a risk perspective, second tier retailers are more likely to be involved in a RoLR event. Furthermore, they have smaller customer data sets to manage compared to first tier retailers. This would be in accordance with the current Victorian model.

Finally, whether a customer is on a retailer's hardship program or has a payment plan in place is sensitive information and should be maintained with the utmost confidentiality. AGL would be reluctant to provide this information to a third party, without the customer's explicit consent. It would therefore be preferable, in AGL's view, for the customer of the failed retailer to contact their new retailer and advise as to any hardship or payment arrangements they had in place. Each retailer has its own approach to dealing with customers experiencing payment difficulties, and it should not be automatically assumed

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<sup>1</sup> We note that in these jurisdictions customer data is required to be sent to AEMO by second tier gas retailers.



that the RoLR will extend the same payment arrangements as the customer's previous retailer.

Should you require clarification of any of the points raised in this submission, please contact Anna Stewart, Manager Regulatory Policy and Strategy, on 03 8633 6830.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'AC', is positioned above the printed name.

**Alex Cruickshank,  
Head of Energy Regulation**