ActewAGL
for you

19 February 2018

Ms Sarah Proudfoot
General Manager—Retail Markets Branch
Australian Energy Regulator
Level 17, 2 Lonsdale St
Melbourne VIC 3000

By email: MarketPerformance@aer.gov.au

Dear Ms Proudfoot

Draft Performance Reporting Procedures & Guidelines

ActewAGL Retail ("ActewAGL") welcomes the opportunity to submit this response to the Australian Energy Regulator's (AER) draft Performance Reporting Procedures & Guidelines.

As an electricity and gas retailer within the ACT and NSW, ActewAGL routinely undertakes comprehensive reporting of its compliance and performance for regulatory and government agencies. While ActewAGL is supportive of the aims of the draft Guidelines, ActewAGL's view is that the AER should carefully consider the value (cost versus benefit) in obtaining specific information before imposing additional reporting requirements on retailers. In addition to extra costs which may be incurred as a result of required system changes, there are also important timeframe considerations for the implementation of the proposed changes. The proposed requirements are not insignificant and ActewAGL anticipates it will take several months to design, build and test any system changes and new reporting arrangements. Given a number of key resources are also still working on the transitional elements of Power of Choice, ActewAGL would advocate for a later commencement date.

ActewAGL also suggests that rather than implementing the proposed additional reporting requirements, the AER, in line with its Stakeholder Engagement commitments, hold a retailer workshop with the aim of collaboratively aligning the AER's data requirements with metrics that are both cost effective and operationally less complex for retailers.

ActewAGL's specific feedback against key amendments is attached (refer to Attachment One: ActewAGL Retail - Response to key amendments).

If you have any questions regarding this submission, please contact Rachael Turner, Manager Business Projects on telephone (02) 6248 3655 or email: Rachael.Turner@actewagl.com.au

Yours sincerely

Ayesha Razzaq
General Manager Retail

Attachment One: ActewAGL Retail - Response to key amendments

Introduction

Reference	Requirement	ActewAGL comments
2.2.2	Bring forward the Q4 reporting date by 1 month - from 31/8 to 31/7	Bringing forward the Q4/annual reporting date places additional pressure on retailers given it coincides with end of financial year activities/reporting. Q4 reports already require responses to extra indicators (one of the original reasons retailers have longer to compile the annual report). ActewAGL's view is therefore that the Q4 report should (if anything is to change) be given more time to compile rather than less.
2.3.5	Where there is more than a 10% variation in the data reported from the previous reporting period, an explanation for the variation must be provided.	ActewAGL does not support the introduction of this requirement. Low value indicators can often vary by over 100% each quarter e.g. from 1 to 2 or even 100 to 115. A 10% change is insubstantial for many indicators. Seasonality can, for example, lead to large variances not just at different times of the year, but at different times across jurisdictions. ActewAGL believes explanations should therefore only be require on an 'as needed' basis. Should a retailer consistently be submitting data with substantial variances, the AER could request that the retailer provide an explanation as deemed appropriate. The AER would then be targeting specific issues only as required, rather than applying a sweeping change to the reporting for all retailers.

Schedule 2 - Retail market overview

Reference	Requirement	ActewAGL comments
S2.3	The number of customers that have moved from standard to market retail contracts	A customer who has started consuming electricity is automatically placed on a Standard Retail Contract (SRC). If during initial contact with the retailer, a customer elects to sign up to a Market Retail Contract (MRC), they are strictly speaking, moving from a SRC to a MRC. ActewAGL recommends that for a customer to be counted in this indicator, they must have received at least one bill as a SRC customer prior to seeking a move to a MRC. ActewAGL further notes that this indicator is asking for retailers to provide data for large customers, although ActewAGL does not have large customers on SRCs.
S2.4	The number of customers on a market retail contract with an expired fixed benefit period	The procedure requirement and description of requested data currently appears inconsistent. The addition of the word "initial" in the descriptor could create inaccuracies, particularly if the AER is looking to monitor the actual number of customers in a period who move from an MRC to a SRC. "Initial fixed benefit period" is not defined and as written, will be interpreted individually by each retailer. The AER has noted in its rationale that the introduction of this new indicator will assist in the assessment of the AEMC's Rule Determination, National Energy Retail Amendment (Notification of the end of a fixed benefit period) Rule 2017. However, ActewAGL notes that the AEMC rule change specifically targets small customers, not large. As with S2.3, the addition of

		large customers in this indicator is seemingly out of scope.
S2.5	The number of unknown or deemed customers	ActewAGL does not support the addition of this requirement. Retailers use a threshold to determine when 'usage' has occurred and only usage above this threshold triggers a customer becoming a "deemed customer". Retailer systems are configured in this way. With this in mind, the indicator may not be measured on a 'like for like' basis across the market – retailers with a lower threshold will have far greater numbers than retailers with a higher one.
S2.7	Types of tariff structures for electricity customers with smart meters	ActewAGL would like clarification regarding exactly where demand tariffs would fit within this requirement.
S2.8	Types of tariff structures for solar electricity customers	The Retail Law and Rules do not specifically set out requirements for solar customers, and therefore, it is ActewAGL's view that this requirement sits outside of the scope of this reporting framework. ActewAGL already provides jurisdictional reporting regarding solar and feed-in tariff customers across ACT and NSW to regulatory and government agencies. ActewAGL also notes there is no accompanying definition of 'Government funded feed-in tariff'.

Schedule 3 - Customer service and complaints

Reference	Requirement	ActewAGL comments
S3.9	Complaints-meter contestability – de- energisation	ActewAGL would like clarification regarding why the reporting of metering complaints is being treated differently to the reporting of other retailer complaints. In addition to the comments for S3.10 – 3.11, ActewAGL notes that separating metering complaints in the proposed manner may require the creation of a separate complaints monitoring system, as gas would need to be separated from electricity (given gas is not a part of Power of Choice). ActewAGL would also like examples of when, as *part of the installation* of smart meters, a retailer would be disconnecting the smart meter (i.e. the smart meter has not yet been installed?). This indicator could be worded more clearly.
S3.10	Complaints-meter contestability – meter data	As above - ActewAGL would like clarification regarding why the reporting of metering complaints is being treated differently to the reporting of other retailer complaints. Whilst it is relatively simple to add a further complaints category (e.g. 'metering') to the current list of complaints categories, the splitting out of the different possible meter complaint types increases the complexity of reporting. Power of Choice changes have gone live and are in operation. ActewAGL considers that metering is now no different to other reportable items such as connections and disconnections. It is one more service offered to the customer through the retailer and therefore could reasonably be treated the same for reporting.
S3.11	Complaints-meter contestability – privacy issues	As above. Retailers already report on the number of privacy complaints received. Should a retailer report a significant increase in privacy complaints, that retailer could be the subject of a further request for information from the AER.

Handling customers experiencing payment difficulties

S3.18	Number of residential customers that have aged debt	ActewAGL would like clarification regarding the definition of "*aged debt*". Is it the same as '*energy bill debt*'?
S3.20	Number of residential customers that have missed one or more pay on time (or conditional) discounts	ActewAGL is unable to automate reporting for this requirement. Accordingly, processes for compiling the information would be manual. This is costly in terms of resourcing, and carries an increased risk of human error. Through conversations with other retailers, it is apparent that this may also be the case for others, where systems are not configured to capture this information. There is also a multitude of factors that can impact the accuracy of data to be reported. One example would be a person whose direct debit (through no fault of their own), didn't go through. If they were to call ActewAGL and explain, it would be the exception rather than the rule for the customer service operator to not manually apply this discount. A report run automatically on the number of pay on time discounts applied to an account would not pick this up.
S3.25	Number of residential customers who have been referred to an external credit collection agency for the purposes of debt recovery – account status	ActewAGL could report on these metrics however has some reliance on third parties for inputs. While it has contractual arrangements in place to ensure quality and accuracy of inputs, this would need to be closely managed. ActewAGL would suggest that to ensure quality and accuracy of inputs, manual auditing may need to be completed each quarter. ActewAGL would also appreciate additional advice regarding the value of this indicator given referral to a credit collection agency is only ever done as a last resort. By the time a customer is referred, they may no longer be a customer of the referring retailer.
S3.27	Number of residential customers who have been referred to an external credit collection agency for the purposes of debt recovery – credit rating	

De-energisation (disconnection) and re-energisation (reconnection)

3.38	Total number of customers with debts at time of disconnection	ActewAGL would like clarification regarding whether this indicator relates only to customers disconnected for non-payment.

Schedule 4 - Hardship Program Indicators

Reference	Requirement	ActewAGL comments
S4.6	Age of debt for customers on the hardship program	ActewAGL would like clarification regarding whether debt referred to is '*energy bill debt*' or has another definition.
S4.8	Number of hardship program customers on types of payment plans	ActewAGL is not currently able to report on this proposed metric. Hardship customers are placed on plans which are individually tailored to their circumstances and are therefore not necessarily generic and formulaic. Plans can also evolve often with the changing circumstances of engaged customers. ActewAGL also considers it unreasonable to predict "expected" outcomes for hardship customers.
S4.10	Number of customers entering and exiting the hardship program	ActewAGL would like clarification regarding what "*retailer referral*" means. For example, does it mean all internal referrals e.g. Retailer X's credit department talks to customer and then transfers them to Retailer X's hardship team? What if the retailer directly sends information to a specific customer, about the hardship program and the customer responds to the retailer's letter? This could be very difficult to track in operational terms given the wide variety of referral options.
S4.11	Length of customer participation in a hardship program	ActewAGL considers that this requirements would require a transition period given it does not currently have this historical data in a reportable form.
S4.14	Assistance provided to hardship program customers	A number of the identified indicators are unable to be automated without significant system changes. Accordingly, processes for compiling the information would need to be manual. This is costly in terms of resourcing, and carries an increased risk of human error.