

23 December 2010

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

Level 22
530 Collins Street
Melbourne VIC 3000

Postal Address:
GPO Box 2008
Melbourne VIC 3001

T 1300 858724
F 03 9609 8080

CC: Lynley Jorgensen

E-mail: AERInquiry@aer.gov.au

Position Paper: AER Retail Market Performance Reporting

Dear Tom,

AEMO welcomes the opportunity to provide the following submission to the AER Retail Market Performance Reporting position paper. AEMO is supportive of the objectives of performance reporting and provides comments on the following areas relating to Section Two Retail Market Overview: AEMO's definition of active retailers; customer numbers and aggregation of distribution zones; customer transfers and AEMO's customer categories; and existing AEMO data.

AEMO would welcome the opportunity to discuss these matters further with the AER and/or provide further technical detail as required.

AEMO looks forward to working with the AER and industry to assist where possible in the development and implementation of retail market performance reporting as required under the National Energy Customer Framework (NECF).

If you require any further details or wish to discuss AEMO's submission, please don't hesitate to contact me on (03) 9609 8520.

Yours sincerely



Terry Grimwade
Executive General Manager, Market Performance

Attachment: AEMO Submission AER Performance Reporting Position Paper

AEMO COMMENTS ON AER RETAIL MARKET PERFORMANCE REPORTING POSITION PAPER - NOVEMBER 2010

	AER COMMENTS FROM POSITION PAPER	AEMO COMMENTS
1	<p>Retail Market Performance Reporting</p>	<p>Once the AER has identified and finalised its business requirements, it should be noted that if the data required is currently available in AEMO's systems but new automated reporting requirements are needed from AEMO, it may require twelve months to implement AEMO change management processes based on information system release cycles.</p> <p>However if new data is required, it is important to note that AEMO's powers to collect information are limited by the Rules and expanding them may be difficult.</p>
2	<p>2.1.3 Definition of active retailers</p> <p>The AER is proposing to identify a retailer as active in a particular jurisdiction or customer category if the retailer currently has customers in that category in that jurisdiction. The AER proposes to exclude retailers who are currently marketing but have not yet acquired customers.</p>	<p>From an AEMO perspective, any retailer registered with AEMO is classed as active. To be registered in the market, a retailer is required to have prudential guarantees in place with AEMO and this makes them active whether they have customers or not.</p> <p>The AER would be required to use additional data sources from the Market in order to distinguish whether or not the retailer is only in the marketing stages and has no customers.</p>
3	<p>2.1.3 Number of authorised and active retailers</p> <p>In the paper, the AER notes AEMO has data that provides a detailed breakdown of customer numbers for each retailer by postcode and that this may be aggregated into broader distribution zones (ie metropolitan versus rural).</p>	<p>Currently the quality of postcode data in NEM and gas systems is poor. To increase the standard of postcode data, system changes would be needed. This includes participants' updating existing data and possible changes to participants' validation and input processes.</p> <p>Use of postcode data is unlikely to provide a reliable set of data for reporting purposes. Historically, postcode data has not been critical to the system's operations for AEMO.</p> <p>AEMO would suggest that if the AER wishes to use data on electricity markets from AEMO, data based on Transmission Node Identifiers (TNI) be used.</p>

	AER COMMENTS FROM POSITION PAPER	AEMO COMMENTS
		<p>In the Victorian gas market, distributors maintain record classification of metropolitan or non-metropolitan.</p> <p>In the Queensland gas market, distributors maintain record classification of residential or business MIRNS.</p>
4	<p>2.1.3 Customer numbers and the distribution of standard and market contracts</p> <p>The AER will collect data from retailers about the number of customers they have on standard retail contracts and market retail contracts for each jurisdiction and in each customer category. The AER intends to “monitor movements in small customer numbers by reference to AEMO data (which will provide an indication of small customer numbers by retailer in each postcode within a state/territory.)”</p>	<p>AEMO does not have access to detail regarding contract types (standard versus market) for gas or electricity. Also as noted above, postcode data is not reliable and there may be issues comparing this data with retailer contract type data.</p> <p>It is important to note that in Queensland, NMIs (or customers) which are aligned to the Ergon Energy distribution area have not been pre-populated (and therefore do not appear) in AEMO’s market systems. Also, AEMO has limited access to Tasmanian data for electricity.</p> <p>For gas markets, AEMO is able provide MIRN data from Victoria, Queensland and New South Wales and DPI data from New South Wales.</p>
5	<p>2.1.3 Customer transfers between retailers</p> <p>“In our issues paper we proposed to obtain data on the number of customers transferring between retailers from AEMO. While this data is not a precise measure, it is generally accepted as a suitable indicator.”</p>	<p>AEMO is the record of source for all customer transfers across each gas market and the NEM.</p> <p>AEMO currently provides customer transfer data on a monthly basis.</p> <p>AEMO is able provide the AER a count of NMIs/MIRNS/DPIs per retailer from market systems. (This data does not distinguish between residential and small business customers, and in the NEM between regions within a state or territory.)</p> <p>AEMO does not track customers transferring from a standard contract to a market contract; the record of source for this information is the customer’s retailer.</p>
6	<p>2.1.3 Frequency of reporting</p> <p>The AER is suggesting reporting on a quarterly basis as well as producing one annual report.</p>	<p>AEMO currently provides customer transfer data on a monthly basis (see below for further information) and depending on the AER’s requirements this may be suitable for the AER’s reporting purposes.</p>

	AER COMMENTS FROM POSITION PAPER	AEMO COMMENTS
7	Existing AEMO data	<p>AEMO currently publishes a range of customer transfer data on its website. Publicly available information includes data such as customer transfers, counts of second tier NMI, and customer transfers based on small and large categories, and jurisdiction. These are currently provided on a monthly basis and could be made available to the AER. For further information on the data offered visit AEMO's website at www.aemo.com.au.</p> <p>AEMO produces data reports for jurisdictional regulators and policy agency use. This data is not made publicly available however AEMO is happy to discuss further access requirements with the AER.</p>