AEMO
AUSTRALIAN ENERGY MARKET OPERATOR

NEM Customer Switching

Technical Workshop

August 2019

Agenda

1. The proposed change
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    2. Key features of the proposed design
    3. Outcomes for customers
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2. Items for discussion
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    2. Embedded Network transfer CRs
    3. Cooling-Off Reversal (FRMP role reversal)
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    7. Implementation
3. Next steps

This slide pack has been designed to support:

- AEMO *Customer Transfers in the NEM* Rule Change Proposal (May 2019)
- AEMO *Appendix A – Retailer Transfer Process in the NEM: High Level Design* (May 2019)
- AEMC *Reducing Customers' Switching Times* Rule Consultation Paper (July 2019)

Relevant background:

- ACCC *Retail Electricity Pricing Inquiry Final Report* Recommendations 8 and 9
- COAG EC tasking letter
- AEMC and AEMO joint advice

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The proposed change

Customer switching reform objective

Design objective:

To put in place a customer switching process that enables customers to transfer within a two day time period, irrespective of metering arrangements

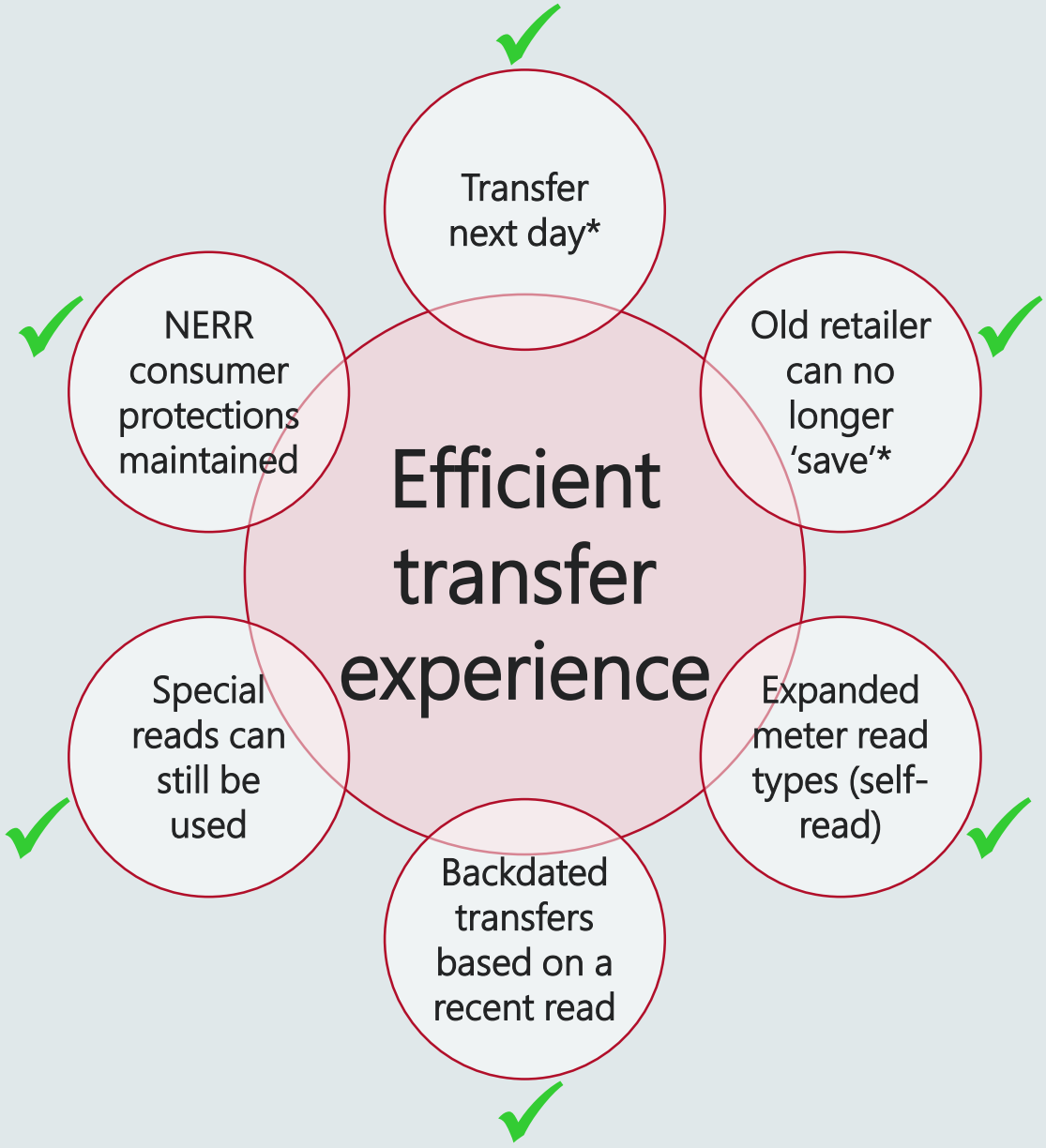
Design principles:

- There is a simple, easy and timely customer switching process for consumers
- Supporting procedures are streamlined, transparent and provide certainty for participants
- Obligations are clear, enforceable and can be reported on
- Changes have regard to the implementation and ongoing costs

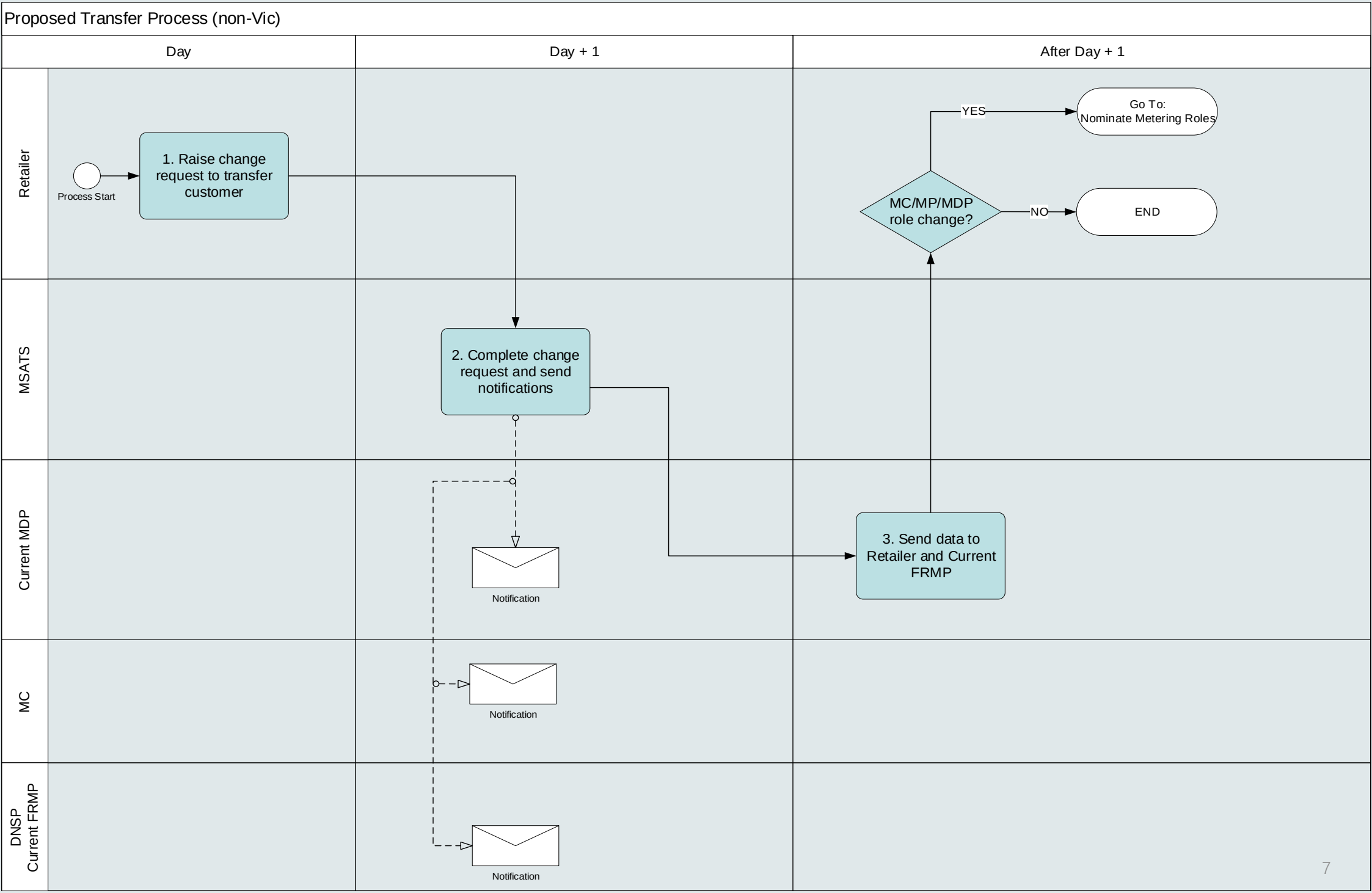
Key features of the design

1. Customer transfer change requests – Change of Retailer role only
2. No longer able to transfer on NSRD
3. Actual change date (CR1500) only required on a 'Special Read'
4. Transfer will occur:
   - Next day (outside VIC)
   - Next day + 1 (VIC)
5. Transfer reading will be required post transfer completion for market participants (not AEMO)
6. Recent reading will be usable for transfer without requiring agreement (Last read date to be visible in NMI discovery)
7. Cooling-off:
   - No change needed to cooling-off provisions (ESC code or NERR)
   - Facility in MSATS to reverse change if customer cools-off
8. Customer self-read – for use between customer and Retailer

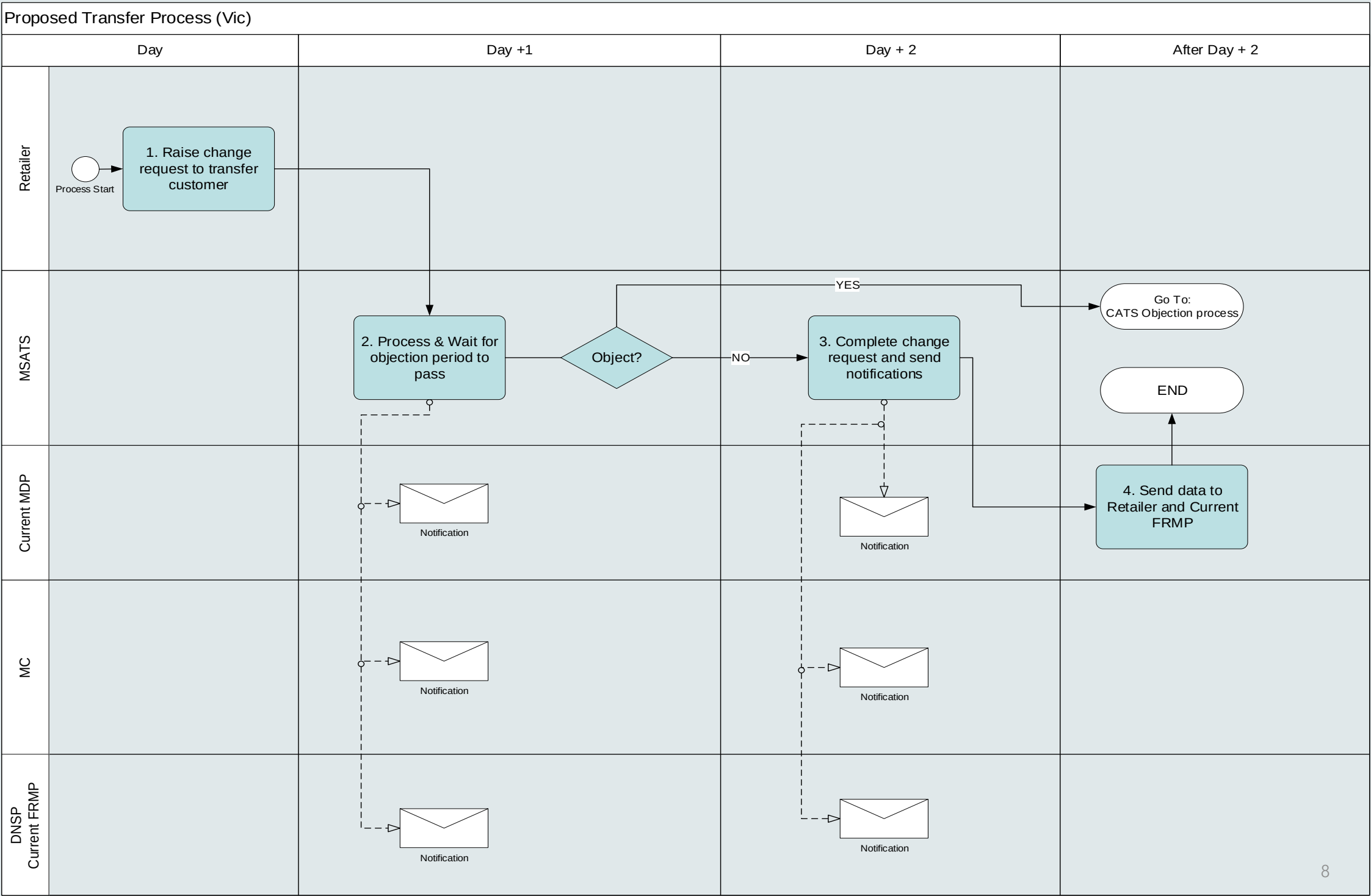
Outcomes – an improved transfer experience



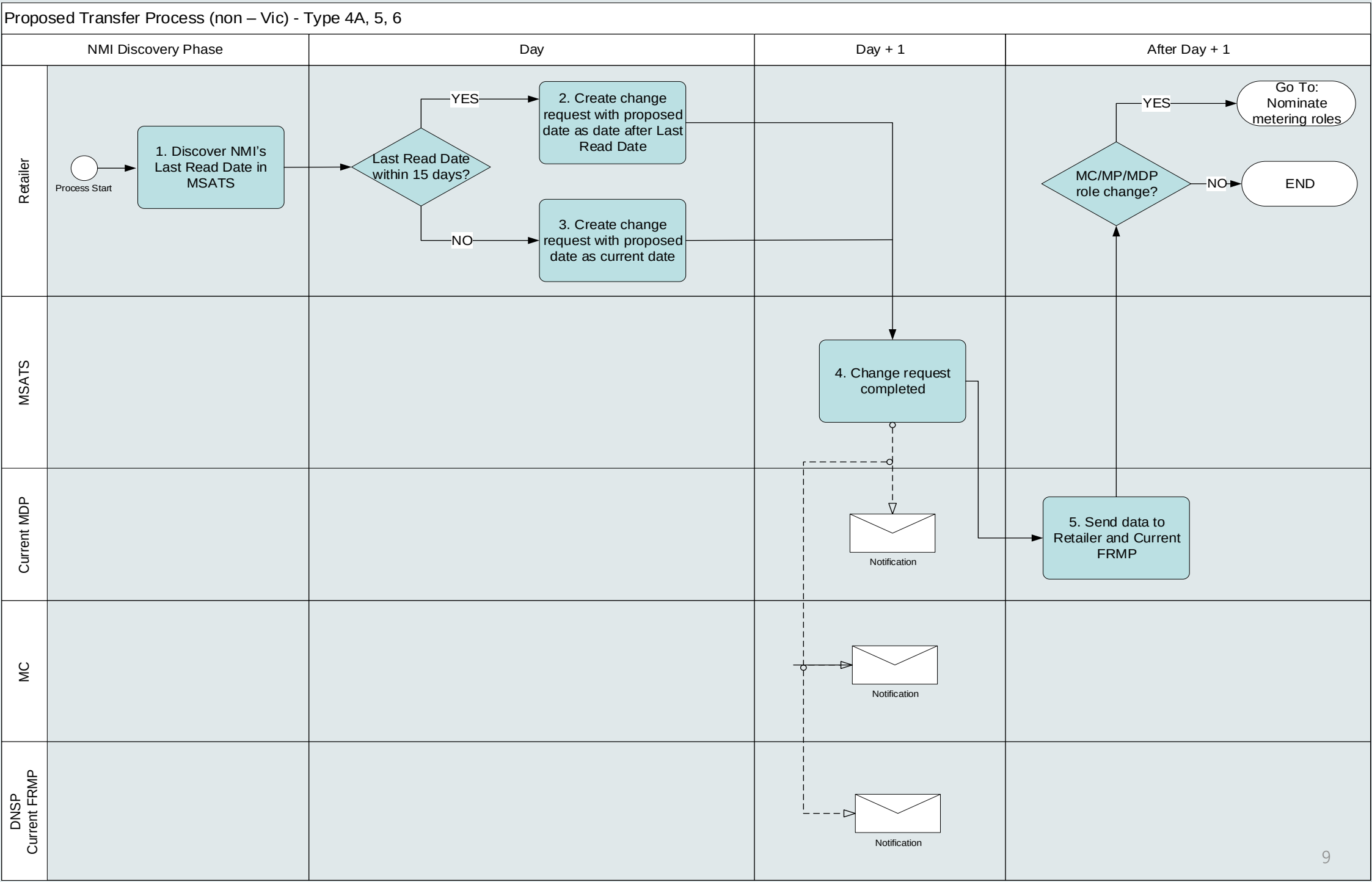
Proposed standard transfer process (non-VIC) for type 1-6 metering installations
(incl. MC, MP and MDP role change – if required by FRMP)



Proposed standard transfer process in VIC



Proposed standard transfer process (non-VIC) for type 4A, 5 and 6 metering installations with potential use of last reading (incl. MC, MP and MDP role change – if required by FRMP)



Change Request amendments (FRMP change)

Change Request Design

1000 series change requests facilitate customer transfer changes

- There are 19 CRs in the 1000 series including error corrections and embedded network specific change request types.
- Based on 2018 figures:
  - ~95% of transfers occur via CRs 1000 (53%), 1030 (29%) and 1040 (13%)
  - ~4.7% of transfers occur via CRs 1024, 1025 and 1029 (error corrections)

The design necessitates a review of the 1000 series and provides opportunities to:

- Simplify the requirements for each CR
- Reduce the CRs – consolidate, remove where redundant or unnecessary

Change Request Design

Some CRs may only be subject to limited change, for example:

- 1030 and 1040 will be limited to FRMP change only but will otherwise remain unaltered

Little used CRs will be reviewed for ongoing relevance, for example:

- 1022, 1027 and 1028 collectively used less than 25 times over 2018
- 1026 (Cooled-off)

Where the CR is subject to material change (e.g. CR1000) AEMO could repurpose the existing CR, or delete entirely and replace with a new CR 1XXX.

CR1000 – Prospective Change of FRMP Only

- Objections:
  - Outside Victoria – no objections
  - Victoria – certified DEBT (current FRMP)
- CR completes:
  - Next day, or nominated prospective day (outside VIC)
  - Next day +1, or nominated prospective day (subject to objections) in VIC
- Notices on completion to:
  - LNSP, MC, MDP and the current and new FRMP
- Upon receipt of the notification, the MDP is required to provide metering data in support of the transfer:
  - Type 1-4 and VIC AMI metering installations – interval metering data
  - Type 4A, 5 or 6 metering installation – substituted metering data

CR1010 – Retrospective Change of FRMP Only (Last Read Date)

- Rules:
  - Previous Reading is date-stamped within the defined parameters (proposed 15 business days)
  - Not limited re metering installation type at the connection point.
- Objections:
  - Outside Victoria – no objections
  - Victoria – certified DEBT (current FRMP)
- CR completes:
  - Next day, for the nominated retrospective day (outside VIC)
  - Next day +1, for nominated prospective day (subject to objections) in VIC
- Notices on completion to:
  - LNSP, MC, MDP and the current and new FRMP
- Upon receipt of the notification, the MDP is required to provide metering data in support of the transfer.

Note that AEMO proposes that the Last Meter Reading Date would be made available to retailers via NMI Discovery.

CR10XX – Prospective Change of FRMP Only (Special Reading)

- Rules:
  - Limited to connections points with type 4A, 5 or 6 metering installations
- Objections:
  - Outside Victoria – no objections
  - Victoria – certified DEBT (current FRMP)
- CR completes:
  - When the reading is obtained (subject to objections) – MDP provides CR1500
- Notices on completion to:
  - LNSP, MC, MDP and the current and new FRMP

1000 series Change Requests

Questions:

1. Is it preferable to amend existing CR codes (e.g. CR1000 and 1010) or abolish and create new?
2. What is an appropriate limitation on the use of the last read date (CR1010) – noting that AEMO has proposed 15 business days.
3. Should the last read date be limited for use at type 4A, 5 and 6 metering installations only?
4. Should the last read date only show dates for reads that are 'A' and 'F'?
5. Should the change of retailer complete with the effective day being the day the CR is raised or completed?
6. Are changes required to the MDFF to accommodate the delivery of metering data to support the proposed amendments?

Embedded Network retailer transfer CRs

Embedded Network retailer transfer CRs

- Current use of Embedded Network transfer CRs is very limited (~100 over 2018)
- Recent report from the AEMC regarding embedded networks is likely to increase access to competition for customers
- The current change request design for embedded networks is a mirror of the standard change request set.
- AEMO is unable to identify a reason to have a separate set of change requests solely for embedded network connection point use.

Embedded Network retailer transfer CRs

1. Why do connection points in embedded networks require separate change requests?
2. What would prevent connection points in embedded networks from using standard 1000 series CR (e.g. 1000, 1010)?

Cooling-Off FRMP Role Reversal

Cooling-off reversal – business rules

- AEMO has not proposed any changes to cooling-off periods in either the NERR or ESC codes.
- AEMO considers that the existing cooling-off provisions provide sufficient flexibility for retailers to determine whether to initiate a transfer concurrently with, or after the cooling-off period.
- AEMO proposes to establish a facility whereby a retailer may reverse a transfer for situations where:
  - The transfer to the new retailer has completed within the cooling-off period; and
  - The customer has contacted the new retailer and confirmed that they are exercising their right to cool-off.

Cooling-off reversal – business rules

AEMO proposes the following steps for a cooling-off reversal:

- Raiser of original CR, raises a reversal CR, nominating the RequestID of the original CR
- CR submission processing
  - Check the Request ID of the original CR exists, and is in a COM state
  - Check original CR is was raised by the participant requesting the reversal
  - Check original CR is eligible to be reversed
  - Check original CR is within a configurable reversal window (number of days)
  - Failure here results in a Reject
- Overnight processing
  - Check that the FRMP in the original CR has not been changed by a subsequent CR (Failure here results in a Reject)
  - MSATS creates a new CR to return the FRMP role to the value that existed prior to the original CR being executed
  - MSATS completes both the new MSATS reversal CR and the Participant reversal CR (Standard downstream CR processing follows for both, e.g. notifications etc.)

Cooling-off reversal – business rules

1. Are the cooling-off business rules appropriate?
2. Suggestions to improve the mechanism's ability to deliver the desired result?

Error correction – MC appointment

Error correction – MC appointment

There might reasonably be circumstances where a retailer assigns an MC to a NMI in MSATS in error.

A retailer can amend such an error by raising a new CR to appoint a new MC (which in many cases is likely to be the previous MC).

In a scenario where the MC appointed in error has not made alterations to the MP and MDP roles in MSATS, it might be reasonable to limit the ability for the previous MC to object to being re-instated, for example:

- A NMI with a type 6 metering installation has a contestable MC appointed in error by the retailer
- No metering installation malfunction has been notified by the initial MC (the DNSP MC)
- The metering installation has not been altered by the contestable MC, nor its agents
- The roles of MP and MDP in MSATS are unaltered (i.e. the DNSP MP and MDP is still in place)

Error correction – MC appointment

An alternative to a standard CR process (with or without objection rule amendment) is to extend the 'cooling-off' reversal capability to MC appointment.

This would require rules limiting use, for example:

- Small NMI only (due to CONTRACT objection rights)
- MP and MDP roles being the same as previous
- Time since original change of MC

Such a process would need to enable the initial MC to object to the reversal – e.g. metering installation malfunction previously raised.

Error correction – MC appointment

1. Do the current arrangements which support reversal of MC role need to be changed (e.g. objection limitations)?
2. Is the current CR process preferable to the 'cooling-off' method of reversal?

Objection timeframe for MC appointment
(6000 series CRs)

Objections - MC appointment

- Following a request from AEMO, the AEMC posed questions to interested parties at the draft determination stage of the Metering Installation Timeframes Rule Change (2018).
- Subsequently, the AEMC's determination made the following recommendation:

RECOMMENDATION 1: STREAMLINING THE APPOINTMENT PROCESS FOR METERING ROLES

The Commission recommends to AEMO that it streamlines the appointment process in its Market Settlement and Transfer Solutions (MSATS) system for metering parties in certain circumstances.

We consider that the objection period for metering role changes should be reduced to zero days in cases where an existing accumulation or MRIM meter needs to be replaced with an advanced meter.

Objections - MC appointment

- Setting the objection process to zero days could be progressed as recommended by the AEMC (i.e. limited to the appointment of a contestable MC where there is a type 5 or 6 metering installation).
- Potential benefits:
  - MC is appointed next day
  - If a meter churn is required, this can be enabled faster than is currently allowed
  - No risk of limiting CONTRACT objection as only applies to small customers
- Potential risks:
  - Incorrect MC is appointed by retailer
  - MC determines that they are not able, or do not wish to be the MC

Objections - MC appointment

- Establishing a simple process for the retailer to reverse the MC appointment might mitigate the risk of incorrect or unwanted MC appointment.

- AEMO note that submissions from two contestable MCs to the AEMC proposed that no such change was warranted and that retailers and MCs are able to plan activities in advance (i.e. that role appointment is not inhibiting planning to provide new services to customers)

Zero objections days for a MC appointment

1. Is there a benefit to participants and customers of moving to zero objection days for MC appointment and if so, are the limitations appropriate?
2. What are the risks of making such a change, and can they be reasonably mitigated by enabling retailers to simply reverse the MC appointment in the case of error or dispute?
3. Are there any additional methods by which market procedures or systems might mitigate the risk of a 'no-objection' MC appointment?

VIC DEBT objection timeframes

VIC DEBT objection timeframes

- AEMO notes that the Electricity Customer Transfer Code continues to provide the opportunity for the current retailer to object in Victoria on the basis of a certified debt.
- MSATS will continue to provide for this objection.
- Current MSATS rules provide the current retailer with 1 business day to object based on DEBT in Victoria.
- Even if there is no DEBT objection raised, Victorian retailers and their customers will have to wait 1 additional business day before transfer completion.

1. Could the DEBT objection in Victoria be reduced to zero days, whilst still providing the ability for retailers to comply with ESC requirements?

Implementation timeframes

Implementation timeframes

- AEMO expects procedure and system changes to be finalised for implementation as early as 1 February 2020.
- The earlier the implementation, the faster the realisation of the benefits to customers and retailers.
- AEMO is concerned that delivery of this change later in 2020 will result in clashes with 5 minute settlement work.

1. Based on the design provided in the rule change proposal and associated AEMO papers, what would prevent implementation in February 2020?
2. If 2/2020 is considered impractical, what component(s) of the proposed change require delays post this date?

Next steps

- Consider feedback from today's discussion which will assist the formulation of AEMO's consultation material
- AEMO Consultation:
  - Seeking to avoid clashes with other consultations on AEMO procedures where possible
  - Target dates for consultation:
    - Commencement – late Sept '19
    - Final submissions closing mid-Dec '19
    - Final determination and procedures Jan '20
- Implementation date TBD

Thank you for your input

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