

Essential Services Commission
Level 37, 2 Lonsdale St
MELBOURNE VIC 3000

Lodged online: <https://engage.vic.gov.au/electricity-distribution-code-review>

2 July 2020

Electricity Distribution Code review – customer service standards

The Australian Energy Council (the '**AEC**') welcomes the opportunity to make a submission to the Essential Services Commission (the '**ESC**') on its Electricity Distribution Code review – Customer Service Standards Draft Decision (the '**Draft Decision**').

The AEC is the industry body representing 22 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses.

The AEC welcomes the intent of the ESC to modernise the Distribution Code to better enable network businesses to communicate with their customers in a manner that suits their changing needs. That being said, the AEC encourages the ESC to consider some minor amendments to its Draft Decision to ensure the intended outcomes are achieved at least cost, and in a manner that appropriately places obligations on the market participant that is best able to benefit from them.

General comments

As a matter of principle, the AEC considers that it is best practice for regulators to seek to streamline the obligations placed on regulated businesses, and where possible, utilise a single regulatory instrument to enact change in the market. In effect, a single regulatory instrument provides businesses with a “one stop shop” where they are able to efficiently and effectively ensure they comply with their obligations to their customers and the market.

In Victoria, the AEC strongly supports the use of the Energy Retail Code (ERC) as the appropriate instrument for implementing all regulatory change that impacts retailers. The continuing obligations split between the Marketing Code of Conduct, the Customer Transfers Code, and now the Distribution Code dramatically reduce efficiency, and increases compliance costs for little benefit.

In the context of this Draft Decision, the AEC considers the proposed obligations on retailers in Draft Decision 1 and Draft Decision 13 should be included in the ERC, rather than being placed within the Distribution Code. The use of the Distribution Code in Victoria creates additional complexities given the continuing refusal of Victoria to join the National Energy Customer Framework. In this context, not only is the Distribution Code not the intuitive place for a retailer to find its obligations, the obligations differ from the national

requirements. This creates an additional layer of complexity that could easily be avoided by including the obligations in the appropriate instrument.

Draft Decision 1: Improving the methods of notification for planned outages

The AEC are comfortable with requirements to provide electronic customer contact details (that they have already obtained) to network businesses, provided there are strict usage limitations in place. To this end, the Distribution Code should include a positive obligation on network businesses to only utilise the customer contact information provided by a retailer for the purpose of providing a customer with the required notifications contained within the Distribution Code or other relevant instruments.

DB's should not be able to utilise retailer collected electronic contact details for any purpose other than these required notifications unless explicit informed consent (EIC) is obtained from the customer about that specific use. Additionally, as is required of retailers, network businesses should be required to ensure they have processes and procedures in place to protect retailer provided data from any incorrect use.

The AEC does not consider that there should be a positive obligation on retailers to obtain electronic contact details from their customer. It appears this is the intent of the drafting of clause 2.7.2(e) of the Draft Decision, however further clarity in the Final Decision would be beneficial. Similarly, retailers should not be required to provide existing electronic communication information until such a time as they would otherwise have periodically updated the network of the current customer contact details.

The AEC strongly opposes any suggestion that retailers might be required to collect that EIC on behalf of a network wishing to utilise electronic notifications. Clearly a network business who transitions to electronic notifications from postal notifications will receive a significant economic benefit, and as such any costs to achieve these ongoing cost reductions should be seen as an investment from the network business. Requiring retailers to obtain that EIC would increase retailer costs for no commensurate benefits. This would be unacceptable. In time, the AEC considers that the cost savings from avoiding increasingly expensive and unreliable postal delivery costs will far outweigh any additional costs in obtaining EIC, and as such will likely result in a reduction in network costs in the longer term.

That being said, the AEC would welcome further efforts from the ESC to reconsider the necessity for retailers and network businesses to obtain EIC for changes in communication preferences and other low risk obligations in both the ERC and Distribution Code. The increased risk of harm (unless of course in instances where a customer has been identified as a life support customer) from sending a notification via electronic means instead of via the post does not appear to be material.

Draft Decision 13: Ensuring customers receive guaranteed service level payments in a timely manner

The AEC supports the Draft Decision to limit the time taken for network businesses and retailers to provide guaranteed service level (GSL) payments to customers. However, we do not consider regulating a two business day timeframe for retailers is necessary, and will likely increase costs to consumers for little additional benefit.

The Draft Decision allows the network business up to 60 business days (approximately three months) to determine if a customer is eligible for a GSL, then only allows a retailer two days to apply that GSL onto the customer bill. The AEC cannot see any justification for such a short timeframe, particularly given the event that led to the GSL may have occurred some months prior.

The AEC considers that the obligation should align to the existing overcharging obligations in clause 31 of the Energy Retail Code. In this instance, retailers would be required to apply the credit to the customer's account within 10 business days of being notified of the GSL.

Implementation

The AEC does not see any benefit in implementing the changes for retailers sooner than distribution businesses. As such, the AEC recommends the ESC align the implementation dates, no earlier than 1 January 2021, to allow retail businesses already under extreme pressure from the COVID pandemic additional time to implement these new requirements.

For any questions about our submission please contact me by email at [REDACTED]
or on [REDACTED]

Yours sincerely,



Ben Barnes
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