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Thursday, 2 July 2020

Essential Services Commission  
Level 7  
2 Lonsdale Street  
Melbourne VIC 3000

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

## **RE: Electricity Distribution Code review – customer service standards**

ERM Power Retail Pty Ltd (ERM Power) welcomes the opportunity to comment on the Essential Service Commission's (ESC's) Electricity Distribution Code review – customer service standard draft decision.

### **About ERM Power**

ERM Power (ERM) is a subsidiary of Shell Energy Australia Pty Ltd (Shell Energy). ERM is one of Australia's leading commercial and industrial electricity retailers, providing large businesses with end to end energy management, from electricity retailing to integrated solutions that improve energy productivity. Market-leading customer satisfaction has fuelled ERM Power's growth, and today the Company is the second largest electricity provider to commercial businesses and industrials in Australia by load.<sup>1</sup> ERM also operates 662 megawatts of low emission, gas-fired peaking power stations in Western Australia and Queensland, supporting the industry's transition to renewables.

<http://www.ermpower.com.au>

<https://www.shell.com.au/business-customers/shell-energy-australia.html>

### **General comments**

ERM Power supports improving customer service standards and is please to assist in this regard. We are, however, concerned that some of the ESC's proposals may have unintended consequences that would be detrimental to large customers, electricity retailers, and broader market dynamic.

### **Notification for planned outages**

Under the proposed reforms, retailers will be required to collect customer information, including electronic and other contact details, and provide it to electricity distributors in a timely manner. The ESC has proposed to bolster customer protections by requiring distributors to obtain customers' explicit informed consent for electronic only notifications, to keep records, and to remind customers of planned outages in some circumstances.

While we support provision of information to allow for efficient notification of outages, we do not consider that retailers ought to be required to supply information that is not readily supplied to them by customers. It is typical for large energy customers to provide a variety of contact information and email addresses to their retailer, for example, accounts payable, broker information, procurement manager information. It is unclear which of this information ought to be supplied and on what basis. In addition, there are other types of information, such as site manager information, which retailers do not necessarily collect in the ordinary course of business.

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<sup>1</sup> Based on ERM Power analysis of latest published information.



We consider that electricity distributors should collate and maintain their own databases, via periodic reconciliations, as part of their regulated business, for which they are compensated under their revenue determination. In this context, any consent required ought to be managed by the electricity distributors seeking the information, rather than the retailer.

However, we do not consider that consent alone will be adequate to ensure that information gathered by electricity distributors is used for appropriate purposes. Rather, we consider it necessary to ensure that information collected by the regulated part of electricity distributors' businesses is appropriately ring fenced from contestable businesses providing behind-the-meter services. We are concerned that the ESC's current proposals do not provide adequate protection in this regard and suggest that there should be clear prescriptions regarding the use of information gathered for the purpose of notification of planned outages, and electricity distributors should be explicitly prohibited from using such information for any other purpose.

The ESC has proposed to retain the current requirements for electricity distributors to give at least four business days' notice for planned outages unless explicit informed consent of all affected customers is obtained and recorded by an electricity distributor. We consider that, while four business days may be a reasonable notification period for some customers, large energy user sites could be afforded a longer notice period in many cases. We also think that it is reasonable for customers to be notified where planned outages are cancelled.

#### **Guaranteed service level payments**

The ESC has proposed to change the low reliability and supply restoration payments from annual payments to progressive accumulation payments, and has suggested that, where an electricity distributor makes a payment through the customer's retailer, the retailer must apply the payment to the customer's account within two business days. The application of this pass through to a customer's account is a manual process and we consider ten business days would be a more appropriate timeframe for a retailer to apply a credit to the customer's account. This credit would then reduce the balance to be issued on the next customer invoice.

The ESC has further proposed to restrict the guaranteed service level (GSL) scheme to customers whose annual usage is less than 160MWh. While we acknowledge that the GSL is not intended to be a compensation scheme, we do not consider it appropriate to remove large customers from the GSL, given that large customers tend to be disproportionately affected by outages, as compared to smaller residential and business customers. GSL payments to large customers may be small, as noted by the ESC, but electricity distributors are best placed to manage network reliability and they, rather than large customers, should therefore bear the cost of interrupted service.

If you would like to discuss this submission further, please contact Sarah Paparo on [REDACTED] or [REDACTED]

Yours sincerely,

[signed]

Libby Hawker  
Senior Manager – Regulatory Affairs  
[REDACTED]