



EnergyAustralia

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Essential Services Commission
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Dear Sir/Madam,

Compliance and Performance reporting guideline update to include new entitlements for customers (PUBLIC VERSION)

EnergyAustralia welcomes the opportunity to make this submission to the Essential Services Commission's (the Commission's) Draft decision on the update to the Compliance and Performance reporting guideline (Draft decision).

EnergyAustralia is one of Australia's largest energy companies with around 2.6 million electricity and gas accounts in New South Wales, Victoria, Queensland, South Australia, and the Australian Capital Territory. We also own, operate and contract an energy generation portfolio across Australia, including coal, gas, battery storage, demand response, wind and solar assets, with control of over 4,500MW of generation capacity in the National Electricity Market (NEM).

EnergyAustralia recognises the importance of providing transparency to the Commission via Performance and Compliance reporting to monitor the new obligations that came into effect earlier this year. However, we have some concerns with the:

- Implementation timeframe for the proposed changes to performance reporting and the changes to the reporting schedule,
- The classification of some obligations as Type 1 in the compliance report, and
- Finally, we suggest some clarifications to certain performance indicators.

These are discussed in turn below.

Implementation timeframe and cost

The implementation timeframe of less than two months from the Commission's Final decision will create significant challenges for retailers. The timeframe should be reconsidered and informed by feedback from retailers. [REDACTED]

We emphasise that more time will be required particularly because the changes do not only relate to a small category of new indicators, but seek to also change existing indicators. The changes to existing indicators are not simple or administrative and require us to extract and

build reports on new data and/or re-cut how current data is reported (where one indicator is proposed to be disaggregated and split into two or more indicators).

Further, the complexities in developing these reports for each indicator should also not be underestimated. For example, the requirement to report on residential and business customer numbers would require complex rules to deal with data inconsistencies in names, contact numbers and email addresses, to identify if different accounts relate to the same person.

We also note that the cost of the reporting changes will not be insignificant [REDACTED]

[REDACTED] Retailers are very focussed on ensuring energy affordability by keeping costs low for customers. EnergyAustralia urges the Commission to ensure that changes to regulatory reporting are minimised and require reporting of key data only, to reduce any increases in operational costs that could flow through to energy prices. The Commission should consider narrowing the scope of its changes to only require the *Proposed additions to performance indicators* in Appendix B which directly relate to the new VDO and best offer obligations.

Performance indicator reporting schedule

EnergyAustralia does not support the change in reporting schedule to require the fourth quarter report to be submitted by 31 July in line with performance reporting to the Australian Energy Regulator (AER) (instead of 31 August). The different due dates for the AER and the Commission's reports allow EnergyAustralia to manage internal workloads cross multiple teams particularly where errors are identified and need to be fixed.

Type 1 breaches

Almost all the new obligations have been characterised by the Commission as Type 1 regulatory obligations for breach reporting purposes. The ESCV has defined Type 1 regulatory obligations as "obligations where non-compliance would have a critical impact on customers, and where the impact of that non-compliance increases over time if it is not rectified quickly".¹ Importantly, these criteria balance customer impact or detriment against the considerable resources required to investigate and report a Type 1 breach within 2 business days. Reporting within 2 business days often requires prompt coordination across multiple teams involving Quality assurance, Compliance, and Legal teams with senior management approval.

In contrast, Type 2 obligations reflect a lower level of customer impact that is still significant – where "non-compliance would seriously impact on customers". We note that the Commission still receives transparency over breaches of Type 2 obligations via a bi-annual report.

We agree with the Commission's Draft decision insofar as it makes the following obligations Type 1: offering the VDO, providing clear advice which impacts a customer's explicit informed consent, and family violence concerns. However, there are six other new reportable obligations in the Draft decision which would more appropriately be classified as Type 2:

1. **RB0062 - Bills must include information on how the customer may access the VDO** – This obligation should be classified as a Type 2 obligation consistent with the majority of the existing bill items. While one bill item (pay by date) is a type one breach this is arguably because if it were omitted from the bill and the customer does not pay by the due date, it would start non-payment processes that could lead to disconnection.

¹

<https://www.esc.vic.gov.au/sites/default/files/documents/GL%20-%20Compliance%20and%20Performance%20Reporting%20Guideline%20-%20Version%204%20-%202020180726.pdf>, page 11.

Information about the VDO does not have the same critical impact to the customer's energy supply.

2. **RB1424, RB1426, RB1428 Record keeping to demonstrate compliance** - Generally speaking, record keeping should not be a Type 1 obligation. It has no direct impact to the customer and immediate notification to the Commission will not affect the timeliness of identification of the breach by the retailer and remediation of the breach.
3. **RB 0063 and RB1432 - Disclosing discounts relative to the VDO and input of standing offers and VDO into the Victorian Retailer Portal** - As these obligations do not relate to offering the VDO (and immediate cost savings to the customer) or a customer's explicit informed consent for a particular plan, we consider the impact to the customer would be serious but not critical. We also disagree with the current classification of RB0054 (input of standing offer tariffs to a website) as a current Type 1 breach for the same reason.

Clarifications to specific performance indicators

Lastly, we ask the Commission to clarify specific performance indicators as per our Attachment.

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

Yours sincerely,

Selena Liu
Industry Regulation Lead

Attachment

Specific performance indicators

- **Definition of account:** The drafting of this indicator specifies that an account is: "An identifier/number used to bill and identify accounts for electricity and gas separately. This performance indicator should *only count one account* per unique physical address." The Commission should clarify that there can be two accounts for a premises, one for electricity and one for gas.
- **AS AS010, AS020, AS030 Count of Residential customers receiving standard and tailored assistance:** The Commission's change makes it clear that it includes all customers receiving assistance, regardless of the level of total arrears from one billing period to another. This should be changed to "regardless of the level of total arrears or if the customer's account is in credit". This will reflect that customers may receive standard and tailored assistance when their accounts are in credit for a billing period.
- **B010 Residential Electricity Customers on standard retail contracts:** Retailers might have customers that are supplied under a standard retail contract but that are not being billed i.e. no energy charges are being recovered for that account. Should reporting on this indicator capture those customers?
- **B030 Business Electricity Customers:** As drafted this indicator would reflect both small and non-small business electricity customers. If the definition is intended to separate small and non-small business electricity customers or apply to small customers only, then the definition should be clarified accordingly.

In either case, the definition should clarify that where a customer holds multiple accounts, these accounts should not be aggregated for the purposes of determining whether the small customer consumption threshold of 40 MWh per year is exceeded.

- **B100 Small Business Gas Customers:** Similar issue to B030 above. This indicator is drafted to apply to Small Business Gas Customers. We ask the Commission to clarify that where a customer holds multiple accounts, these accounts should not be aggregated for the purposes of determining whether the small customer consumption threshold of 1,000 GJ per year is exceeded.
- **D060A and D060B Reconnections within 7 days:** The note under the previous indicator definitions specified that "If a customer was disconnected twice in the same month, this is counted as two disconnections". This note has not been carried over to the new definitions where it remains a valid assumption.

Separately, we note that that the data currently submitted for this indicator may be read incorrectly. It's possible that a customer may transfer retailers within the 7 days that they are disconnected. In this case, the first retailer would report the reconnection as not occurring within 7 days, but the new retailer may have reconnected within the 7 day period. This would overreport failed reconnections and the definition should be amended to address this issue.

- **D140 Disconnections for non-payment of residential customers who did not receive assistance** – There appears to be a drafting error, this indicator should reflect a count of accounts and not customers.
- **D150 Residential accounts where their total arrears were transferred to a collection agency/third party after disconnection** – The drafting of the new indicator could report a different category of data to current reporting. [REDACTED]

