CUSTOMER SWITCHING IN THE NEM

FIRST STAGE CONSULTATION

PARTICIPANT RESPONSE TEMPLATE

Participant: Simply Energy

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Questions raised in the NEM Customer Switching Issues Paper

Simply Energy has reviewed the Issues Paper in conjunction with marked-up AEMO procedures and have produced a summary table below:

Change point	Simply Energy's alignment with AEMO's preferred options
Nomination of multiple roles alongside a change of retailer	Not aligned, Option 1 strongly opposed
Notification of a pending role change, and objection to customer switches in VIC based on certified debt	Aligned, however VIC should be aligned (Option 3) – Option 1 and 2 are essentially the same as zero business day objection wouldn't make any difference.
CR1000 changes	Aligned. No change warranted to the CR1000 structure, 'Read Type Codes' to be updated to meet the objective.
Proposed design for prospective changes of the FRMP role	Aligned. Transfer should be independent of NSRD (reducing as smart meters are rolled-out). Hence, Option 2.
Proposed design for retrospective changes of the FRMP role	Aligned (Option 1)
Transfer of the FRMP role for embedded networks	Aligned
Facilitating COP reversal of a FRMP change	Aligned however 10 business days is not warranted (maximum should be 9 business days).
Remove CR1022, 1027 and 1028	Aligned
MDFF Changes	Aligned
Implementation timeframe	Aligned provided CR1000 series structure is not impacted.

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1	Does the proposed change, to limit 1000 series CRs to a change of FRMP only, unreasonably restrict a retailer or other party from performing an action as required by the NER? Are there any additional considerations that AEMO has not presented?	Simply I only all model,	ow FRMP role n	red both option ominations ad it of impleme	ns and conclu ds to the co ntation and	mplexity of the complexity and	g CR 1000 series to urrent operational delivers negative
2	·	Option	Description	NER change	AEMO procedures	Retail impact	Customer outcome
2	regarding restrictions being placed on an MCs ability to object to an	#1	Limit the scope of customer switching so that only the retailer role is changed in the transfer process.	Yes [requires 7.8.9(e)(1) to be deleted]	Yes	System and process changes for transfers System and process changes for MC role appointment	Identical in both cases
	appointment reasonable?	#2	Remove the ability for MCs to object during transfer.	No change	Yes	No change	
	•	It minimises the in Better alignment It supports efficie Close alignment efficient investme	mpact of chang with the object ncy in market p with the Nation ent in, and effic ts of consume	ge; tive of faster to processes, and onal Energy cient operations rs of energy	d Retail Objective, N on and use of, ener	NERO (to promote rgy services for the ice, quality, safety,	

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		Retaining the functionality to nominate MC roles along with FRMP is required as it will allow the proposal to work effectively and efficiently.
		Detailed analysis:
		As per NER cl 7.2.1, the retailer's obligation is to nominate an MC (not an MDP (Metering Data Provider) or MP (Metering Provider). As such, in the context of role appointments, these three metering roles should not be referred together as in the AEMO proposal that says, "metering roles may be proposed to change via a separate change request in the procedures and following completion of the customer transfer".
		AEMO's high level design states that "parallel role changes that can only be achieved in theory and not in practice." Simply Energy acknowledges that MDP and MP roles are not changed in parallel with retail transfers, and as such, can be decoupled from CR 1000 series, however the option to appoint to the MC role in conjunction with FRMP role change should remain.
		Simply Energy considers that the FRMP and MC roles are in one category (market responsibility roles nominated by the winning retailer) and can transfer at the same time, whereas the MDP and MP are in a different category (service providers nominated by the MC) and should not transfer at the same time as the FRMP.
		Aligning with a consumer-centric approach:
		Simply Energy considers that Option 1 (two-step process) will not benefit 99.9% (as per the statistics provided by AEMO in the high-level design), of the retail transfers and as such, it will not drive any customer benefit. It rather adds to the economic cost by making

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		changes that will not only generate a negative return on investment but will also make the remaining 0.1% of the cases more difficult to resolve due to the complexity with Retailer-MC relationships.
		From a consumer detriment perspective, since with the two-step process that might be implemented, the appointed MC might need to be churned in order to address customer's metering issue/complaint/fault and hence delays the whole process in the value-chain.
		To expand it further, if a customer informs the retailer of any metering fault/issue or wishes to upgrade their meter as a part of solar upgrade, unless the retailer appoints its preferred MC, it will be unable to address customer's request promptly. E.g. a customer is currently with Retailer "SE" and MC "A" however in order to rectify or assist with the customer's issues, the retailer has to churn the MC to its preferred MC who can undertake the work. This will prolong the end-to-end rectification process (as also described in figure 2 with the red dotted timelines) and impacts the customer negatively.
		 Some of the key impacts of Option 1 are: Going backwards (where no multi-tasking will be allowed) Not supporting support efficient market processes. Decommissioning of current systems/logic and replace with a traditional logic + manual processes + forced MC appointments.
		Simply Energy identified (using its data as well as discussions with its MCs) that no competitive MC intends to object to a transfer because it's an opportunity for them.

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		However, no non-competitive MC would want them to be appointed as MC because of various complications.
		Alternative approach:
		As evident from the statistics, Option 1 is targeted for an exceptionally small number of cases, which makes it an unjustifiable option. If MCs objecting to the retail transfer is a valid concern, as per the numbers provided in the draft determination, it only accounts for 0.1% of the cases (2018 statistics) and to add further, there are no statistics provided for 2019. Most importantly, the number of objected transfers by MCs are extremely rare (if at all). In case of Simply Energy, this only occurred a handful of times in 2018 and since we changed our processes for Feb 2019 NER changes, this has not occurred even once.
		To avoid the unnecessary changes, Simply Energy agrees with Option 2 proposed by AEMO in its High-Level Design document (section 4.2.2) to remove the ability for service providers to object as MSATS procedures allow retrospective correction of role changes, However, Simply Energy has also considered a third option where FRMP and MC roles can be nominated as per current process, however MSATS updates the role appointments independently (currently CRC updates 'all or none' but can MSATS manage partial updates? e.g. CR initiated with multiple role changes/nominations, however MSATS allows individual updates (splitting one CR into multiple internal CRs) where FRMP change can complete but RP change to be blocked). By adding a new validation, MSATS could be designed to update the FRMP role independently and thus completes the retail transfer while the MC can still object its role assignment. This will be a hybrid approach to options 1 and 2 and this option will limit the scope of change to an already-impacted MSATS system and works in line with the objective of the proposed change. It might require

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		CR1000 being split into multiple CRC codes within MSATS (if it has multiple rol nominations) with no impact to the initiator. Simply Energy believes that architecturally, it is possible however in principle, it poses th same question as for option 1, i.e. is it worth the complexity of system change and does add value to the cost of implementation vs consumer benefit. Simply Energ acknowledges the complexity of this design and would like to reiterate that the high-cos solutions to resolve a handful of cases is not desirable. As such, Simply Energy retains it position to support Option 2. Please find attached slide packs for pictorial representations along with timelines, risk and benefits of the options, which have been shared with AEMO.	
		Procedure amendments_AEMO Simply Energy_7.8.9e1 Rem	Dr Deming, the father of statistical process control that helped Japan improve product reliability post second world war, mentioned in his research paper "if anyone adjusts a stable process for a result that is undesirable, or for a result that is extra good, the output that follows will be worse than if he had left the process alone." The worsening output then leads to further remedial changes, leading progressively to a complete overhaul of a process that had been operating successfully before.
3	Does the removal of the notification of a pending customer switch unreasonably restrict retailers from being able to comply with the NER or	taken off Victorian codes, i preferred option (Option 3)	orts the view that the objection to certified debt should be n absence of that option Simply Energy agrees with AEMOs, to 'remove the current objection period and replace with a evious retailer following the completion of a transfer in MSATS

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	NERR?	 upon identification of a certified debt'. Key reasons are as follows: aligns NEM wide processes without the need to maintain two separate logics (one for VIC with PEN transaction and other one for NECF states without PEN transaction) facilitates next day transfer in line with other NECF states, as proposed, and provides flexibility to retailers as it allows reversal of transfer should a retailer wish to prevent transfers away on the grounds of 'certified debt'.
4	Are there any alternative design options that AEMO should consider facilitating prevention of a customer switch by a retailer based on a certified debt, which are consistent with the ACCC REPI recommendations for the removal of the notification of a pending customer switch and do not unreasonably delay customer switches in Victoria?	Simply Energy considers Option 3 as the most practical option however there is a key issue that needs to be considered. Simply Energy has identified a scenario where the removal of PEN could cause issues with the de-energisation process. For example, if a Retailer has raised a disconnection for non-payment and the customer has transferred away from that retailer to the new retailer, due to the absence of PEN transaction, the previous retailer (who raised DNP) would have no opportunity to withdraw the DNP. While distributors can monitor transfers and cancel pending DNPs where required, if a transfer completes concurrently with the DNP the distributor might be unable to cancel it. This may lead to a wrongful disconnection, with risks for retailers depending on when the DNP was actioned. Simply Energy suggests that AEMO procedures provide clarity to deal with this scenario, including suggestions via B2B procedural amendments if required.
5	Does the one business day timeframe proposed to enable the raising of the	Agree, however since option 3 (preferred option) links to a new CRC (proposed as CR 1061), Simply Energy believes that it should only be limited for in-situ transfers and not

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	new Victorian certified debt objection CRC reasonably enable retailers to exercise the ability to prevent the customer switch?	for move-in transfers due to the difference in these transfer types. In a move-in situation, CR1061 (proposed) must not be used and hence AEMO must ensure that there are validations in MSATS to prevent this from occurring.
6	Should AEMO seek to replace rather than redesign the current CRC with two new prospective CRs? If so, how might transactions 'in-flight' be treated upon implementation of the procedure changes and associated system changes?	Simply Energy agrees with AEMO's preferred option (Option 2) to retain CRC 1000. Simply Energy does not support retiring CRC 1000 and introducing new 10X0 series for customer switching. CR1000 is the most commonly used transaction and hence it has a high volume (as many as 213000 transfers raised NEM-wide each month as per AEMO's statistics), which makes it an extremely important transaction. Unless there are no other options, creating new CR10X0 series would amount to an overhaul of the transfer solution, however as suggested in the issues paper, option 2 enables existing processes to be retained to a large extent.
7	Is there a compelling reason to retain the use of the NSRD in the customer switching process? If so, what are these reasons; and what controls might reasonably be introduced such that its use no longer becomes commonplace and that customers benefit from the ability to access next-day switching?	Simply Energy is indifferent to the NSRD however there is no negative customer outcome in retaining the ability for a transfer to occur on the NSRD especially in the scenario where the retailer can identify (via NMI standing data), that a scheduled read is due to take place in coming days. It is likely that the benefits of the accuracy of this read outweighs the costs of the slight delay in transferring the customer. However, due to the unreliability of NSRD (+-5 days threshold by meter data routers), MSATS procedures must be updated to make 'Proposed Change Date' as an optional field where 'NS' read type code is selected and as such CR1000 must then align the transfer completion date.

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8	Is there value in retaining an ability for a prospective change of FRMP role to occur based on a special reading?	Yes, this would be particularly useful where a customer wishes to transfer on an actual read. This also provides a wide range of options available to the retailer that in-turn can be made available to the customer.
9	With the NSRD no longer able to be used to facilitate prospective customer switches, is there value in maintaining access to the NSRD in NMI Discovery?	Yes, as mentioned in response to Q7, regardless of NS being maintained or removed as a read type code, NSRD it is an extremely useful piece of data and provides value in various retail processes, not limited to retail transfers. For example, one of the most common questions asked by customers is 'when is my meter getting read next?' and agents use this data to form their response.
10	How critical is the Read Quality information to the potential use of the Last Read Date for retrospective customer switching?	Read Quality information is highly important as one of the key reasons to utilise retrospective transfer is to leverage an actual read which is known for its accuracy. As such, the read quality makes the whole difference in determining whether retrospective transfer adds value to the customer.
		Simply Energy has reviewed the three options provided in the issues paper regarding retrospective changes of the FRMP role and agrees with AEMO's preferred option, i.e. option 1 to introduce two new fields (last read date and read quality), for the following reasons:
		future proof solution that can be automated,
		 provides a complete set of information from last read to next read,
		 allows flexibility and optionality to retailers to determine their most appropriate transfer logic,

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		assist in customer queries and complaints resolution when required,
		avoids manual extraction of standing data, unlike option 2, and
		avoids repurposing of existing fields, unlike option 3.
11	Are there other matters that AEMO should consider regarding the three options presented, or any alternative options that AEMO might consider?	Simply Energy agrees with AEMO's preferred option on this matter.
12	Has AEMO reasonably presented the relevant considerations in relation to using recent readings to support customer switching? Are there any additional considerations that AEMO has not presented?	Simply Energy has identified a contradiction between the amendment in MSATS procedure (page 51 of marked up version) and the issues paper. On page 51 the definition of "Previous Read – PR" is not limited to manually read meters and as such, type 4A, 5 and 6 have been struck off. However, in the issues paper, AEMO suggested that retrospective transfers should only apply to manually read meters. Simply Energy agrees with the issues paper and considers that remotely read meters are not to be included in scope of PR read type code. Moreover, as per the response to Q10, Simply Energy does not understand the value of including Last read date and read quality for remotely read meters (including VIC AMI) as the data is always available. Simply Energy suggests that read type code PR should be no earlier than today (since today's date is also considered retrospective) however for manually read meters (including COMMS4A), this could be extended to up to 10 business days in the past.
13	Is the proposed 15 business day 'window' in which a recently-obtained	The farther we go back in winning the customer, the probability of offer mismatch

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	metering reading could be used to	increases unless fully automated, which is possible but highly complex.
	support a retrospective in-situ customer switch reasonable? Are there additional matters that AEMO might consider in support of a lengthening or shortening of this 'window'?	Simply Energy suggests that the proposed 15 business day window is reduced to 10 business days (in line with CR1040), to reduce the risk of overlapping bills and their consequences, including reissued bills, customer credits and refunds, and additional customer correspondence, which impact both losing and winning retailers.
		As a benchmark, in other jurisdictions gas distributors use a 'deemed read' provision that goes back 10 business days, with only limited impacts on retail billing systems.
		In addition to limiting this window for only manually read meters, Simply Energy strongly disagrees with lengthening of this window any further.
		From a losing retailer perspective:
		Each customer has a specific billing cycle (let's say 1st of each month) and considering a customer who has already been billed on 'Actual' reads (VIC AMI and COMMS4), the invoice can be issued on 1st of each month (billing days for last 30 days) and as such, any retrospectivity can cause more inconvenience to the customer as this could trigger a cancel-rebilling scenario. The farther we go back in days, the bigger the concern because the customer may have paid the invoice and a reversal of credit or refund is needed, requiring the customer to further engage with the losing retailer.
		From a winning retailer perspective:
		In principle, retailers should be able to transfer a customer as far back as 15 business days or beyond however there will always be instances where a particular product/offer is only

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		available from (say) 1 st July onwards and the customer compares the prices online before making the switch however CR is raised on (say) the 5 th July. If a winning retailer then decides to win this customer from (say) 15 th June or even before, the price the customer expects does not correspond to the June product because of the timing issue, leading to confusion and complaints.
14	Is the proposed inclusion of a retrospective customer switch in the CRC 1000 a preferable outcome to the creation of a new specific CRC for this purpose (linked to questions in section 3.1.2)?	Instead of creating a new CRC, Simply Energy agrees with AEMO's preferred position that read type codes changes can lead to the same outcome with minimal impact to the structure of CR1000. Simply Energy does not consider that a specific CRC is needed for retrospective customer switch, as including it as a valid option in CRC 1000 achieves the same goal.
15	Is the proposed extension of five business days (from 10 to 15 business days) to the retrospective period within which a CR 1040 may be raised reasonable? Are there additional matters that AEMO might consider in support of maintaining the current 'window', or the lengthening or shortening of this 'window'?	currently and suggests that the PR (new proposed read type code for CR1000) should also
16	Should the use of a recent reading be limited to customers who have	, , , , , , , , , , , , , , , , , , ,

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	manually read metering installations? Smart metering systems should be able to provide readings for a specified date within the last 15 business days (e.g. if a customer with a smart meter can confirm the date of their recent bill is within the last 15 business days, why should the prospective retailer be restricted from retrospectively switching the customer on that date, so that the customer and participants can access the benefits of a retrospective customer switch as described in this section?	 read meters. As a result, Simply Energy considers the use of retrospectivity should be as follows: for VIC AMI and COMMS meters (except 4A) – retrospectivity allowed for today onwards, i.e. 0 days to +65 business days. For COMMS4A, type 5 and type 6 – retrospectivity allowed for up to 10 business days in the past, i.e10 to +65 business days. While there could be value in aligning the read dates of the losing and winning retailers, if it can be provided by the customer, this may not be available at all times, leading to the risk of overlapping bills, especially if a winning retailer decides to raise a transfer from the farthest past date available. As mentioned in the response to Q13, Simply Energy suggests that retrospectivity should be restricted to 0 days where an actual read is always available, to minimise the risk of overlapping bills and their consequences, including reissued bills, customer credits and refunds, and additional customer correspondence.
17	Has AEMO overlooked any requirement or reasonable justification for the retention of the five embedded network-specific CRs?	Simply Energy is indifferent to decisions made with respect to these CRs (CR 1080 to CR 1084).

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18	Do the changes adequately provide for retailers to comply with the cooling-off provisions and customers' exercising	While Simply Energy agrees with AEMO's proposed design on cooling off reversals, after carefully assessing the scenario, Simply Energy believes that it should be restricted to 9 business days instead of 10 business days.
	their right to cool-off?	If a retailer raises a customer transfer on day 0 (the first day of cooling off period), MSATS completes the transfer on day 1 (as an overnight batch) which removes 1 business day from the cooling off period, hence MSATS supporting 10 full business days is not appropriate.
19	Is the redesign of an existing cooled-off error correction CR preferable to the creation of a new error correction CR for the purpose stated above?	Simply Energy believes that CR1026 will remain a useful transaction and should be retained as is.
		CR1026 provides similar functionality to the new CR1061, but can only be raised by the winning retailer, whereas the proposed cooling-off reversal is to be raised by the losing retailer.
		Having both CR1026 and CR1061 will enable differentiation between the 2 situations.
20	What problems, if any, might be caused by the removal of the error correction CRCs 1022, 1027 and 1028?	Although low in volume, if the existing error correction CRs 1022, 1027 and 1028 are not causing any issues to current processes, their deletion is not desired. Moreover, the intent of the change is to expedite customer transfers, which does not impact these CRCs.
21	Should changes be considered to error correction CRCs 1020, 1021, 1023 and 1029 to better facilitate resolution of issues and errors for customer	Simply Energy agrees with AEMO that CRCs mentioned in this section have an ongoing value and do not require alteration.

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	switching?	
22	Are the changes proposed to the objection codes available to MCs regarding MC role appointment reasonable?	· · ·
23	Are there other unreasonable restrictions placed on appointing parties by the MSATS procedures that limit or prevent MSATS role appointment to align with the NER requirements at a connection point that AEMO might consider?	Simply Energy is fairly aligned with AEMO's proposals. Additionally, there is one scenario that is not addressed in the current or proposed MSATS procedures. This is the scenario where a retailer wins a site with a DNSP meter and a contestable MC. There are three ways this situation could arise (receipt of a fault notification, customer initiated meter churn (such as a solar upgrade) or as a retailer led roll out) and the actions required of the winning retailer are different in each case. Simply Energy recommends that a flag is added to MSATS to indicate which of these situations applies.
24	Are there issues affecting the installation of metering that could reasonably be resolved by reducing the nominated MC's objection timeframe to	Response to questions 24 and 25: Simply Energy agrees with AEMO's preferred position that reducing MCs objection period from 1 business day to 0 business day will not make any material difference, assuming

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25	zero days in MSATS? Would MCs reasonably be capable of determining whether to object to transfers if the objection period for MC nomination was reduced to zero days?	most of the objections are raised automatically and instantly. Hence the outcome of reduced objection period will be the same as unchanged objection period. While Simply Energy believes that it's important to address the difference between CR 1000 series and CR 6000 series in case of MC objections (or MDP/MPB objections), Simply Energy reiterates that MCs should only be allowed to object on 'explicit' appointments via CR 6000 series.
26	Are there further suggestions on changes to structure to improve the clarity and accessibility of sections 1 to 6 of the MSATS CATS procedures?	No comments
27	Do MSATS Participants believe that the proposed changes materially alter the obligations placed on them within the MSATS procedures?	Simply Energy considers that except for one particular amendment (raised in response to Q1 above regarding flexibility to nominate MC role in CR1000 series), the remainder of the changes do not alter the obligations, but provide optionality to retailers to consider in their transfer processes.
28	Is the change to the reason code in the MDFF necessary?	Response to questions 28 and 29: Simply Energy agrees with the amendment and proposes a minor change to the current
29	Should other changes be considered to the MDFF to accommodate the changes proposed in this Issues Paper?	

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		is easier to filter them from customer provided reads.
30	Is the rationale described in this Issues Paper regarding the proposed timing for implementation reasonable?	Simply Energy agrees that while there are system changes in the proposed structure, majority of the changes provide a customer benefit and provide value over time. However, the proposed MC role separation from CR1000 would be a costly exercise with negative benefit (as explained in the response to Q1). If the change impact can be minimised (especially with the adoption of Option 2 raised in
31	Are there other considerations or proposals that AEMO might consider regarding the timing for implementation of the proposed changes?	