

22 October 2009

Ms Khayen Prentice
Essential Services Commission
Level 2, 35 Spring Street
Melbourne VIC 3000

By email: khayen.prentice@esc.vic.gov.au

Dear Ms Prentice

Re: Amendments to the Electricity Customer Transfer Code

Thank you for the opportunity to provide comment on the Essential Service Commission's (ESC) proposed amendments to the *Electricity Customer Transfer Code* (the Transfer Code).

The Energy and Water Ombudsman (Victoria) (EWOV) understands that the proposed amendments to the Transfer Code form the final part of the regulatory review commenced in 2008. As set out in EWOV's comments on 26 March 2008, EWOV understands that the aim of the review is to streamline regulation by removing redundant or duplicated provisions and to address ineffective regulation without affecting fundamental protections for Victorian consumers.

EWOV's interest in making comments on the Transfer Code is based on its experience in handling customer complaints relating to transfer issues. Since January 2009 EWOV has received 6,967 cases relating to transfer issues, constituting 21% of the total number of cases received to date.

Overall EWOV supports the amendments proposed by the ESC to streamline regulation. We, however, take this opportunity to comment on the following proposed changes.

Proposed retailer to initiate (Clause 4.1)

EWOV strongly supports the ESC's decision to retain clauses 4.1.(a) and 4.1.(b) of the Transfer Code which sets out that a transfer must only be initiated after the expiry of the cooling off period.

EWOV notes that 13% of all transfer cases received in 2009 were in the issue category transfer>cooling off rights. In 66% of the cases customers complained about their cooling off rights not having been actioned. It remains important to ensure that transfers are not initiated until the cooling off period has expired.

Proposed Transfer Date (Clause 4.2)

EWOV agrees that clause 4.2 of the Transfer Code should be retained. In EWOV's experience it is vital that start and end meter readings are actual when transferring a customer. The time period of 20 (clause 4.2 (a)) or even 65 (clause 4.2(d)) business days allows for sufficient time for an actual read to be obtained. It is also beneficial for retailers to clearly communicate the expected transfer date to customers to avoid any complaints about transfer delays.

Meter read method for customer transfer (Clause 4.3 to 4.6)

EWOV supports the ESC's suggestion to retain clauses 4.3 to 4.6 of the transfer Code. Using an actual meter read in transfer situations does reduce the risk of complaints about billing inaccuracies. EWOV received a total of 843 cases in the year 2009 to date where customers complained about a bill relating to the transfer of their account. EWOV therefore supports measures potentially minimising complaints in this area.

EWOV notes the Transfer Code refers to and allows for the use of estimated readings to transfer a customer. EWOV takes this opportunity to query whether the ESC has considered the implications of substituted data being used to transfer a customer where an interval meter is in place. Unlike estimated interval data, substituted data is considered to be final with no opportunity to rectify it. EWOV suggests that the ESC consider if substituted data will be acceptable in all the circumstances where estimated data is currently acceptable. As outlined in our comments on 28 September 2009, EWOV is mindful of the potential confusion that the use of substituted data may cause customers and therefore suggests it should not be used for customer transfers. However, if the ESC considers substituted data to be appropriate data to be used for a transfer, EWOV also recommends that a definition of substituted data is added to the definition section of the Transfer Code.

Valid objections to transfers of customers (Clause 5.1)

EWOV strongly agrees with the decision to repeal clause 5.1(a) and to retain 5.1(b), thereby keeping the requirement that a retailer can only raise an objection on the basis of debt if the debt falls within the definition of certified debt. In particular, EWOV strongly supports all parts of the definition of certified debt, given that customers who have agreed to and maintained a payment plan for three months still have the opportunity to transfer even if the outstanding amount is more than \$200.

Valid objections - Notification and resolution (Clause 5.4 and 5.5)

Based on its case handling experience EWOV welcomes the decision to retain the notification requirement set out in clause 5.4 of the Transfer Code and the resolution efforts required by clause 5.5. In 2009, EWOV received 104 cases where the customer raised the issue of a retailer objecting to their transfer. In some cases it appears that the lack of communication about the objection to the transfer with the customer aggravated matters. In one example (C/2009/3674) the customer agreed to transfer in May 2008 and promptly received a 'welcome letter' from his new retailer. Two months later he received a phone call from his current retailer asking him if he had agreed to transfer and advising him that it had rejected the transfer due to an outstanding account. The customer thought he had resolved the issue with his old

retailer but in February 2009 his new retailer advised him that the other retailer had again rejected the transfer. Seven months after he had agreed to the transfer the customer was still not with his preferred retailer. In resolution of the complaint, the customer's current retailer apologised, offered a financial credit in recognition of the inconvenience experienced by the customer and confirmed that it would not object to a new transfer request.

We trust the above comments are helpful. Should you require further information or have queries, please contact Frances Wood, Manager Public Affairs and Policy, on (03) 96497599 or at frances.wood@ewov.com.au.

Yours sincerely

A handwritten signature in cursive script that reads "Fiona McLeod".

Fiona McLeod
Energy and Water Ombudsman (Victoria)