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Australian Energy Market Commission  
 PO Box A2449  
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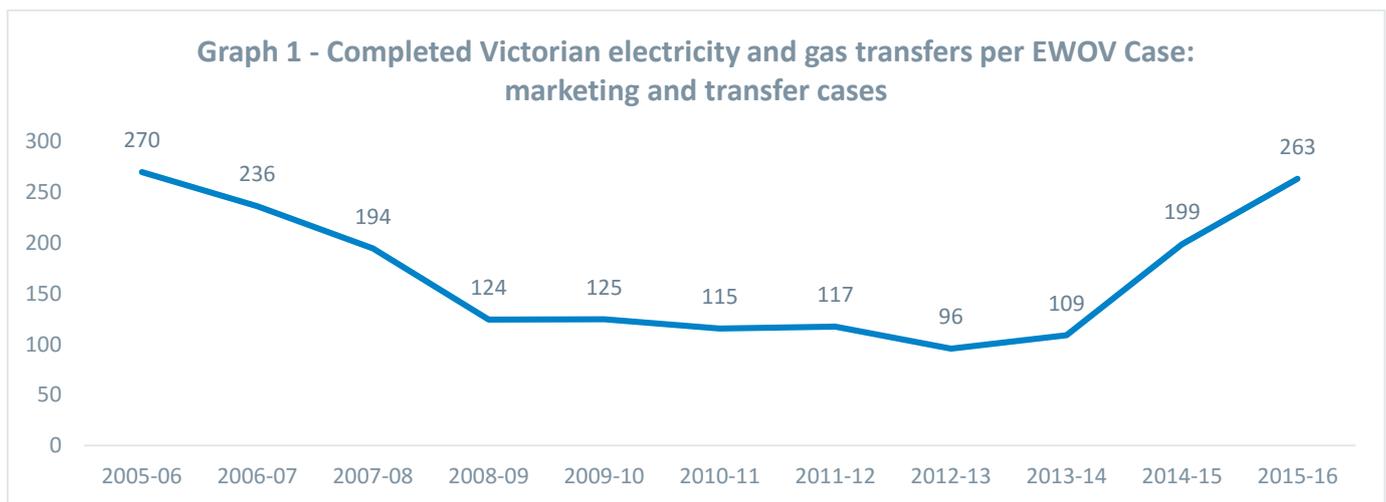
Dear Sir/Madam,

***Re: The Australian Energy Market Commission (AEMC)’s Transfer Accuracy Rule Change Request Consultation Paper (Consultation Paper)<sup>1</sup>***

Thank you for the opportunity to comment on Australian Energy Market Commission (AEMC)’s *Transfer Accuracy Rule Change Request Consultation Paper*.

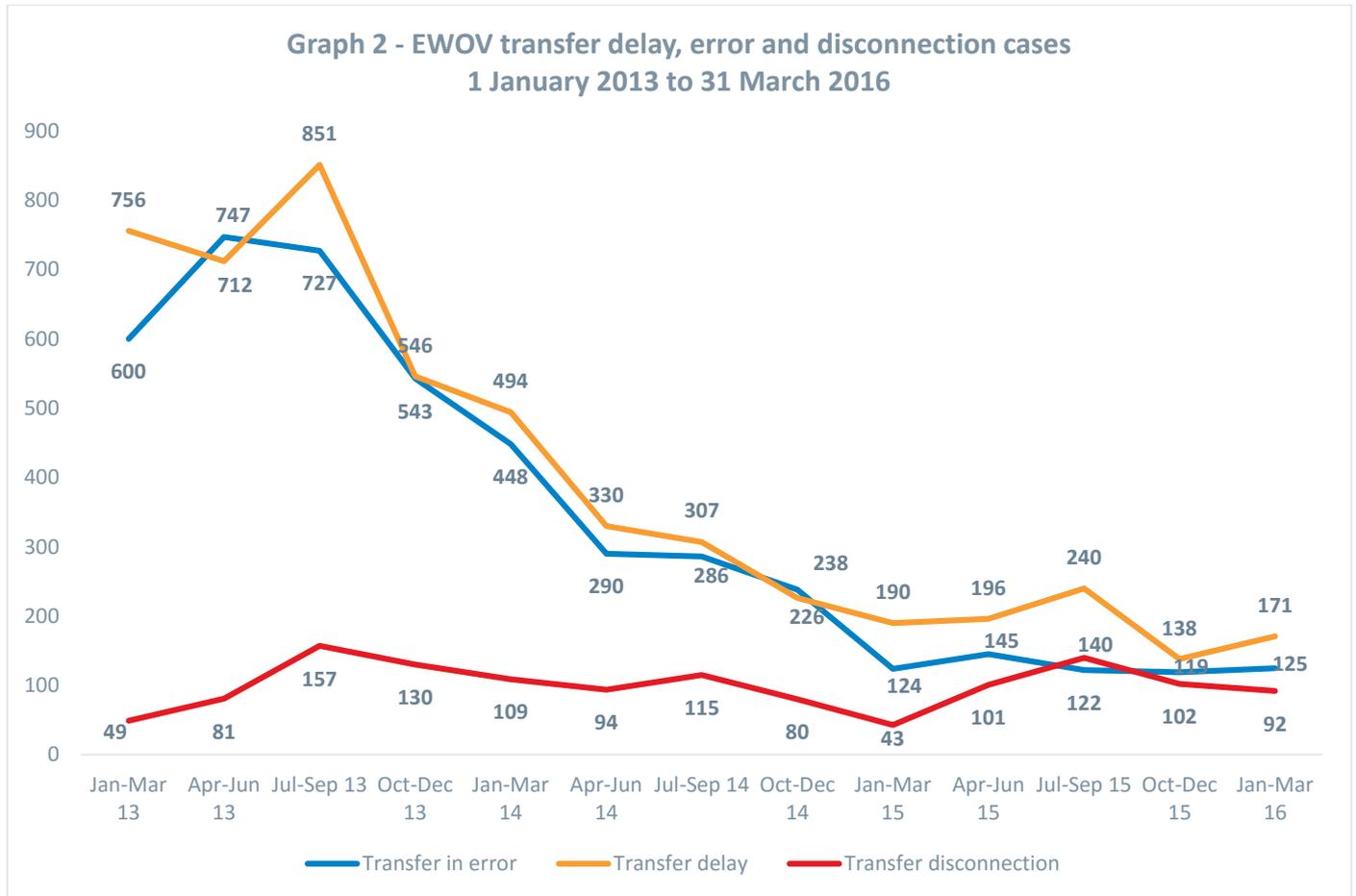
As an industry-based external dispute resolution scheme, the Energy and Water Ombudsman (Victoria) (EWOV) provides alternative dispute resolution services to Victorian energy and water consumers by receiving, investigating and facilitating the resolution of complaints. EWOV's comments are based on our experience handling complaints about energy transfer issues. Specifically, this submission provides EWOV transfer-related case data, some analysis and insight into the impact that transfer problems have on customers and a case study to illustrate the customer experience of a an erroneous transfer. We also respond to questions 1,2,5,6 and 7 set out in the *Consultation Paper*.

**EWOV transfer case data**



<sup>1</sup>Specifically titled: The Australian Energy Market Commission (AEMC)’s Consultation Paper on National Electricity Amendment (Improving the accuracy of customer transfers) Rule 2016, National Energy Retail Amendment (Improving the accuracy of customer transfers) Rule 2016 and National Gas Amendment (Improving the accuracy of customer transfers) Rule 2016

As highlighted in Graph 1 and 2, EWOV has seen a significant decline in the number of transfer-related cases. EWOV has not seen such few transfer and marketing cases compared with the number of completed transfers (for both electricity and gas) since the 2005-06 financial year. In the current financial year, for every 263 completed transfers, EWOV will receive one case (about a marketing or transfer issue). EWOV believes that this decline has been caused by reduced door-to-door marketing and therefore potentially less unsolicited transfers and improved customer service and internal dispute resolution by the energy companies.



Although overall EWOV case numbers have significantly reduced, the proportion of transfer error and transfer delay cases has not declined rapidly since January 2013<sup>2</sup>. Since 2013, transfer delay cases on average represent 18% of all transfer cases received and 2% of all EWOV cases. Transfer error cases represent on average 15% and 2% of transfer cases and all EWOV cases respectively. Disconnections occurring as a result of a transfer issue has increased as a proportion of all EWOV transfer cases from only 1% in the January to March 2013 quarter to 10% in the January to March 2016 quarter. However, these cases have on average steadily represented only 1% of all cases received.

<sup>2</sup>As noted in a previous submission to the AEMC in 2013 – a single energy retailer made a significant contribution to EWOV case receipt and high transfer issues between 2011 and 2013.

[https://ewov.com.au/data/assets/pdf\\_file/0008/10007/EWOV-comments-AEMC-Issues-Paper-Review-of-Electricity-Customer-Switching.JS.pdf](https://ewov.com.au/data/assets/pdf_file/0008/10007/EWOV-comments-AEMC-Issues-Paper-Review-of-Electricity-Customer-Switching.JS.pdf)

Even though cases about transfer issues have reduced, EWOV continues to receive complaints from Victorian consumers about the transfer process being delayed or not being completed correctly. Our response to the paper's questions is based on our experience handling these complaints.

### Address mismatch

EWOV does not know how commonly a transfer is delayed or erroneously completed as a result of mismatched addresses. However, based on our case receipt this continues to be an issue for both electricity and gas customers. We also note that an address mismatch can cause the wrong customer to be transferred and can also lead to the disconnection of a customer's electricity or gas supply. It can also cause significant costs to energy companies, to correct the error and also to resolve complaints if an EWOV complaint is lodged.

As illustrated in the case study below, transfer errors caused by an incorrect address may result in incorrect billing and can also lead to the disconnection of the customer's supply. In this case, the customer's supply was disconnected twice as she did not receive notices to warn her of the pending disconnections. This happens because the address linked to the customer's meter number was recorded incorrectly (with an additional unit letter at the end of the property number e.g. 1A). To fix the error, an EWOV Investigation was lodged with the retailer that held the billing rights<sup>3</sup>. An Assisted Referral was also lodged with retailer the customer wanted to be billed by. In this instance the Assisted Referral was lodged prior to the second disconnection. Had the retailer of choice corrected the erroneous address listing, the second disconnection may not have occurred and the customer's account could have been retrospectively transferred to that retailer.

### *EWOV Case Study*

The customer contacted EWOV as she was dissatisfied that an energy retailer transferred her property's electricity supply and disconnected it twice. She contacted her preferred retailer and was told that another retailer had taken the account in error. A retrospective transfer was requested to correct the mistake. The customer contacted EWOV because she was concerned that the retailer would refuse to transfer back the account and would require payments. Before contacting EWOV, her supply had been disconnected twice - in October 2015 and January 2016. The retailer with the billing rights told the customer that it had sent disconnection warning notices, but she had not received any. Even though she had been able to organise reconnection, she had to take a day off work so that a meter inspection could occur. In order to resolve the matter, the customer wanted a retrospective transfer to her retailer of choice and for the other retailer to waive any charges resulting from its transfer error.

In response, the energy retailer apologised for the inconvenience caused. It confirmed that the National Metering Identifier (NMI) attached to the property was incorrect and that the database was updated to correctly to reflect the correct address. (In this instance a letter A had been added as a suffix to the property

<sup>3</sup> Together with two Wrongful Disconnection Payment cases (to assess if the two disconnections were completed in line with the *Energy Retail Code* requirements).

number). It also retrospectively transferred the account from 24 August 2015 back to the customer's preferred retailer and advised there was no outstanding balance to be paid.

As part of the investigation, EWOV completed two Wrongful Disconnection Payment (WDP) assessments and found that both disconnections were wrongful. WDP payments of \$91.84 and \$167.36 were paid to the customer. The retailer provided a direct contact for any further issues.

**2015/34732, 2016/1896, WDP/2016/97 and WDP/2016/98**

## An address standard

Based on EWOV's case receipt, we have observed that problems with the transfer process occur when a property address description, its meter number, its NMI and the details in the Market Settlement and Transfer Solutions (MSATS) do not align. This may be caused by:

- The customer only providing an address at the time the transfer is initiated, and this is incorrect or does not match the information in the retailer's system or MSATS data.
- The customer providing incorrect information about the meter number or NMI.
- A discrepancy between how the property's address is commonly known and the retailer and/or distributor's information<sup>4</sup>.

When a customer attempts to fix delayed or erroneous transfers they can experience difficulties when:

- The retailer of choice cannot advise which retailer holds billing rights, only that a transfer has occurred.
- Due to privacy, the distributor will not confirm the retailer with billing rights.
- They must liaise between two retailers, and in some cases the distributor, to resolve transfer errors.

Currently, when EWOV investigates complaints about this issue the meter number and the address will be checked. The meter number will be checked in the retailer's and distributor's systems, what is at the property and on the bills. The address may also be checked against the LandVic database. In the future, these errors could be avoided or reduced if an address standard, as proposed by AEMC, was introduced that required validation.

The *Consultation Paper* proposes the use of Australia Post's Address File, the Geo-coded National Address File or ANZLIC address standard for validation purposes. While EWOV has not used these options when investigating complaints about this issue, EWOV supports the adoption of a universal standard. EWOV also agrees with AEMO's proposal to include a new field in MSATS where the retailer with previous billing rights would be able to confirm the address and meter number or NMI on its system to the new retailer once the transfer process has commenced.

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<sup>4</sup> For example, a corner site property, sportsground (with multiple street frontages), units or apartment developments, a newly developed site or subdivided site.

EWOV also suggests that delayed or erroneous transfers can be minimised if:

- The meter number or NMI together with the address is obtained early when starting the transfer process.
- Retailers take care when asking customers for their address and NMI details – and clarify any potential errors with the customer where a transfer delay has occurred.
- Retailers and distributors maintain accurate, reliable and efficient internal systems.
- When customers contact their preferred retailer or the distributor they are provided with the name of the retailer which holds the billing rights.

## An address standard for gas

As noted earlier, issues about delayed or erroneous transfers being caused by mismatched addresses can also occur for gas accounts. This is why EWOV supports the introduction of an address standard for both electricity and gas.

## Resolving erroneous transfers

EWOV does not believe that many customers would understand the procedural options and obligations under the CATS Procedures<sup>5</sup>. EWOV endeavours to make information about the transfer process and customers rights available to customers via fact sheets, videos and when they call our office. However, EWOV believes that continued and increased education from industry about this information would be valuable. To increase awareness about the transfer process, customer rights and to reduce customer confusion - and potentially the error rate and/or time to resolve these issues - EWOV also supports the proposal that customers are provided more information, not just about the CATS Procedures, but about their rights in the transfer process from all participants in the industry.

Improved communication between retailers, and processes for resolving erroneous transfers would not only reduce the onus on the customer to navigate two retailers (and in some instances their distributor) to resolve the issue, but would also reduce the need to escalate a complaint to EWOV. Currently, customers are required to provide substantial input into the process of fixing an erroneous transfer. To reduce this input and improve the correction of erroneous transfer, EWOV supports a change to the rule to state that ‘resolving’ an erroneous transfer requires improved communication between both retailers involved and reducing the need for customers to manage the process. EWOV also supports the AEMC’s proposal to clarify retailer roles in the rules to ensure that there is clear guidance to all parties (the retailer of choice, the retailer that holds billing rights and customers) about how to quickly fix transfer errors.

EWOV agrees with the AEMC proposal requiring the retailer the customer contacts first about an erroneous transfer to coordinate the process and remedy the error - regardless of the procedural and legal considerations. EWOV also suggests that when retailers self-identify erroneous transfers they communicate early with customers and the other retailer (if known). Problems can occur when the retailer does not follow

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<sup>5</sup> Section 2.2(m) and tables 4-N and 7-A of the CATS Procedures. Which outline the requirements to fix an incorrect transfer within two business days and retrospectively transfer back on the previous meter read.

the correct process, once a transfer error is identified, and the customer's supply is disconnected instead of the error being fixed and the address being updated/validated.

The following case study highlights how important it is for retailers to follow the correct procedure when a transfer error is identified arising from an incorrect address. If this does not occur, erroneous or double billing, and disconnection of the customer's supply can result. In this case, the customer's supply was disconnected after the retailer had identified a transfer error but did not establish an 'occupier account' and instead disconnected the supply. To resolve the matter, an Investigation was lodged with the retailer that held the billing rights, together with a WDP case and an Assisted Referral for the retailer the customer was being billed by.

### **EWOV Case Study**

The customer contacted EWOV dissatisfied that her electricity supply had been disconnected. When she moved into the property she used a third party connection service to establish an account with an electricity retailer. She then received and paid bills with this retailer. While overseas, she was notified by someone checking on her property that the electricity was off (10 February 2016). She contacted her retailer of choice and was told that her account was transferred to another retailer. She then contacted this new electricity retailer and was advised that it had held the billing rights for the property since 2014. She said no warning had been received of the disconnection, that supply was off for 29 days and as a result the contents of her fridge and freezer had spoiled. The new electricity retailer explained it would need to set up a new account in her name and backbill for the usage at the property. She was dissatisfied with this information as she had paid previous bills with her preferred retailer.

As a result of the information provided, EWOV lodged an Investigation on 1 March 2016 and started an assessment of the disconnection. In response, the electricity retailer stated that it had an account for a previous customer until they moved out in January 2016. When its customer told the retailer that they were moving out of the property it organised the disconnection of the property.

After further review the retailer explained that the disconnection of the electricity supply on 21 January 2016 at 10:07am, did not comply with the requirements of the *Energy Retail Code (clause 115(2)(a))*. When it established an account for another customer it incorrectly linked this account to the customer's property. When it realised this error after being contacted by its customer, it disconnected the site instead of starting an occupier account and sending out notices to the customer living at the property.

Therefore a WDP of \$3,500 (calculated at \$250 per day pro rata) was paid to the customer. The payment was capped under s40B (1A) of the *Electricity Industry Act*, because the customer did not contact the retailer of the disconnection within 14 days. The supply was reconnected on 18 February 2016 at 4:21pm. The electricity retailer also apologised for the inconvenience this matter has caused and offered a further financial credit of \$250 for the out-of-pocket costs incurred. The customer was satisfied with the offer made and the WDP provided and so the matter was resolved.

EWOV also lodged an Assisted Referral with her preferred electricity retailer as she was confused and frustrated with the disconnection and billing issues and had spent significant time and money making international calls to resolve the issue. The electricity retailer had 21 days to resolve the issue directly with the customer and the matter was closed with EWOV.

**2016/3401, 2016/3405 & WDP/2016/182**

We trust the above comments are helpful. Should you require further information or have any queries, please contact Belinda Sandilands, Senior Research and Communications Advisor, on (03) 8672 4460 or at [Belinda.Sandilands@ewov.com.au](mailto:Belinda.Sandilands@ewov.com.au).

Yours sincerely



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