

19 July 2017

Mr John Pierce
Chair
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Strengthening Protections for Customers Requiring Life Support Equipment Consultation Paper

Dear Mr Pierce,

Thank you for the opportunity to contribute to the Australian Energy Market Commission's (AEMC's) Consultation Paper on the *National Energy Retail Amendment (Strengthening protections for customers requiring life support equipment) Rule 2017*.

Energy Networks Australia is the national industry body representing businesses operating Australia's electricity transmission and distribution and gas distribution networks. Member businesses provide energy to virtually every household and business in Australia.

Energy Networks Australia supports amendments to the current life support requirements that will improve the safety and efficiency of current arrangements. Energy Networks Australia's members Boards and senior management treat the health and welfare of our customers with life support equipment with the utmost importance.

Generally, Energy Networks Australia supports the rule change request, but submits that the AEMC make a more preferable rule, which also deals with the following matters:

- » the lack of any current national life support register, including suggested enhancements to the current B2B processes;
- » the development of a life support customer information template to ensure harmonised information is collected by all retailers and distributors; and
- » consideration of the introduction of biennial re-confirmation process for life support customers aligned with other existing requirements to improve the accuracy of the register.

Should you have any additional queries, please feel free to contact Ms Kate Healey, Director Regulation on (02) 6272 1516 or khealey@energynetworks.com.au.

Yours sincerely,



John Bradley
Chief Executive Officer

Consultation Paper on strengthening protections for customers requiring life support equipment

19 July 2017

Background

Energy Networks Australia is the national industry body representing businesses operating Australia's electricity transmission and distribution and gas distribution networks. Member businesses of Energy Networks Australia provide energy to virtually every household and business in Australia.

Overview

Energy Networks Australia welcomes the Australian Energy Market Commission's (AEMC's) consideration of the *National Energy Retail Amendment (Strengthening protections for customers requiring life support equipment) Rule 2017*.

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Generally, Energy Networks Australia supports the rule change request, but submits that the AEMC make a more preferable rule, which also deals with the following matters:

- » the lack of any current national life support register, including suggested enhancements to the current B2B processes;
- » the development of a life support customer information template to ensure harmonised information is collected by all retailers and distributors; and
- » consideration of the introduction of biennial re-confirmation process for life support customers aligned with other existing requirements to improve the accuracy of the register.

Energy Networks Australia also supports the timeframes and processes for the registration and deregistration of customers from the life support register, however customers should not have an infinite period in which to provide a medical certificate and should be limited to one extension period of 30 days beyond the time periods set out in the Consultation Paper.

Further detail on these matters is set out below and forms the basis of Energy Networks Australia's submission.

Responses to the AEMC's questions are set out in Appendix A.

The growing number of life support customers

Energy Networks Australia agrees with the rule change proponent, the Australian Energy Regulator (AER), that life support registers have grown and have become increasingly inaccurate. As the AER correctly states, businesses experience increased compliance costs as the numbers of customers flagged as having life support equipment grows. Recent customer surveys undertaken by distribution businesses showed that 10% - 30% of their recorded life support customers were inaccurate.

Energex and Ergon Energy are also currently undertaking an audit and are finding that around 10% of customers registered as requiring life support equipment no longer require life support registration.

A national life support register

Throughout the AER's rule change request and the AEMC's Consultation Paper there is frequent reference to a life support customer register or registers. At the current time, no such register exists in the National Electricity Market (NEM) or National Gas Market (NGM). Electricity customers are instead flagged as life support customers through B2B process.

In the context of the AER's pre-lodgement rule change consultation, the industry has supported the possibility of upgrading B2B processes to include additional fields that would allow more comprehensive life support customer information to be recorded.

It is important that privacy considerations are taken into account in any possible register arrangements.

Definitions and information requirement

The current National Energy Retail Rules (Rules) do not require the identity of the life support customer to be disclosed, so retailers and distributors often only have the name of the account holder.

It is important for distributors to know the identity and contact details of the life support customer and if necessary, their carer's name and contact details. Fixed and mobile phone numbers as well as email addresses are important contact methods. Current industry B2B rules do not oblige retailers to supply all contact details to distributors. Energy Networks Australia recommends that the AEMC mandate that retailers supply email address and mobile phone details as a "required" obligation for all customers and a mandatory requirement for life support customers.

With regards to the current definition of life support equipment, our members report that the flexibility afforded to medical practitioners in the definition of life support equipment to include "any other equipment that a registered medical practitioner certifies as requiring for a person residing at the customer's premises for life support" may be leading to a significant expansion of the life support customer register.

This is a wide-ranging category, which may see some equipment that is required intermittently or to improve quality of life, but which may not, strictly speaking, be required for life support purposes being included and certified as life support equipment. Networks regard the safety of customers as a primary priority. Distribution businesses seek the best way to ensure that inadequate information does not lead to decisions that put customers at risk, or affect the reliability and security of supply.

Energy Networks Australia suggest that a further education program with Doctor's via the Australian Medical Association may be appropriate to ensure that only those with genuine life support requirements are certified as such and that this certification makes it clear whether the life support requirement is for electricity or for gas.

In early consultation prior to the lodgement of the rule change Energy Networks Australia suggested to the AER that it would be useful to develop a template to ensure all retailers and distributors collect harmonised and consistent information on life support customers. Energy Networks Australia considers this would represent best practice, and requests that the AEMC rule change requires development of such a template. It would be desirable for the AEMC to work with State Governments so that the form can also be used to apply for relevant life support payments if necessary.

Ensuring valid registrations to promote safe outcomes

The AER reports that in some cases life support customers may not have been correctly advised of the requirement for them to provide medical confirmation in order to receive the life support protections. Energy Networks Australia would support strengthening the Rules to ensure customers receive all necessary information.

Support of changes to allow immediate protection for life support customers

Energy Networks Australia's members support suggested amendments to the Rules that will allow a life support customer to be immediately flagged as soon as a retailer or distributor is informed of the customer's life support needs. We also support these customers receiving appropriate life support protections as an interim measure, pending subsequent confirmation of their life support customer claim via appropriate medical certification. However, removal of life support registration should be mandatory if the customer does not provide the required medical confirmation.

Qualified support of the proposed medical confirmation process

Energy Networks Australia supports the proposed new medical confirmation process that would occur over 65 days and include two confirmation reminder notices. We support one extension of 30 calendar days.

We note that the current proposed wording requires at least one extension for a minimum of 30 days. The vagueness in the definition means a retailer or distributor could be required to give multiple extensions without a maximum term. Energy Networks Australia requests that the AEMC provide definitive timeframes for this process otherwise, this process may, in some cases, be extended for an indefinite period.

Furthermore, the Rules should not preclude confirmation reminder notices being sent electronically.

Notification timeframes with customers should clarify business days

The AER proposed rules have a number of retailer or distributor customer notifications. Ideally, these could be met via electronic means but if this were not an option, the timeframes need to be more reflective of Australia Post delivery arrangements. Regular mail has a delivery of 2-6 business days, priority post 1-4 business days at 1.5 times the price, registered mail 2- 6 business days and 5 times the price or express mail, next business day and 6 times the price.

For example, the drafting in Rule 124 (1) (b) requires that no later than 5 days after customer advice, the customer must be provided with certain information. The drafting should reflect that the customer might wish to be provided with written posted information and a period of six business days would be more reflective of the timeframes provided by Australia Post using cost effective priority postage and

allowing one business day for the business to ensure that the information was collated and posted to the customer.

Energy Networks Australia suggests that the drafting in the following clauses be amended from five days to six business days – 124 (1) (b), 124(2) (b), 124 (3) (b), 124 (4) (b). Similarly interactions with the customer in 125 (7) (a), 125 (8) (a), 125 (9) (a) (i) and (b) (i), 125 (10) (a) (ii) and (second) (a) (i) should refer to the 2 or 3 day notification requirements as business days. This would allow more efficient interactions with customers during weekdays to confirm de-registration of life support status.

Support for the proposed deregistration of premises requirements

Energy Networks Australia's members support the AER's deregistration of premises amendments at Clause 125 (1) (a). We support amendments to the Rules which will allow the retailer to deregister a customer if, after having followed the prescribed confirmation processes, the customer fails to provide the required medical confirmation. This process will allow retailers to prioritise the needs of current confirmed life support customers. Energy Networks Australia does not support distributors managing this confirmation process.

We also support the AER's deregistration of premises amendments at Clause 125 (1) (b). Some customers advise that for a range of reasons, life support protection is no longer necessary at a premises e.g. the life support customer has moved, died, or no longer requires life support equipment. In these circumstances, it should be permissible for the retailer or distributor to deregister the premises.

As noted above, following an extensive checking process, should a customer still fail to provide medical confirmation then Energy Networks Australia supports a mandatory deregistration process.

Energy Networks Australia does not support the AER's proposed 2-step process in Clauses 125 (9) and (10) whereby the retailer (or distributor) contacted by the customer has to refer the matter to the other party (either the retailer or the distributor respectively). Once the customer has advised that life support is no longer required at that premises, the retailer or distributor contacted by the customer should refer this advice on to the other concerned party (retailer or distributor) to trigger the deregistration process. It is unnecessary and inefficient for customers to be contacted by both their retailer and distributor seeking confirmation of the same information.

Another option, which would improve the accuracy and currency of the life support information, was for the Rules to require that life support customers be required to confirm their ongoing need for life support arrangements via confirmation from a medical practitioner every two years. This approach would align with various jurisdictional concession arrangements, for example, the New South Wales (NSW) Life Support Rebate must be applied for every two years. This requirement would be unlikely to impose an additional cost on the life support customer, as if they are life support customers, it is likely that they will need to see their medical practitioner regularly and certification would only be required once every two years.

Appendix A

Response to the questions raised by the AEMC

Has the AER accurately characterised the problems with the life support rules?

The AER has accurately characterised a subset of the problems associated with the current life support rules, but its rule change request does not deal with all the issues raised by retailers and distributors during consultation with the AER on the life support Rules during 2016. These are discussed above.

Please provide any information you have on the size of life support registers and how these have changed over time.

Our members report that the number of people flagged as life support customers has grown significantly in recent years.

- » CitiPower and Powercor have seen a 65% growth in life support customers since 2012.
- » For Jemena, 2442 premises are currently registered as requiring life support compared to 1835 in 2015 and 963 in 2010.
- » AusNet Services currently have approximately 5,000 life support customers. Two years go (July 2015) the total number was 3,280. This increase (roughly 53%) has occurred despite our increased efforts to reduce the numbers by auditing the customers by:
 - validating life support customers prior to each planned outage;
 - annual audits of life support customers that involving calling customers and sending a summary of results to retailers; and
 - sending details of life support customers that life support registration is no longer required to the appropriate retailers.

Retailers are asked to audit AusNet Service's list, remove incorrect registrations and send AusNet Services B2B transactions confirming the removal of the life support arrangements.

- » Ausgrid has a population of 25,508 life support customers on its network, an increase of more than 30% since 2014.
- » Endeavour Energy's life support registrations at May 2017 is 20,824. There has been a 25% increase in the number of registrations in the four years from 2014 to 2017. The year on year average increase is 8% over the same period.

Are the registration obligations proposed by the AER efficient and do they provide greater certainty and transparency for consumers and businesses? Are there more preferable arrangements?

Energy Networks Australia supports most of the AER's suggested reforms, however the AER's rule change leaves a number of issues unresolved. We request that the AEMC also consider these issues, discussed in this submission, during the rule change process.

The registration obligations proposed by the AER provide sufficient certainty and transparency for consumers and businesses. However, Energy Networks Australia considers it is more efficient to assign registration of customers with life support equipment exclusively to retailers because rarely do customers register through distributors.

Are the notification arrangements between retailers and distributors sufficient to achieve the requirement of keeping registers up to date?

Retailers and distributors should both be responsible for maintaining the accuracy of the register. In some circumstances, this may involve retailers deregistering customers who do not provide medical certification, or retailers or distributors deregistering customers who request their removal from the register. Retailers should manage the initial certification process, as retailers are the primary party with a relationship with the customer. When a customer wants to connect their electricity or gas, their first point of contact is their retailer. Their retailer will make them aware of the life support arrangements. Many customers are not even aware of the identity of their distributor, as the commercial relationship is managed through the retailer. There are also potential privacy issues involved.

Inaccuracy in the life support information affects both retailers and distributors. It can be very difficult to plan works to undertake repairs if there are a large number of life support customers in an area. If some of these customers do not in fact require life support arrangements, it makes scheduling works easier and may reduce the complexity of the works and consequently the overall time taken to complete the works.

As a retailer or distributor, what additional costs would you incur to comply with the changes proposed to the registration process?

There may be potentially higher administration costs to manage increased volumes if the distributor becomes the registration owner for an increased number of registrations.

Dependent on the AEMC's final rule change requirements, there may also be fixed costs associated with making any required system changes and any new staff training

requirements. These costs would be incurred regardless of the number of life support customers.

Does the information pack proposed in the rule change request provide the appropriate information?

Yes. The information pack proposed in the rule change request provides the appropriate level information. The medical confirmation form could fulfil the same purpose as our proposed template. The confirmation form (or template) should include:

- » both the account holder's name and the life support customers name (if different);
- » the property and supply address (if different) and national metering identifier (NMI) or meter installation registration number (MIRN);
- » the life support customers contact details including phone numbers (home and mobile) and email address;
- » carer's name and contact details (if relevant);
- » the life support equipment installed; which fuel type does the life support equipment use? This is to ensure that if the customer has a dual fuel contract, that only the one or both distributors is notified, e.g. electricity or gas distributor or both depending on the life support equipment's fuel use. Ensuring that the correct distributor is notified, will increase the accuracy of the life support register and reduce compliance costs for all parties;
- » the date from which the customer requires supply to premises for the purposes of the life support equipment; and
- » certification from a registered medical practitioner confirming that a person residing or intending to reside at the customer's premises requires life support equipment.

It should be noted that the information collected might be sensitive and need to be treated carefully in accordance with relevant obligations under the *Privacy Act 1988*. Energy Networks Australia considers that customers should provide consent for necessary information to be shared between retailers and distributors.

As stated above, virtually all customers contact their retailer to arrange their power or gas supply, so it is appropriate that the retailer manages the provision of the information pack.

Is the medical confirmation process proposed in the rule change request appropriate for consumers, retailers and distributors?

The medical confirmation process as proposed by the AER is appropriate.

Whilst there will be an additional cost involved, it is vital to protect vulnerable life support customers, and also important to protect the accuracy and currency of the register, so it is our opinion that these costs are necessary and not disproportionate in

the circumstances.

As a retailer or distributor, what additional costs would you incur to comply with the changes proposed to the registration process?

Energy Networks Australia believes much of the administrative burden would fall on retailers. This would largely be associated with sending several letters to the customer and tracking their reply.

Some distribution businesses may require specialised Customer Relationship Management Systems in order to meet the proposed distribution business obligations.

Does a voluntary process for deregistration strike the right balance between the needs of customers and businesses?

Energy Networks Australia considers the AER's proposed deregistration process strikes the right balance between needs of customers and retailers and distribution businesses. However, the process could be improved by compelling the retailers to take the final step of deregistering customers who do not provide current medical certification to confirm their continued registration as a life support customer.

Instead, the prescribed process adopts a risk averse option of giving retailers and distributors the choice to deregister the customer. Energy Networks Australia suggests 'may' be replaced with 'must' in Rule 125 (4), (7)(b), (8)(b), (9)(b)(ii), and (10)(b)(ii).

Should only the retailer or distributor who was originally notified by the customer when they registered be in control of the deregistration process?

Energy Networks Australia notes customers very rarely register as requiring life-support through distributors. Accordingly, we consider retailers should be the party responsible for registration. Deregistration of customers with life support equipment, in the appropriate circumstances, should be able to be undertaken by both retailers and distribution businesses.

As a retailer or distributor, what additional costs would you incur to comply with the changes proposed to the deregistration process?

Customers rarely register as life support customers through distribution businesses. For example, out of the 2,442 customers that Jemena has registered as requiring life-support, Jemena registered less than five customers.