7 August 2023

Mr Gavin Fox
General Manager, Market Performance Branch
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

By email: marketperformance@aer.gov.au

Dear Mr Fox

Retail performance reporting procedures and guidelines Issues paper

Alinta Energy welcomes the opportunity to comment on the *AER (Retail Law) Performance Reporting Procedures and Guidelines* Issues paper.

As an active investor in energy markets across Australia with an owned and contracted generation portfolio of over 3,300MW and more than one million electricity and gas customers. Alinta Energy has a vested interest in the regulatory reform associated with the review of retailer performance reporting obligations.

Changes to any Guidelines, particularly those that contain retailer reporting obligations should only occur where a cost benefit analysis demonstrates that the benefit of the change outweighs the costs to deliver that change. The outcomes of changing Guidelines can have far reaching consequences, requiring detailed process and administrative changes to retailers' systems and processes in order to meet amended or new requirements.

Retailers operating across the National Energy Market are currently required to produce performance reporting for a number of regulatory authorities and bodies, including the Australian Energy Regulator, Economic Regulatory Authority (Western Australia), and the Essential Services Commission of Victoria.

The lack of shared performance reporting indicators across these regulatory authorities adds to the time, effort, and cost of providing performance reporting information.

We understand as part of this review the AER is considering a number of key initiatives to potentially improve the current Guidelines. These include:

- Introducing new indicators to enhance performance reporting to better inform compliance and enforcement functions,

- Refine current indicators, improving definitions to provide clarity and usability of performance data,
- Increase the frequency and granularity of some data collected to better observe retail market dynamics,
- Consolidate indicators, removing those that do not add value, in an effort to reduce unnecessary reporting burden,
- Collect annual data from distributors on GSL payments and compensation claims,
- Improve the reporting format,
- Better alignment between the AER's Guidelines and the ESCV's performance reporting requirements.

Alinta Energy would caution the AER in its consideration of adding new indicators to the performance reporting requirements. The addition of any new reporting requirements should only be introduced where the AER is able to demonstrate a direct benefit from the inclusion of the new indicator, and that current indicators either individually or collectively, do not provide the information that would be delivered by the introduction of the new indicator.

Refining current indicators and improving clarity of the performance indicators is a potential positive step in ensuring continuity in reporting across retailers.

Increasing the frequency and granularity of performance indicators should again, only be considered where there is a demonstrated benefit in doing so. Increasing the frequency and granularity of reporting data will add costs that are ultimately passed on to consumers.

We would support the removal of those indicators that do not add value, we would suggest that there is the opportunity for further review and consultation on indicators that are not of value to the performance reporting objectives.

One of the key objectives of this review should be ensuring the alignment of performance reporting obligations across regulatory authorities, in order to reduce regulatory and compliance burden, improve efficiencies and reduce costs.

Our more detailed comments are contained in the attached, should you have any questions regarding our submission please contact Shareen Singh – Senior Compliance Advisor by email to shareen.singh@alintaenergy.com.au

Yours sincerely

Shaun Ruddy
Manager National Retail Regulation

Retail performance reporting procedures and guidelines Issues paper

Question 1: Do you have any comments on the proposed implementation time frame of 6 months and commencement date of 1 July 2024 and what steps the AER can take to minimise the costs of reporting under the revised Guidelines?

Alinta Energy is concerned with the proposed implementation timeframe of 6 months. Our concern is based on a high-level assessment of our understanding of the proposed changes, noting that until there is a final determination the extent of the changes remains largely open to conjecture. Likewise, the cost imposed on retailers will depend on the final determination, however it is clear from the issues paper that the changes under consideration will require detailed system and data management changes at a time where access to the required resources remains scarce. Establishing regulatory reporting matrixes requires highly skilled data analysts and data engineers. The availability of these resources internally within Alinta Energy is limited and may require the sourcing of additional resources.

It is recommended the AER publish final Guidelines at the earliest opportunity to allow retailers to adequately assess the required resourcing to manage any amendments to the Guidelines.

The AER must ensure that any implementation timeframe/implementation date is not aligned to any existing compliance and/or performance reporting requirements, as the resources managing existing obligations will be required for the implementation program and testing of any new or amended performance reporting indicators.

As previously stated, until the final determination is released Alinta Energy cannot be certain whether it can meet the implementation timeframe.

Question 2: What is your view on the indicators we have identified to potentially add to our suite of indicators? Are there any additional benefits or potentially unforeseen costs of adding these indicators and are there other indicators we should consider adding?

Alinta Energy does not support the addition of new indicators. It is not clear that the benefits of the proposed additional indicators outweigh the costs of their inclusion in performance reporting.

The AER also needs to consider which market participant is best placed to provide the relevant data for the performance reporting indicator. For example, we consider that the networks are potentially better placed to provide indicators on the number of register life support customers.

Question 3: What are your views on the proposed changes to current indicators?

Clarifying definitions - We support refinement of definitions and clarification of existing indicators and believe this should be a key focus of the AER's Guideline review. This will ensure there is a shared understanding among stakeholders of the required performance indicators and reduce the compliance burden risk.

Alinta Energy would suggest that when clarifying the definitions of the relevant reporting indicators it should be done in consultation with stakeholders. A retailer working group should be established as this would ensure consistency in understanding across retailers and the AER. As this would lead to better outcomes for the retailers, AER and ultimately customers.

Data validation - We support the inclusion of an explicit note in the revised Guidelines to specify indicators where totals are comparable. Knowing which indicators should have the same totals will facilitate a higher level of quality assurance prior to report submission.

Debt indicators – Debt indicators account for the bulk of the reporting indicators and therefore significant time is spent validating these indicators every quarter. We suggest further, more detailed consultation with retailers is required before any changes are made around the reporting of debt indicators, to ensure any proposed changes do not add considerable implementation costs and the proposed debt indicators are fit for purpose.

The ESCV debt indicators have been cited as the reason for proposing changes to the AER debt indicators. However, ESCV debt indicators are not a 'like for like' comparison with AER debt indicators. ESCV indicators are not as complex and have fewer sub-category indicators. We anticipate that the proposed changes to debt indicators would be costly to implement.

Additional information and clarification is required around the 0 day debt indicator, in particular how to manage payment extensions. This is an example of an indicator that could be further consulted on as part of retailer consultation workshops.

Non-hardship debt – We support the splitting of electricity and gas indicators S3.15, 3.17 and 3.18.

Tariff and meter types – We do not support the expansion of indicator S2.8. This information is provided to the AER as part of the annual DMO information request. An annual request is preferable to including S2.8 in quarterly performance reporting.

Alinta Energy notes that the number of customers taking up smart meters due to retailer incentives can be identified in indicator S2.7 under new meter deployment.

Prepayment meters / alternate meter types – If the AER intends to introduce an additional separate category to capture alternate meter types, then a clear definition of what constitutes an alternative meter type is a mandatory requirement. Again, we would refer back to the "Clarifying Definitions" section of our submission.

However, we would question the value of the inclusion of such a category, as our experience is that the use of such alternative meter types is extremely limited.

In addition, Alinta Energy suggests that where definitions within the Guidelines reference the Retail Law or other legislative or regulatory instruments, the relevant Retail Law or other legislative or regulatory instrument definition should be included in the Guidelines to avoid confusion.

Energy Concessions – Under the current Guideline requirements, retailers are required to report the number of customers eligible to receive a concession. Retailers report this based on customers who have engaged with the retailer where proof of eligibility has been validated. Retailers have no ability to identify eligible customers who have not engaged with their retailer to validate their eligibility. Noting that eligibility processes differ across jurisdictions, given the concessions schemes are state based.

If the AER wants to understand awareness levels of concession card holders' access to concessions, then it needs to understand the number of customers who are eligible but have not accessed the concession scheme support available to them. Therefore, the AER would need to seek data from the relevant jurisdictional concession scheme administrators on the total number of customers that would be eligible to receive concession scheme support.

Retailers should only be required to provide data on the number of eligible customers who are receiving a concession. It should also be noted that jurisdictional scheme administrators would also be able to provide this information, due to the reconciliation requirements of retailers under the concession schemes.

Complaint indicators – We support the refinement and removal of complaint categories that are not required. Potentially, the AER could also consider aligning complaints categories with ombudsman complaint categories.

Question 4: Are there any other indicators that would benefit from being revised?

We urge the AER to review and consider the required frequency of all reporting indicators, and where possible reduce the frequency of reporting. As more frequent reporting adds cost as well as administrative and compliance burden.

Hardship indicators need to be reviewed; particularly S4.13. The definition of 'Excluded from accessing a hardship program' on page 32 of the current Guidelines contradicts the indicator.

In general, clarification should be provided on which indicators should include and/or exclude occupiers (deemed customer and carry-over customer arrangements).

Disconnection indicators could benefit from clarification or a separate category for occupier disconnections (Disconnection for Non-Identification).

Further consultation could be undertaken to identify possible indicators for revision. At this time, as our performance reporting resources are focused on delivering Q4 reports, we have not been able to fully consider possible indicators for revision.

Question 5: What are your views on providing more frequent data for selected indicators?

Changing the reporting period of indicators from quarterly to monthly (submitted quarterly) is a major change. We are not certain this could be implemented within the proposed implementation timeframe of 6 months. We do not support this change without further detailed consultation.

Question 6: What are your views on providing more granular data for selected indicators?

We do not support data being provided at a more granular level. To do so would introduce significant additional costs, and it remains unclear what perceived benefit could be achieved from the additional granularity.

We note the issues paper references that increased granularity of reporting would assist in a better understanding of retail competition. However, we suggest that performance indicators in isolation are not key indicators of the health of competition in the retail energy market.

Question 7: What is your view on the indicators proposed to be consolidated or removed in the revised Guidelines? Are there any additional indicators that could fall under this category?

We support the consolidation and removal of indicators that do not provide valuable insights.

Revised format

We do not support the revised format of the Guidelines. We also urge the AER to change the submission template. The existing template requires manual data input which leads to errors. Our preference is for the performance reporting data submission to be in a data extract format (similar to the ESCV).

This would allow us to format the data in our internal reports to match that of the reporting template allowing for a more efficient submission process.

Alinta Energy also suggests the AER review the ERAWA's:

- Electricity retail Licence Performance Reporting Handbook; and
- Gas Trading Licence Performance Reporting Handbook.

These Guidelines are in our view, examples of best practice Guidelines.
They are clear, easy to understand, give examples, provide the purpose of the indicators, and provide detailed reporting conventions.

For example:

(a) they clarify where indicators are a point in time or cover the entire reporting period; and

(b) they clarify where indicators are per customer or per incident. This is necessary information for the execution of consistent data collection methods across retailers.

The definitions are also clear and are included in the relevant part of the Guidelines. We suggest that the AER adds definitions that reference the NERL within the Guidelines, to make the definitions more accessible to data teams building indicators and business units validating indicators.

Having this level of detail also provides key information when new resources are hired and allows them to quickly understand and familiarise themselves with data collection methodology.

Submission process

In addition to the AER updating the submission process in the Guidelines, additional information on how to request extensions to submit data, and the process around resubmission of data (where required) could be better outlined within the Guidelines.

Lastly, we ask the AER to consider the level of assurance sign off required for quarterly reporting. We would suggest that requiring CEO or an equivalent delegate signoff should be limited to annual reporting.