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Australian Energy Regulator
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AER Retail Guidelines Review Issues Paper – Public version

EnergyAustralia is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. EnergyAustralia owns, contracts, and operates a diversified energy generation portfolio that includes coal, gas, battery storage, demand response, solar, and wind assets. Combined, these assets comprise more than 5,000MW of generation capacity.

EnergyAustralia appreciates the opportunity to make this submission to the AER's review of its Performance Reporting Procedures and Guidelines. The last review of the Guidelines was in April 2018, and we appreciate that the AER wants to review the Guidelines to ensure that the data reported continues to be high quality, relevant and comprehensive. That said, with an increasing number of requests for more information from retailers by various regulators and bodies, it is important to ensure that the value of increased reporting outweigh the costs.

The Consumer Data Right is a prime example of a measure that claimed would have benefits of data, but consumer response has been limited. The CDR was a major undertaking and EnergyAustralia spent a significant amount of time and resources delivering. [**CONFIDENTIAL**:]

As the cost of regulatory reporting is ultimately borne by consumers, if the benefits of increased reporting are not clear and targeted, or if the costs are too high, then the AER should reconsider making changes. Affordability remains a key concern for consumers so substantiating the benefit of changes and increased regulatory reporting is key.

We appreciate the AER is open to feedback on whether and how it should make changes to the Guidelines. We support the AER consolidating and removing indicators and welcome further revisions of this in the Draft Guideline. Overall, we are able to provide some data proposed by the AER and support some refinements and changes. However, our biggest concern relates to the increased granularity proposed - particularly at the metro/regional level, which would create a significant compliance burden and cost. We do not report at a metro/regional level and this requirement would involve postcode level data and material system changes. Further, our current data migration makes a 6-month implementation timeframe unrealistic. Not requiring more granularity at the distribution or metro/regional will help limit the burden and cost of this increased reporting.

Our full submission and response to the consultation questions is below.

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.

We consider 6 months should be the minimum time for implementation of the revised Guidelines and subject to the final requirements we may require more time.

Our largest constraint to reporting under the revised Guidelines relates to our current systems migration.[**CONFIDENTIAL**:]

Given the above we consider a delay to 1 January 2025 is more achievable than 1 July 2024. However we recognise that this is halfway through the AER's reporting year so may not be desirable and so propose a delay to 1 July 2025. We would like to ensure that the concerns we have raised are well understood so are happy to discuss with AER staff further.

Further to the systems migration constraint, substantial or unexpected differences between the AER's Final Revised Guidelines and the Draft Guidelines expected in September/October 2023 may also impede our ability to undertake timely reporting. Publication of the Final Revised guidelines as early as possible can better support timelier implementation.

We appreciate the AER is open to minimising the costs of reporting. Maintaining reporting at the jurisdictional level and not requiring granular data at the distribution/metro/regional level will help alleviate the cost and burden of reporting under the revised Guidelines. We discuss our concerns further in questions 5 and 6 below.

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?

On embedded networks, while we can provide data on embedded network customers, we note the following:

- we do not provide third-party billing agent data
- requiring the proposed embedded network metrics from a third-party billing agent will impose a significant burden and cost on retailers to collect. We estimate doing so will more than double the time required to prepare this report not including the additional cost of doing so.

The ACCC are intending to collect customer billing data on embedded network customers using their information gathering powers. Other regulators (such as the QCA) are also interested in collecting this information. We strongly encourage the AER to engage with the ACCC and other regulators to obtain this information through these channels rather than through revising the AER Reporting Guidelines as this will be another reporting process for retailers. Doing so, will help minimise the cost and burden of this new reporting. If this is not possible, we suggest the AER work with the ACCC and other regulators so that the collection of this embedded network can be prepared once by the retailer but provided to different agencies separately. This can avoid duplication in overall work and still minimise the burden and cost of reporting.

On life support indicators, we consider this is best collected from distributors rather than retailers.

On family violence indicators, we are concerned with the sensitivity of this data. The data in our systems is a simple check based on what is reported from the customer, so we are unable to provide further commentary. Also, we do not consider the metric 'total number of customers identified as no longer affected by family violence during the reporting period' is well considered as it relies on customers reporting this highly sensitive information to the retailer.

While we can provide some data relating to these new potential indicators, we consider the requirement to report these metrics on a granular (i.e distribution/metro v regional) and monthly level will be burdensome.

Question 3 & 4: What are your views on the proposed changes to current indicators? Are there any other indicators that would benefit from being revised?

Refinements to existing indicators

On the 0-day debt metric, this data is available although requires system changes to report. Should the AER include this metric, our preference is to align reporting with the ESC and include the credit balance in reporting.

On redesigning call centre indicators, we have concerns as we consider this could open itself to complex reporting challenges:

- a customer's engagement with a retailer over chat for example can be more than one interaction and span over multiple days. This is also applicable to email where a customer may use the same email thread to raise different issues over a longer period. How will the AER define a customer interaction?
- retailer interaction with customers on social media will be difficult to record in practice.
- there will be a heavy cost on retailers (and ultimately consumers) to collect this information from third parties.

We suggest the AER consider refining this indicator further to be more targeted. Reporting this on a more granular level (distribution/metro/regional) will be burdensome and would recommend against this.

On concessions data, we consider the number of customers entitled to receive concessions and the number of customers that actually receive them should be similar. In practice, the only time eligible concession customers do not receive a concession is if we do not have this information available. In NSW, we automatically apply concessions to the bill if we have these details. On embedded networks, we can only provide Queensland concession details and we are unable to provide this reporting for other regions.

With the above in mind, we consider rebate data (e.g. application v receipt) may provide greater insights than the concession data currently proposed. Should the AER consider this proposal, we suggest working with the ACCC who intends to update their billing data collection to capture the National Energy Bill Relief payments for 2023-2024. As above, we encourage streamlining processes so preparing data can be done once by retailers and shared to various bodies for their uses.

Clarifying definitions

On broadening the interpretation of customers paying debt, we consider this needs to be clearly defined so it's explicit what the reporting is intending to cover (e.g is debt referred meant to include accounts with extensions?) and customers do not fall under different categories depending on timing of amounts owing.

We are fine with clarifying definitions and distinguishing between retailer referrals and self-identification for hardship programs. However, in practice this may raise reporting challenges as it may be difficult to distinguish whether retailers have recommended referrals, or if a customer asks.

Other changes

On complaint indicators, we support removing and consolidating complaint indicators however specifying additional categories such as 'estimated reads problems' will require changes to our system which can be difficult to deploy given our current data migration.

Other proposals are of less concern, and we are ok with the following refinements:

- expansion of tariff and meter-type data collection
- data validation requirements.

Question 5 & 6: What are your views on providing more frequent data for selected indicators? What are your views on providing more granular data for selected indicators?

Overall, while we are able to change to monthly reporting, we note that doing so will increase the resources, time and ultimately cost in undertaking this reporting. There are currently 1,076 inputs into the AER's quarterly performance reporting (across S2 Overview, S3 Market Activities & S4 Hardship). Changing to monthly reporting will triple the number of inputs required.

More concerning to us is increasing the granularity of reporting. Currently, this reporting to the AER takes significant resources and cost. More data and granularity will:

- increase the complexity of implementing the proposed changes.
- result in more resources and time required to complete this reporting (e.g more checking, more commentary, etc).
- raises the risk of errors as there would be significantly more inputs required to meet the distribution zone or metro/regional requirements (along with monthly reporting).
- increase the cost of reporting which will ultimately be borne by consumers.

We would expect the resourcing and time impacts to similarly apply to AER staff who will have to process more data.

We note the following which questions the utility of further granularity against the imposed cost:

- network costs drive the different operating costs across distribution zones; we do not operate the business with the distribution zone or metro/regional level in mind. As such we consider there is limited insight on retail competition that can be gained from this granularity. If the AER is specifically interested in understanding the number of retailers operating only in certain locations within a distribution region, we suggest it collect this data in one metric, rather than assessing the granularity of indicators.
- we do not collect data at the metro/regional level. This granularity would require postcode level data which would increase complexity given some postcodes cover multiple jurisdictions. This requirement would also mean material system changes, which ultimately increases the cost to consumers.
- this data will provide limited benefit for EnergyAustralia. We operate in only one distribution zone in the ACT, SA and QLD. In NSW, most of our customers are in Ausgrid (for Elec) meaning most would fall into the metro category.

More broadly, we consider that increased regulatory reporting requirements may disproportionally impact smaller retailers who have fewer resources to devote to compliance. This may increase barriers to entry for new entrants and discourage future competition.

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 AER's suggestions to consolidate:

- s 3.8-3.13 (complaints around contestability)
- s 3.26 (number of residential customers who have been referred to an external credit collection agency for the purposes of debt recovery)

We also support the AER's suggestion to remove:

- s 3.38 (total number of residential customers reconnected in the same name at the same address).

We encourage the AER to consider further revisions to remove unnecessary indicators, especially where indicators show small and immaterial amounts. We suggest removing the following:

- s 3.37 a/b.i - a/b.vi (number of reconnections within 7 days). This indicator has limited value as it only captures reconnections of customers that remain with us; reconnections from customers that transfer to another retailer is not captured.

If you have any questions in relation to our submission, please contact me (maria.ducusin@energyaustralia.com.au or 03 9060 0934).

Regards,

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