

7 August 2023

Mr Gavin Fox
(A/g) General Manager, Market Performance
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Via email to marketperformance@aer.gov.au

[Confidential information has been removed from this submission]

Dear Mr Fox,

Re: Performance Reporting Procedures and Guidelines – Issues paper

Simply Energy welcomes the opportunity to provide feedback on the Australian Energy Regulator's (AER) issues paper on the review of the *AER (Retail Law) Performance Reporting Procedures and Guidelines* (Guidelines).

Simply Energy is a leading energy retailer across Victoria, New South Wales, South Australia, Queensland and Western Australia. Simply Energy is owned by the ENGIE Group, one of the largest independent power producers in the world and a global leader in the transition to a zero-carbon economy. As a leading retailer focused on continual growth and development, Simply Energy supports the development of effective regulation to facilitate competition and positive consumer outcomes in the market.

The introduction of new and amended indicators creates implementation costs for retailers, to ensure that they can accurately provide the AER with the performance data on a regular basis. These costs are ultimately passed through to all consumers through higher prices. We urge the AER to only implement new and amended indicators where there are clear benefits in doing so.

In this submission, Simply Energy has provided responses to each of the relevant questions set out in the issues paper.

Implementation timeframe

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?

The appropriate implementation timeframe will be dependent on the changes made to the Guidelines and the impact these have on retailers' systems. In our view, the potential change that could require a longer implementation time is the proposal to report on selected indicators on a more granular basis.

New potential indicators

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?

In relation to the proposed new metrics on the number of registered and deregistered life support customers, Simply Energy considers that this data is more appropriately provided by distributors rather than retailers. This is because the proposed new metrics do not appear to provide any insight into retailer compliance and are purely a quantitative datapoint. In addition to the implementation efficiencies of sourcing this data from distributors, this approach would also provide an added benefit of a locational breakdown on life support customer registrations.

Simply Energy does not consider that the proposed new family violence metrics would meet the AER's objective to help itself and market participants understand how the retail energy market is performing. Specifically, it is not clear to us how a count of supported customers would provide the AER with any insights in relation to retailers' compliance with the new obligations and the effectiveness of the obligations.

As there are costs in implementing data collection processes, particularly in relation to measuring numbers of customers no longer affected by family violence, the AER should only consider introducing new family violence metrics if there is an identifiable benefit of the data to the AER and stakeholders.

Refining current indicators

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

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

Data validation

Simply Energy supports the AER including explicit notes in the revised Guidelines to specify the data validation requirements where an indicator is a subcategory of another indicator.

Debt indicators

Simply Energy would not support the ongoing reporting of 0-day debt. We consider that this data is too noisy to be able to provide the AER with useful insights. The 0-day debt data will include scenarios where customers have forgotten to pay their bill, which is not an accurate reflection of customers experiencing payment difficulties. However, we do have the capability to provide data on this metric, provided there are clear definitions of the time periods of the 0-day debt (for example, is 0-day debt measured as debt that is between 0 and 30 days old or is it all debt older than 0-days?). We would also urge the AER to allow for 24-hours tolerance for these indicators to avoid the inaccuracies that can arise from data coming from multiple sources.

In relation to average debt measurements, we agree that this may provide a more informative picture of hardship customers' experience.

In relation to alternative debt arrangements, the AER's proposal seems reasonable, however the biggest challenge will be ensuring that the metrics are set in a way that is comparable across retailers. It is likely that different retailers will provide their customers with alternative debt arrangements in different ways and use various terminology to describe these arrangements.

Tariff and meter types

Simply Energy does not consider there is sufficient benefit in introducing new metrics to report on the meter types of electricity customers. The Australian Energy Market Commission is currently finalising a plan for the acceleration of the smart meter rollout, which will mean that almost all electricity customers will have a smart meter installed by 2030 and that this new metric will become redundant. As retailers will need to set up new scripting and reporting processes to report on this new metric, we do not consider that these costs are prudent when there is already a clear policy position to transition customers from basic meters to smart meters.

In relation to the AER's proposal to collect information on network tariff types, we do not consider that these metrics would provide the AER with insight into retailers' performance or compliance with their regulatory obligations. As per our comment on the proposed new life support indicators, Simply Energy considers that this data is more appropriately provided by distributors rather than retailers.

Energy concessions

In Simply Energy's view, a retailer would only know that a customer is entitled to receive energy concessions if the customer has applied and has been approved for an energy concession. We would appreciate some more information from the AER on this proposed metric, as we do not currently consider there is any additional data that could be reported here.

Call centre indicators

Simply Energy understands the reasoning behind the AER's proposed inclusion of additional customer communication metrics and we would support the inclusion of these new metrics if they were appropriately defined. [Note: confidential information has been removed]

Complaint indicators

If the AER intends to include sub-categories of 'billing' complaints, we ask for clear definitions of the complaints that should be reported within each sub-category. If the definitions are clear, we do not foresee any specific challenges in reporting on billing complaint sub-categories.

Frequency and granularity of data

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

Simply Energy is supportive of the AER requiring retailers to provide monthly data (submitted quarterly) for selected indicators. While there would be some upfront work to accommodate this change, we consider this change would work better for us from an operational basis in the long-term.

If the AER intends to proceed with this change, we ask that the AER also incorporate any monthly data requirements in the revised format of the Guidelines (as this is not currently shown in the sample provided at Figure 7.1).

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

While Simply Energy has the capability to report on some indicators at a postcode level, we would have significant difficulties in reporting on a distribution zone basis or on a regional versus metropolitan basis. This would require significant changes to our system to be able to accomplish.

We would support the AER undertaking a more detailed cost-benefit assessment of this change to determine whether the benefits of the granular data outweigh the implementation costs. If the AER were to proceed with this change, we would recommend a requirement that the relevant metrics be reported on either a postcode basis or distribution zone basis (depending on the capabilities of each retailer's system).

Consolidation of indicators

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?

Simply Energy is supportive of indicators being removed if the AER considers there is no longer benefit in collecting the specific data. We also support the consolidation of related indicators.

Concluding remarks

Simply Energy welcomes further discussion in relation to this submission. To arrange a discussion or if you have any questions please contact Matthew Giampiccolo, Senior Regulatory Adviser, at matthew.giampiccolo@simplyenergy.com.au.

Yours sincerely



James Barton
General Manager, Regulation
Simply Energy