19 March 2024

Daniel Harding
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Australian Energy Regulator
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By email: marketperformance.aer.gov.au

Dear Mr Harding

Retail performance reporting procedures and Guidelines – Draft Guidelines

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

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.

Retailers operating across the National Energy Market are currently required to produce performance reporting for a number of regulatory authorities and government bodies, these include,

- Australian Competition and Consumer Commission
- Australian Energy Regulator
- Economic Regulatory Authority (Western Australia)
- Essential Services Commission of Victoria
- Energy Safe Victoria and other state departments

Alinta Energy - Retail is currently required to submit data and consumer information for over 30 unique and varied reports. These reports are submitted either on a quarterly, half yearly or annual basis. There is significant cost, time, and effort in providing the detailed information required in meeting Alinta Energy's compliance reporting obligations.

In considering the retail performance reporting obligations placed on Retailers, and as part of this review, the AER should be considering how it can streamline and make more efficient the reporting obligations placed on Retailers. As highlighted above Retailers operating across the National Energy Market are required to produce reporting for a number of regulatory authorities. The lack of shared performance reporting indicators across these regulatory authorities adds significantly to the time, effort, and cost of providing performance reporting information.

The AER's draft decision to further diverge from the existing performance reporting obligations, gives rise to concern.

In proposing revisions to the Guideline, the AER must consider who is best placed to provide the required data. There are multiple classes of market participants that have access to date relevant for the AER reporting purposes, these include Retailers, Distributors, and the Australian Energy Market Operator. The AER must ensure the most appropriate party has responsibility under the Guideline for the provision of information.

Introducing greater complexity and detail to the performance reporting obligations creates both a higher level of compliance risk whilst also introducing significant cost. Cost not only in the form of revised or new system and process changes, but also increased costs in managing compliance with the proposed performance reporting framework.

These costs will be reflected in Retailers operating expenditure, which will inevitably be passed on to consumers. At a time where cost of living pressures are having a significant impact, where it is possible to avoid introducing new costs, they should be avoided. We believe that further review and refinement of the proposed performance reporting indicators should occur to ensure it can be demonstrated, on an evidentiary basis, that the benefit of collecting the performance indicator out ways the cost of collecting them.

Given the complexity and detail of the proposed new or amended performance indicators, significant time will be required to develop and implement the required system and process changes. Alinta Energy estimates that a minimum of 18 months would be required to assess, develop, and implement changes to meet the revised Guideline obligations. Further, depending on the detailed outcome on the final determination of the revised Guideline additional time may be required.

The proposed commencement date for the revised Guideline of 1 January 2025 is not feasible.

Alinta Energy's detailed comments are provided in the following document. 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 – Draft Guidelines

Proposed new indicators.

Granularity of data
Alinta Energy is concerned on the practicality of increasing the granularity of data for some indicators to be reported on at a distributor level. This adds an additional layer of complexity to the quarterly performance reporting. The cost to operationalise this will be felt at the initial indicator build level, however the greater concern is the ongoing cost every quarter for business resources to spend time performing additional validation and review. As no cost-benefit analysis has been provided, the benefit of this change remains unclear.

Family Violence Indicators
The stated rational for the inclusion of what is four new indicators is that the data will support the AER's enduring Compliance and Enforcement priority to act on serious issues impacting customers affected by family violence.

However, the proposed indicators would not provide the level of insight required to monitor a retailer's compliance with the obligations associated with supporting customers facing family violence.

The proposed indicators would simply provide the number of customers, in different segments, that have identified themselves as being impacted by family violence. While it is important to understand the number of customers who are impacted by family violence, we do not believe it requires four new indicators to achieve this.

A single indicator that provides the number of customers who hold an account with the retailer at the end of the reporting period who have identified as being impacted by family violence should be appropriate.

Whilst we support the AER maintaining strong enforcement over the obligations around support for customers impacted by family violence, ensuring Retailers meet their compliance obligations will require greater effort on the part of the AER through audit and separate targeted information requests that sit outside of the performance reporting framework. Also noting the requirement of Retailers to both identify and report breaches and potential breaches of their obligations.

We believe that any new indicator for Family Violence should be limited to a single new indicator as described above.

Further the definition of "affected customer" must be defined, noting that the definition currently contained in the National Energy Retail Rules (NERR) is not appropriate for the proposed indicator as it includes "former customer of the retailer" as being an affected customer.

Use of the NERR definition may result in the double counting of affected customer numbers.

The AER should also consider the additional costs imposed on Retailers with creating family violence indicators, as there is a requirement to ensure the reporting solution meets data security requirements. Our data team estimates delivering such a solution would be 8 to 12 weeks of additional effort.

Life Support Indicators
Alinta Energy stands by its previous comments that life support indicators are best captured from the

Energy Distribution Networks. This would allow for consistency in reporting across a wider geographic footprint. Whilst ensuring accuracy in reporting given the dynamic way in which customers, including life support customers, move between Retailers.

The Distributors play a vital role in supporting life support customers, while Retailers may be a first point of contact, their role is generally more related to financial support, through the administration of support/concession mechanisms. Distributors must manage the risk of continuity of supply, having the Distributors report on life support customers will further enshrine their responsibilities, whilst providing a clear picture of the level of risk within their respective distribution areas as it relates to life support customer numbers.

S3.5 Total number of customer contacts made through the retailer's customer service website portal
A proposed refinement to the customer service indicators is the inclusion of a new indicator to capture the total number of customer contacts made through the retailer's customer service website portal.

Such an indicator if it is to be included requires detailed clarification and refinement. Particularly what constitutes "Customer Service". Customers, both existing and prospective, visit Retailers' websites for a number of reasons, and the design of retailer's website is not necessarily such that there is a single area that would be considered the "Customer Service" website portal. This therefore creates significant challenges in capturing information required to respond to this newly proposed indicator.

Further, the definition of customer associated with this particular indicator is also important to clarify as every person that visits a retailer's website is not necessarily a "customer".

Information available to Retailers from a person's interaction with their website will, in most if not all cases, be insufficient as to allow the retailer to identify whether the person is an existing customer. Persons visiting a retailer's website may have no intention of ever becoming a customer of that retailer, rather they are visiting the retailer's website for other information gathering purposes.

Therefore, we do not support the inclusion of this newly proposed performance reporting indicator.

3.26 Number of residential customers using buy now pay later services
Whilst Alinta Energy does not currently use "Buy Now Pay Later" services there needs to be further consultation and clarification on this performance indicator.

The assumption is being made that the retailer will always know when a customer is using one of these services, and this is not the case. A customer can independently enter into an arrangement with a Buy Now Pay Later service provider where the retailer is not party to the arrangement. The customer received the funds from the Buy Now Pay Later provider and directly pays their energy bill.

Therefore, the Retailer is not able to identify the use of or report on the instances where a customer is using one of these services.

Until further review and consultation can be undertaken on this proposed indicator is should not be included in the revised Guideline.

Proposed revisions

Proposed revision to complaints – billing
The proposed introduction of granular sub-categories for the collection of data on billing complaints will introduce significant administrative operation costs, whilst also introducing a greater level of

compliance risk, for what is potentially limited benefit.

Further, some of the proposed sub-categories are not “billing” complaints, rather they relate to potential non-compliance with pricing notification and concession scheme administration activities. A number of the sub-categories as proposed are open to wide interpretation, which opens up the likely risk of inconsistent reporting in addition to a greater level of potential compliance risk. While the Guideline includes a broad definition of “Billing Complaint” it does not provide any definitional guidance in relation to the proposed sub-categories.

The introduction of sub-categories introduces the risk of over reporting billing issues, for example it is possible that a customer may raise a high bill complaint, where the issue has been driven by incorrect meter reads. Under the proposed sub-categories this complaint would be reported twice, once under sub-category (i) prices (including high bills) and secondly under sub-category (ii) overcharging (including incorrect meter reads)

The AER should also consider whether data they receive from Ombudsman schemes is a more valuable metric, as stated previously the best source of data needs to be considered to reduce costs on Retailers and ultimately customers.

Until further detailed consultation can be undertaken on the value of including sub-categories, and what those sub-categories should be, they should not be included in any revised Guideline.

Revised indicator IDs
Retailers have established programing within their IT systems that for performance reporting is linked to the existing performance reporting ID’s. For efficiency and expediency, we would suggest that the AER not change the indicator ID’s for existing performance reporting indicators.

Any new performance reporting indicators should be assigned new unique ID’s this will make their inclusion into Retailers systems easier to achieve.

Revised definition of Energy Bill Debt and introduction of sub-categories
It is proposed that Energy Bill Debt indicators are collected across 18 indicators, this does not include sub-categories. Both the definitional change and the introduction of the sub-categories will require significant system and process changes in order for Retailers to be able to capture the required customer data. In addition, the proposed requirement to capture this data at a distribution network level for electricity is overly burdensome considering any potential benefit that can be derived from such a granular level of data.

S3.19 Nature of payment plan – average fortnightly amounts
This proposed performance reporting indicator proposes that Retailers are required to submit the average fortnightly amount customers on payment plans are paying, as at the last calendar day of the reporting period and are required to do so for both electricity and gas, residential and small business customers.

A performance reporting indicator set at such a high level assessed across a Retailer’s jurisdictional customer base will provide little to no discernible benefit particularly given the broad definition of payment plan used for this particular indicator.

Clarity is also required to confirm whether the “average” is the amount committed to by the customer or the actual amount paid by the customer, which can differ.