

19 March 2024

Daniel Harding
General Manager (A/g), Market Performance Branch
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

By email: marketperformance@aer.gov.au

Dear Daniel,

Retail Guidelines Review: Draft Guidelines

Pacific Blue Retail thanks the Australian Energy Regulator (**AER**) for the opportunity to comment on the AER's Draft Performance Reporting Procedures and Guidelines (**Draft Guidelines**).

Pacific Blue Retail (**Pacific Blue**) is the wholly owned subsidiary retail arm of Pacific Blue Australia. Pacific Blue Australia, formerly Pacific Hydro, was founded in 1992, and is a leading owner, operator, and developer of renewable energy assets. It operates a high quality, diversified portfolio of wind, hydro and solar assets with an installed capacity of 665 MW; it also has a development pipeline of substantial projects totalling over 1,100 MW of potential capacity, as well as over 300 MW of energy storage solutions.

Pacific Blue has approximately 175,000 small and large customers as of March 2024. While its customer base is predominantly in Victoria, Pacific Blue, operating as both Tango Energy and Pacific Blue Retail, sells to small customers in New South Wales, Queensland, and South Australia and plans to grow its presence in these jurisdictions over the coming years.

Overall thoughts

Pacific Blue acknowledges the importance of revising regulatory performance metrics in line with evolving customer trends and circumstances. In saying this, the AER has not provided retailers with sufficient information as to the benefits of the proposed changes. The AER has advised retailers that it has not undertaken a cost-benefit analysis for the Draft Guidelines, resulting in the Guidelines being developed without an understanding of the costs that retailers will incur to amend their performance reporting and data collection systems. By not conducting this analysis, it is unclear as to whether the benefits outlined by the AER in its consultation paper outweigh the costs energy retailers will incur to comply with the changes proposed in the Draft Guidelines. For this reason, Pacific Blue asks that the AER undertakes further consultation with retailers and performs a cost-benefit analysis before proceeding with the proposed changes. This will allow any changes put forward by the AER to be made with an understanding of the costs to retailers, while at the same time providing retailers with reassurance that all relevant factors have been considered in the development of the Draft Guidelines.

At any rate, Pacific Blue considers that further time is required for the implementation of the proposed changes. Given the extent of the required changes to implement any final version of the Draft Guidelines, including amending reporting systems and data collection processes for amended or new indicators, retailers require sufficient time to understand the changes in order to make necessary procedural and technical enhancements to their internal systems. Although the AER has stated that it intends to release the final version of the Guidelines by May 2024, Pacific Blue does not view this as providing sufficient time for retailers to then implement necessary internal system changes, as between the release and the commencement dates of the Guidelines retailers will be required to also start collecting data for the Q3 2024-25 reporting period (due 31 January 2025). In order to give retailers sufficient time to meet the AER's requirements, Pacific Blue recommends that the commencement date of the Guidelines be 1 July 2025. Alternatively if the AER intends for the new Guidelines to commence on 1 January 2025, then the AER should consider allowing for a transitional period between 1 January 2025 to 1 July 2025 during which time retailers may choose to 'opt-in' to the new Guidelines, similar to the recent implementation of the Better Bills Guidelines.

New indicators

In respect of the proposed indicators, Pacific Blue requests that the AER provides further guidance as to the purpose of including indicators relating to customers affected by family violence. The AER stated in its draft guidance that the inclusion of these indicators will allow it to understand retailers "compliance with these new customer protections and associated obligations for retailers under the NERR". While Pacific Blue appreciates the need for ongoing compliance monitoring, it is unclear how a retailer's compliance can be assessed based on reporting metrics alone as, for example, any increasing or decreasing trends of customers being affected by family violence may not necessarily be attributable to a potential compliance breach. For this reason, Pacific Blue requests that the AER only use these indicators for the purposes of assessing retailer performance trends and work with retailers directly before making any assumptions around alleged contraventions of regulations.

Refinement to current indicators

In addition to introducing new indicators, the Draft Guidelines provide amendments to the complaint indicators under S3.6, under which complaints related to 'billing' are proposed to be split into several subcategories. While Pacific Blue understands that complaint data provides the AER with an informed understanding of the nature of customer complaints, further consideration needs to be given to the practicality of these proposed changes in terms of data collection as well as the identification of a customer billing complaint. Complaint data is most commonly captured by front-line staff of retailers who are directly dealing with customers making complaints. The introduction of this vast list of complaints would result in undue pressure being put on front-line staff to make ad-hoc decisions based on their subjective understanding of the nature of a customer interaction, which may result in a complaint being recorded inaccurately. It is also unclear what approach staff should take in the event a customer makes several complaints during an interaction with a retailer (for instance, a customer could make a complaint about the prices of the bill as well as overcharging by the retailer).

Further, Pacific Blue does not agree with the proposed inclusion of indicator S3.5 '*Total number of customer contacts made through the retailer's customer service website portal*'. Capturing this information will likely result in retailers having to make system and process changes, as this data is not currently tracked as part of any performance or regulatory reporting scheme. Moreover, the AER has not provided clarity as to the overall benefit of collecting this information, nor whether it has identified any potential costs that retailers will incur as a result of implementing these new changes. Pacific Blue also requests that the AER provides guidance as to whether this indicator refers solely to 'customers' of the retailer reporting, or whether it refers to any individual who makes contact with the retailer through an online portal.



Frequency and granularity of data

As provided in a previous submission, Pacific Blue does not agree with the AER's proposal to include distribution-level reporting for several indicators. This proposed level of reporting is not currently collected by retailers, meaning that reporting processes and systems will need to be amended in order for retailers to provide this more granular level data. As the implementation of this proposal will likely place the most significant financial burden on retailers of all proposed changes under the Draft Guidelines in terms of system upgrades, it is particularly important that the AER undertakes a cost-benefit analysis specifically around these changes before mandating any form of distribution-level reporting.

We trust the AER will consider and take on board Pacific Blue's feedback in finalising the Guidelines. If you would like to discuss the matters outlined in this submission in further detail, please contact me via email on mfrost@pacificblue.com.au or on +61 3 8621 6470.

Kind regards

Matthew Frost
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