

# **National Electricity Amendment (Strengthening protections for customers requiring life support equipment) Rule 2017**

Response to Draft Rule Determination

8 November 2017

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## Overview

Energy Networks Australia welcomes this opportunity to make a submission to the Australian Energy Market Commission's (AEMC's) *National Electricity Amendment (Strengthening protections for customers requiring life support equipment) Rule 2017*.

Our Association represents Australia's energy grid supporting all Australian customers with over 900,000 km of electricity transmission and distribution lines and almost 90,000 km of gas distribution mains.

Energy Networks Australia supports amendments to the current life support requirements that will improve the safety and efficiency of current arrangements. Energy Networks Australia's members Boards and senior management treat the health and welfare of our customers with life support equipment with the utmost importance.

Energy Networks Australia is disappointed that the AEMC has not accepted important aspects of our previous submission, which network businesses consider would enhance the operation of the life support arrangements. Energy Networks Australia considers that the AEMC's more preferable rule should also address:

- » suggested enhancements to the current B2B processes;
- » the development of a life support customer information template to ensure harmonised information is collected by all retailers and distributors.

Further detail on these matters is set out below and forms the basis of Energy Networks Australia's submission.

### **The growing number of life support customers**

Life support registers have grown and have become increasingly inaccurate. As the AER states, businesses experience increased compliance costs as the numbers of customers flagged as having life support equipment grows. Recent customer surveys undertaken by distribution businesses showed that 10% - 30% of their recorded life support customers were inaccurate.

Energex and Ergon Energy are also currently undertaking an audit and are finding that around 10% of customers registered as requiring life support equipment no longer require life support registration.

Our members report that the number of people flagged as life support customers has grown significantly in recent years.

- » CitiPower and Powercor have seen a 65% growth in life support customers since 2012.
- » United Energy has seen an almost doubling in life support customers since 2012.
- » For Jemena, 2442 premises are currently registered as requiring life support compared to 1835 in 2015 and 963 in 2010.
- » AusNet Services currently have more than 6,000 life support customers. Two years go (July 2015) the total number was 3,280. This increase (roughly 53%) has occurred despite our increased efforts to reduce the numbers by auditing the customers by:
  - validating life support customers prior to each planned outage;
  - annual audits of life support customers that involving calling customers and sending a summary of results to retailers; and

- notifying retailers of life support customers where advised that life support registration is no longer required.
- » Ausgrid has a population of 25,508 life support customers on its network, an increase of more than 30% since 2014.
- » Endeavour Energy's life support registrations at May 2017 is 20,824. There has been a 25% increase in the number of registrations in the four years from 2014 to 2017. The year on year average increase is 8% over the same period.

Inaccuracy in the life support information affects all customers, retailers and distributors. Extra measures are required to plan and undertake repair works if there are a large number of life support customers in an area, and networks are committed to undertaking such work safely, efficiently and with the least disruption to customer services as possible. If some of these customers do not in fact require life support arrangements, it makes scheduling works easier and may reduce the complexity of the works and consequently the overall time and cost to customers to complete the works.

## Life support register

Throughout the AER's rule change request and the AEMC's Draft Rule Determination there is frequent reference to a life support customer register or registers.

In the context of the AER's pre-lodgement rule change consultation, the industry has supported the possibility of upgrading b2b processes to include additional fields that would allow more comprehensive life support customer information to be recorded either in a national register or in individual registers of retailers and distributors.

The AEMC comments, "the draft rule imposes parallel obligations on retailers and distributors to share relevant information with regards to life support records. b2b processes may need to be updated to support implementation with the rule change. This is a procedural issue rather than an issue with the rules"<sup>1</sup>.

Energy Networks Australia notes, however, that the Draft Rule imposes various mandatory requirements on both retailers and distributors, which are not supported by the current b2b process. If the b2b procedures are not updated it will be difficult for both retailers and distributors to meet the new Rule requirements. This, in turn has flow on implications for transitional arrangements and appropriate rule commencement timing.

Energy Networks Australia recommends that the AEMC meet with the Information Exchange Committee (IEC) before the Draft Rule is finalised to discuss key information that is expected to be transferred between retailers and distributors and the realistic timeframe to develop b2b procedure changes and for industry to deliver those changes. Generally, industry changes take 12-18 months to implement.

Energy Networks Australia recommends the AEMC mandate in the rules that the b2b must support information transfer between retailers and distributors so that key information identified in the Rules can be recorded and held in life support registers. [Attachment A](#) provides further detail associated with necessary upgrades to the b2b processes.

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<sup>1</sup> AEMC 2017, Strengthening protections for customers requiring life support equipment, Draft Rule Determination, 26 September 2017, Sydney. p. 28.

## Definitions and information requirement

The current National Energy Retail Rules (Rules) do not require the identity of the life support customer to be disclosed, so retailers and distributors often only have the name of the account holder.

It is important for distributors to know the identity and contact details of the life support customer and if necessary, their carer's name and contact details. Fixed and mobile phone numbers as well as email addresses are important contact methods. Current industry b2b rules do not oblige retailers to supply all contact details to distributors. Energy Networks Australia recommends that the AEMC mandate that retailers supply email address and mobile phone details as a "required" obligation for all customers and a "mandatory" requirement for life support customers.

The current definition of life support equipment is wide-ranging, which may see some equipment that is required intermittently or to improve quality of life, but not required for life support purposes being included and certified as life support equipment. Networks regard the safety of customers as a primary priority.

Energy Networks Australia suggest that a further education program with Doctor's via the Australian Medical Association may be appropriate to ensure that only those with genuine life support requirements are certified as such and that this certification makes it clear whether the life support requirement is for electricity or for gas.

In early consultation prior to the lodgement of the rule change, Energy Networks Australia suggested to the AER that it would be useful to develop a template to ensure all retailers and distributors collect harmonised and consistent information on life support customers. Energy Networks Australia considers this would represent best practice, and requests that the AEMC rule change requires development of such a template. It is then a matter for the IEC and b2b working group to determine the best way of exchanging this information. It would be desirable for the AEMC to work with State Governments so that the form can also be used to apply for relevant life support payments if necessary.

The AER's proposed information pack (similar to our proposed template) does not seem to be fully captured by the AEMC's Draft Rule 124 Clause (1)(b) and (3)(b). The information pack should include:

- » both the account holder's name and the life support customers name (if different);
- » the property and supply address (if different) and national metering identifier (NMI) or meter installation registration number (MIRN);
- » the life support customers contact details including phone numbers (home and mobile) and email address;
- » carer's name and contact details (if relevant);
- » the life support equipment installed; which fuel type does the life support equipment use? This is to ensure that if the customer has a dual fuel contract, that only the one or both distributors is notified, e.g. electricity or gas distributor or both depending on the life support equipment's fuel use. Ensuring that the correct distributor is notified, will increase the accuracy of the life support register and reduce compliance costs for all parties;
- » the date from which the customer requires supply to premises for the purposes of the life support equipment; and
- » instructions for the customer to obtain certification from a registered medical practitioner confirming that a person residing or intending to reside at the customer's premises requires life support equipment.

As stated above, virtually all customers contact their retailer to arrange their power or gas supply, so it is appropriate that the retailer manages registration and the provision of the information pack to the customer.

## **Support of changes to allow immediate protection for life support customers**

Energy Networks Australia's members support suggested amendments to the Rules that will allow a life support customer to be flagged immediately as soon as a retailer or distributor is informed of the customer's life support needs. We also support these customers receiving appropriate life support protections as an interim measure, pending subsequent confirmation of their life support customer claim via appropriate medical certification. However, we re-iterate our previous position that removal of life support registration should be mandatory, after the distributor has complied with rule 124A, if the customer does not provide the required medical confirmation.

After registration of a customer under rule 124, the confirmation of premises requiring life support equipment is a very important requirement to ensure the register remains relevant and accurate. Accordingly, Energy Networks Australia supports the AEMC's proposal to recommend to the COAG Energy Council that rule 124 and 124A be classified as a civil penalty provision for the purposes of *the Law*.

## **Support of the proposed medical confirmation process**

Energy Networks Australia supports the proposed new medical confirmation process that would occur over 50 business days and include two confirmation reminder notices. We support one extension of 25 business days.

Furthermore, the Rules should allow confirmation reminder notices being sent electronically.

## **Qualified support for the proposed deregistration of premises requirements**

Energy Networks Australia's members support amendments to the Rules which would allow the customer's retailer to deregister a customer if, after having followed the prescribed confirmation processes, the customer fails to provide the required medical confirmation. This process will allow retailers to prioritise the needs of current confirmed life support customers. Energy Networks Australia does not support distributors managing this confirmation process.

We support the intent of the AEMC's deregistration of premises amendments at Rule 125 (9-10). Some customers advise that for a range of reasons, life support protection is no longer necessary at a premises e.g. the life support customer has moved, died, or no longer requires life support equipment. In these circumstances, it should be permissible for the retailer or distributor to deregister the premises.

We remain unsure why the AEMC has included Rule 125 (9)(b) and (10)(b) as the customer initiates the advice that the premises no longer requires life support equipment and associated protections. It is not clear why the retailer or distributor would then need to confirm this again with the customer who has just provided this advice.

As noted above, after following an extensive checking process, should a customer still fail to provide medical confirmation then Energy Networks Australia supports a mandatory deregistration process.

In addition, Energy Networks Australia does not support the AEMC's proposed 2-step process in Rule 125 Clauses (11) and (12) whereby the retailer (or distributor) contacted by the customer has to refer the matter to the other party (either the retailer or the distributor respectively). Once the customer has advised that life support is no longer required at that premises, the retailer or distributor contacted by the customer should refer this advice on to the other concerned party (retailer or distributor) to trigger the deregistration process. It is unnecessary and inefficient for customers to be contacted by both their retailer and distributor seeking confirmation of the same information.

## Potential b2b process gaps associated with the Draft Rule Determination

Retailer registering party

Rule	Requirement	Time frame	Existing b2b issue
124 (1) (c)	Notify distributor date from which life support equipment is required at the NMI	Prompt notification	No timeframes Life support flag notified as at date b2b transaction sent. Incoming retailer notification may be problematic as NMI customer data is based on the actual customer and Financially Responsible Market Participant (FRMP) relationship at a point in time.
124B (1) (a)	Provide relevant information about life support equipment requirements  Customer Name Phone numbers Email	Assume in above transaction	No timeframes Information is not mandatory where available or mandatory for life support.
125 (2) (a)	Notify distributor the date of de-registration	Within 5 business days	No timeframes Life support flag update as at date b2b transaction.
125 (7) (a)	Provide distributor copy of the deregistration notice sent to the customer	Within 5 business days	Not supported by b2b, no document matching process.
125 (9) (a)	Notify distributor the premises no longer require life support equipment Retailer de-registers in their system after verification step after 3 business days	No timeframe	No timeframes life support flag update as at date b2b transaction b2b transaction may only be triggered after retailer updates their systems
126	Date when customer requires life support equipment at premises Date medical confirmation received from customer Date premises deregistered and reason		Not supported by b2b

## Distributor registering party

Rule	Requirement	Time frame	Existing b2b issue
124 (3) (c)	Notify retailer date from which Life support equipment is required at the NMI	Prompt notification	No b2b, need to email. Concept problematic for incoming customer as to who is actually the correct retailer or FRMP contact centre for notification.
124B (1) (a)	Provide relevant information about life support equipment requirements  Customer Name Phone numbers Email	Assume in above transaction	No timeframes Information is not mandatory where available or mandatory for life support.
125 (2) (b)	Notify distributor the date of de-registration	Within 5 business days	
125 (8) (a)	Provide retailer copy of the deregistration notice sent to the customer	Within 5 business days	No b2b, need to email.
125 (10) (a)	Notify retailer the premises no longer require life support equipment	No timeframe	No b2b, need to email.
126	Date when customer requires life support equipment at premises Date medical confirmation received from customer Date premises deregistered and reason		Not supported by b2b, need to email.

The above is an Energy Networks Australia preliminary view of possible process gaps in the 1 December 2017 b2b procedures. We recommend that the AEMC meet with the IEC before the Rule is finalised to discuss possible b2b changes and implications for automated transactions or a more manual email process with receipt acknowledgement.

It is important to allow the b2b working group and IEC time to debate the appropriate changes, amend the b2b procedures, consult on the changes, including a realistic timeframe for industry to deliver. Generally, industry changes take 12-18 months to implement.

Energy Networks Australia recommends the AEMC mandate in the rules that the b2b must support information transfer between retailers and distributors so that key information required by the Rules can be recorded and held in life support registers.

If the current drafting remains:

- » the b2b process does not support distributor initiating customer details notification, distributor notifications are by email;
- » existing b2b customer details notification do not support required fields in the draft rule; and
- » existing b2b customer details notification are deficient as there are no process timeframes to support the draft rule.