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2degrees supports improvements to industry switching processes

Introduction

2degrees welcomes the opportunity to comment on the Electricity Authority's proposed amendments to the Electricity Industry Participation Code 2010 (the Code) for industry switching processes.

Effective switching arrangements are important to consumer choice and a competitive electricity market. We are generally supportive of changes that make switching more accurate, timely and reliable, provided those changes are targeted, workable and proportionate to the consumer and competition benefits they are intended to deliver.

This submission focuses on the Trader ICP switching provisions and, in particular, the consequences of mandatory and retrospective switch withdrawals.

Support for proportionate switching improvements

2degrees supports the overall objective of modernising switching processes to improve customer outcomes, data accuracy and operational efficiency. We support, in principle, changes that:

- enable traders to agree an alternative switch event date without manual workarounds;
- improve access to accurate switch-event readings for both gaining and losing traders;
- align timeframes and automate registry notifications; and
- provide an effective mechanism to correct genuine switching errors.

Mandatory withdrawals and interaction with the six-month back-billing restriction

The proposed mandatory withdrawal process is intended to ensure that genuine switching errors can be corrected promptly and consistently. 2degrees supports that objective.

However, as currently drafted, it is possible that the process may have the unintended consequence of retrospectively reallocating financial responsibility for an extended period without clearly addressing the associated billing, refund, settlement and cost-allocation consequences.

Specifically, 2degrees notes the potential for this to occur with the proposed “WP” (wrong premises) code and if the corrected switch date falls outside the six-month back-billing restriction for domestic and small business consumers, that trader may then be responsible for the ICP for a period it cannot fully rebill to the customer. At the same time, the other trader may be required to refund amounts already billed for that same period.

In our view, the final Code or an associated guidance note should therefore confirm:

- whether replacement billing arising from a switch withdrawal is subject to the six-month cap;
- the extent and timing of any refund obligation;
- how unrecoverable costs are allocated among the parties responsible for, or affected by, the error;
- whether a standard inter-trader adjustment or settlement process applies; and
- that acceptance of a withdrawal does not, by itself, determine customer liability or displace consumer protections.

Evidence, investigation and response timeframe

For similar reasons, 2degrees does not consider a one-business-day acceptance requirement is workable for all specified withdrawal codes, particularly wrong-premises withdrawals. A retailer may need to verify the ICP, customer address, registry history, metering information and customer account before it can safely accept the proposed correction. Premature acceptance could create a second error or adversely affect the correct customer.

We recommend that the Code or an associated guidance note:

- require the requesting trader to provide prescribed minimum evidence with a mandatory withdrawal request;
- permit the receiving trader to request additional information where reasonably necessary;
- provide a short, realistic investigation period for fact-dependent codes such as wrong premises; and
- retain an expedited pathway where the relevant facts are objectively established and undisputed.

Meter readings and billing classification

We support the Authority’s intention for certainty with regards to switch-event meter readings.

From a practical perspective, it would be helpful for the Authority to provide guidance on how a permanent estimate provided in the switching file should be classified for customer-facing invoice disclosures. For example, should retailers treat a reading determined for switching purposes as an actual meter reading if it was not physically observed?

Similarly, where a non-AMI reading is attributed a 00:00 timestamp even though it was obtained at another time, how should traders treat these readings for other purposes; as actuals or estimates?

Guidance and implementation

2degrees supports a minimum 12-month implementation period. However, as noted in previous submissions, effective implementation depends on participants having sufficient certainty about the policy intent, operational requirements and system changes before material build decisions are made. Starting the implementation clock before these matters are settled increases the likelihood that participants design and build against incomplete requirements, creating avoidable rework, cost and implementation risk.

Conclusion

2degrees supports proportionate switching reforms that improve consumer outcomes and promote competition. We encourage the Authority to ensure the final settings are clear, workable and appropriately balanced, so the reforms can be implemented efficiently and deliver the benefits intended.