



14 October 2019

Essential Services Commission  
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Melbourne, Victoria 3000

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## **Compliance & Performance Reporting Guideline updated to include new entitlements for customers**

Alinta Energy welcomes the opportunity to make a submission regarding the Essential Services Commission's (ESC) Draft Decision in relation to the Compliance and Performance Reporting Guideline (the Draft Decision).

Alinta Energy is an active investor in energy markets across Australia with an owned and contracted generation portfolio of nearly 3,000MW, including 1,700MW of gas-fired generation facilities and 1,070MW of thermal generation facilities, and in excess of 1.2 million electricity and gas customers including more than 600,000 in east coast markets, and is therefore well placed to provide comments on the rule change request.

Alinta Energy recognises the importance of establishing relevant indicators to enable the ESC to effectively monitor the compliance and performance of energy businesses. This is particularly relevant when considering the volume of regulatory reform that was introduced on 1 July 2019. These recent reforms focus on key entitlements such as the Victorian Default Offer (VDO), clear advice on the most appropriate offer, a best offer message on customer's bills and advanced notification of any price or benefit changes. Alinta Energy commends the ESC for taking a consultative approach by hosting forums so as to enable tangible feedback from stakeholders on regulatory reform prior to Draft Decisions being released.

### **Background indicators**

A key outcome of this consultative approach has been the addition of new performance indicators that distinguish customers who are receiving the VDO (B130) and customers who are receiving the Victorian Default Offer under a deemed contract or occupier account (B140). Alinta Energy believes this is a key indicator in accurately presenting the number of customers who have actively selected the

VDO, as opposed to customers who are purchasing energy under a deemed contract having recently moved into a property where the supply has not been disconnected. Alinta Energy see this as a key indicator for monitoring the uptake of the VDO and is a key indicator when considered in conjunction with customers who have received a best offer message during the same period.

### **Performance indicator definitions**

Alinta Energy notes the updated definition of a *residential customer* is described as a person/individual who purchases energy principally for personal, household or domestic use. Noting that this new definition now incorporates a person/individual who holds at least one residential account who is assigned a customer ID. Applying this definition in the Draft Decision would require retailers to present customer numbers, where an individual who has one customer ID with their retailer but has multiple accounts that relate to multiple properties. In the Draft Decision the use of the definition residential customer is used in B009. In our view, the indicator B010, B011 and B020 are the more appropriate indicators when determining market share and understanding the scale of services being provided by retailers. All residential customers, including customers who have multiple accounts (for multiple properties) in the same individuals name, have individual contracts per property and per Account number as opposed to customer ID. These contracts and associated accounts have tailored services that are specific to the individual site specifications, consumption and energy requirements. To that end, we see no value in providing aggregated customer ID data. Alinta Energy also notes the impracticality of using the residential customer definition when reporting on AS011. Under AS011 retailers would need to count the number of customer ID's that are paying for energy use in advance. Where a customer, who has two accounts and the assistance differs, retailers can not report accurately. In practical terms, where a customer may be paying for energy use in advance on one account and not on the other. We see no benefit with indicators AS011 and AS021 at the customer level, particularly as AS012 and AS022 are also provided and reflect a more representative indicator at the account level.

To that end, Alinta Energy proposes to create a new definition; Residential customer account. Residential customer account would have the same definition as Account in the Draft Decision and the definition of Residential customers should be removed in entirety.

### **Compliance reporting – Type 1 Breaches**

Alinta Energy recognises the importance of reporting non-compliances in a timely and appropriate manner to the ESC. Having reviewed the Draft Decision, Alinta Energy notes that a majority of the reforms introduced on 1 July 2019 have been classified as Type 1 Breaches. A number of the reforms relate to bespoke calculations relating to the quantification of;

- dollar terms of the most appropriate offer,
- the best offer in dollar terms, and
- the dollar impact of price variations,

These reforms also rely on customer meter data to tailor the entitlement to the customers circumstances. We ask that the Commission consider treating an isolated breach of Part 2A as a Type 2 breach as opposed to a Type 1. Alinta Energy would



recommend classifying a systemic breach or a breach that affects multiple customers one that warrants the immediate attention and interaction with the ESC. Where a retailer identifies an isolated breach relating to an individual customer, the retailer has the ability to minimise the harm caused on the customer by providing corrected and accurate remediation in a short manner of time. As opposed to a compliance breach relating to a systemic or significant number of customers where contact or remediation may not be able to be achieved in a timely manner to all affected customers.

Should you require any additional information or wish to discuss any aspect of our submission please contact Ante Klisanin, Retail Regulation Manager on [REDACTED] or via email: [REDACTED].

Yours sincerely



**Ante Klisanin**  
Retail Regulation Manager