



David Young
Director, Energy
Essential Services Commission
By email energy.submissions@esc.vic.au

Dear David,

RE: The Interim Compliance and Performance Reporting Guideline

Thank you for the opportunity to respond to the Commission's Draft Decision regarding the Interim Compliance and Performance Reporting Guideline.

M2 Energy generally supports the Commission's Draft Decision, however there are some proposed changes that will have a significant impact on the operation of our business.

Additionally, we consider there are some proposed obligations that we believe are duplicated, and Performance Indicators that could be modified to be consistent with other jurisdictions.

Compliance Obligations

M2 Energy considers that RB0620 should be removed as a reportable breach, given that there are market mechanisms in place that already require gas retailers to obtain gas supplies to meet customer's needs. The reporting of any breach under the proposed guidelines would therefore seem unnecessary.

Reporting Indicators

M2 Energy requests that the following amendments be considered to the Performance Indicators:

- B180 - M2 Energy considers that a materiality threshold should be introduced to the pre-existing debt level (less than the current disconnection threshold for example)
- D020 - M2 Energy strongly objects to the inclusion of customers who utilise payment plans for convenience when reporting the payment plans. Payment Plan indicators should be limited to those customers who enter into plans in order to resolve existing payment difficulty. M2 is concerned that the majority of M2 Energy's customers would be reported to the Commission as most of our customers are established on instalment plans that would be deemed to be a "convenience payment plan" as defined by the Commission.

- DO21/D022 M2 Energy considers that “terms of the plan” must be specifically defined by reference to the estimated usage as at the time that the plan is created (based on the usage information available to the retailer) rather than usage that may be recalculated each month. M2 Energy also considers that the indicators should be combined into a single indicator.
- D024 - M2 Energy considers that the Commission should align these indicators with the AERs debt reporting categories (i.e. monetary amounts should mirror the AERs debt reporting tiers).
- H050, H060, H070 - M2 Energy considers that the Commission define “debt on entry” for any customer in Hardship as being the current invoiced balance on the customer's account. This would simplify reporting on these indicators.
- CC010, CC020, CC030 CC040, CC050 - M2 Energy considers that the Commission should modify the definitions and reporting frequency of these indicators to align to with the AER's call centre indicators, which are recorded monthly, but reported annually.
- C010, C020, C030 C040 - M2 Energy considers that the Commission should modify the definitions and recording frequency of these indicators to align to with the AER's complaint indicators, which are recorded and reported quarterly.

Timing of Data Submission

M2 Energy does not support any change to Type 2 and 3 reporting timeframes.

M2 Energy considers that the acceleration of the reporting of Type 2 breaches and Type 3 breaches will have a significant impact on its business operations, as these types of breaches have had business controls that reflect the level of risk associated with those breaches. M2 Energy is concerned that increasing the reporting frequency will create an unnecessary burden on our compliance and operations teams, and an anticipated increase in our compliance costs...

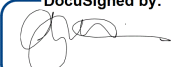
In addition, small retail energy businesses such as M2 energy rely on the same personnel for both KPI and Compliance reporting. The amalgamation of KPI reporting, Type 2 and Type 3 breach notifications will significantly impact our operational resources.

M2 Energy also considers that the AER's current approach to its quarterly compliance reporting requirements should be adopted by the Commission (i.e. the AER does not require a more frequent report regime for Type 2 or Type 3 breaches).

Further consultation

If you wish to discuss any of the concerns or suggestions M2 Energy has provided regarding the Interim Compliance and Reporting Guideline please do not hesitate to contact me on (03) 9923 3553.

Yours faithfully,

DocuSigned by:

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Andrew Mair

Regulatory Operations Manager

M2 Energy

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