



EnergyAustralia

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Dear Mr Henry

Requested Amendments to the Electricity Industry Code Customer Disconnection Provisions

1. Introduction

EnergyAustralia appreciates the opportunity to comment on the Consultation Paper - Requested Amendments to the Electricity Industry Code Customer Disconnection Provisions. EnergyAustralia generally supports moves to bring efficiencies to the market and reduce negative outcomes for customers; however, we are concerned that the proposed amendments may result in perverse outcomes and in some instances reduce efficiencies and positive customer outcomes.

2. Main Switch Seal (MSS) Disconnections

As outlined in the consultation paper, MSS disconnections expose retailers to financial risk. For this reason EnergyAustralia will routinely request a disconnection with sub-type "remove fuse" to ensure that the distributor undertakes a full disconnection rather than a MSS which can be easily reversed by a move in customer. Despite the limitations of an MSS disconnection, EnergyAustralia acknowledges that these may be appropriate in the scenario outlined in the proposed 5.7.4(a) for multi-occupancy dwellings.

EnergyAustralia is concerned that MSS disconnections are viewed by distribution businesses as a low cost means of discharging their obligations, and any move to codify MSS as an acceptable closure to a disconnection service order with subtype Remove Fuse will essentially sanction the practice of distributors imposing a financial risk on retailers.

3. MSS Disconnection of Multi-occupancy dwellings

Whilst EnergyAustralia would ultimately like to see older multi-occupancy dwellings upgraded to the current standard to enable remove fuse disconnections to be undertaken, we acknowledge the need for appropriate protections to be put in place to ensure that other energy users are not impacted when a single occupant is disconnected. For this reason we regard the deeming of MSS disconnection as an acceptable completion of a service order in these scenarios and will continue to work with distributors under the current compensation frameworks which exist in instances where unauthorised consumption is recorded.

We believe that the proposed 5.7.4(a) adequately reflects the intent of this amendment.

4. MSS Disconnection of Unsafe or Inaccessible Infrastructure.

EnergyAustralia is concerned that the proposed use of MSS disconnections as anticipated by proposed 5.7.4(b) may lead to poor outcomes for both industry and customers.

4.1. Loss of site characteristics updates to the market

Under the B2B Procedure Service Order Process, if a distributor is unable to complete a service order they are required to notify the requesting retailer with a B2B transaction with Service Order Status “Not Completed” and an exception code broadly outlining the reason why the disconnection could not be completed. If an installation is unsafe or there is inadequate access, this must be communicated to the market so the situation can be resolved. Simply allowing for the Service Order to be completed with a MSS disconnection would mean that vital information about the site is not communicated back to the retailer.

The issue outlined above has key impacts for retailers where there is a question of access to the installation as this may lead to problems obtaining reads for future customers of the premises which is a risk to retailer revenue and can lead to customers experiencing billshock when an actual read is finally obtained after a period where estimates have been used.

The more fundamental issue, however, is the fact that potentially unsafe installations will not be reported to the market as the distributor simply notifies the requesting retailer that the service order has been completed and there will be no record of the safety defect which has prevented a fuse removal. There is a particular risk here if a move in customer attempts to remove the sticker themselves.

4.2. Possible misuse of the provision

Furthermore, EnergyAustralia is concerned that distributors may rely on 5.7.4(b) for convenience and conduct MSS disconnections to reduce costs without making appropriate efforts to adhere to the service order requirements in circumstances where there is not, in fact, an access or safety issue. Once again, this will impose a financial risk on retailers, the cost of which will ultimately be borne by consumers.

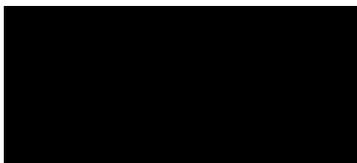
5. Summary

EnergyAustralia welcomes the common sense approach to disconnections of multi-occupancy premises but is concerned that proposed code amendment 5.7.4(b) has serious implications for customer safety and is open to gaming by distributors seeking to minimise the time and monetary cost associated with disconnections in Queensland.

We acknowledge that distributors may find many genuine instances where there are access or safety issues but consider that it is crucial to maintain the current code provisions so that the market is adequately informed of these issues. Any move to allow MSS disconnection to constitute successful completion of a disconnection service order with sub type remove fuse is tantamount to wallpapering over the cracks and hiding more fundamental issues to simply increase the operational efficiency of the distributors at the expense of customer safety.

If you would like to contact me about this submission, please call me on (03) 8628 1731.

Yours sincerely

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Joe Kremzer
Regulatory Manager