



PO Box 4136
East Richmond VIC 3121
T 131 806
F 1300 661 086
W redenergy.com.au

PO Box 4136
East Richmond VIC 3121
T 1300 115 866
F 1300 136 891
W lumoenergy.com.au



3 July 2020

Ms Kate Symons
Chairperson
Essential Services Commission
Level 37, 2 Lonsdale St
Melbourne VIC 3000

Submitted electronically

Dear Ms Symons,

Re: Draft Decision - Electricity Distribution Code review – customer service standards

Red Energy and Lumo Energy (Red and Lumo) welcome the opportunity to respond to the Essential Services Commission's (the Commission) Draft Decision on the Electricity Distribution Code review - customer service standards (the draft decision).

Red and Lumo support the Commission improving the electricity network's customer service standards. We consider prompt delivery of Guaranteed Service Levels (GSL) payments and better communications from networks on outages to consumers and retailers, will not only increase service but also enable network cost savings to be passed onto Victorian consumers. We have concerns with some of the proposals in the draft decision, in particular around timings and the use of customer information.

Timely guaranteed service level payments

The Commission outlined one of the key principles underlying the Guaranteed Service Level scheme is to ensure that "the costs of administering the scheme to ensure that the costs do not exceed the benefits."¹ Red and Lumo agree that there is a need for GSL payments to be made by both networks and retailers in order for them to be applied to customers' bills in a timely manner. Any amendments to the scheme, must meet the Commission's principle of benefits outweighing costs for consumers.

¹ Essential Services Commission, Electricity Distribution Code review - Customer Service Standards, draft decision, May 2020, p41

We note that the Commission has determined that timely is either 20 or 60 business days for electricity networks to pass the GSL payment to a retailer, however the draft proposal is to apply the payment within 2 business days. It is unclear in the draft decision how the Commission determined that 2 business days was deemed appropriate for retailers.

GSLs are highly variable in nature, including the numbers and structures that retailers receive from electricity networks. As electricity networks processes differ, retailers must often manually review and allocate payments to customer's accounts rather than using an automated process. Processing of GSL payments is complex and requires a range of manual processes and interventions in the standard billing process. Therefore, in order to meet the proposed time frame, automated systems will need to be implemented which is likely to be expensive and difficult to implement, with limited customer benefit. Especially as a customer receiving the payment is dependent on the customer's billing cycle, and it may be up to 3 months until the GSL payment is received by the customer.

Red and Lumo propose that the Commission adopt an alternative approach that allows retailers adequate processing time while still ensuring that consumers receive their GSL payments in a timely manner. To this end, we recommend the Commission adopt an obligation on energy retailers to process a GSL payment *no later than the next bill that is due to be received by the customer or within a maximum 10 business days from the GSL being received by the retailer, whichever is later.*

This would allow appropriate time for retailers to process the GSL payment while ensuring consumers will have the payment on their next energy invoice or the following invoice if there is inadequate time between the GSL payment and the next invoice date. This proposal would minimise the system impacts and implementation costs for retailers (which inevitably impacts consumers) while still meeting the Commission's stated goal of ensuring the consumer does not have to wait an extended period for their GSL payment.

GSL outage information

There remains a strong level of confusion for retailers and consumers around the events that relate to a GSL payment from a distribution network. Currently, the GSL payment is processed and placed onto bills by retailers with little to no information provided by the network on the outage itself. This lack of information results in customers queries remaining unresolved by a retailer, as retailers are unable to explain what dates and specifically what outages these payments relate to.

One of the stated goals of the Commission in the administration of the GSL scheme is that "each payment captures an observable part of the service that a customer can see and

articulate as a part of their energy experience.”² By not providing this information to retailers, it is impossible for retailers to articulate the relationship between the service interruption and the payment to the customer. Therefore, to address this the Commission must place a new obligation on networks to provide the actual GSL outage date as well as the payment category as part of the network transaction to retailers. This would only require a small change in the transaction information from the network but would allow retailers to be fully informed of the GSL payment and provide this information to their consumers upon request. Red and Lumo consider that this will provide significant benefits to building consumer trust in the industry, as it will remove ambiguity and provide a more positive customer experience.

Planned outages

Electricity networks are required to inform consumers of the planned outage, however, there is currently no obligation also to provide this information to retailers. This creates a situation where consumers will often contact their retailer to question the reason for an outage for which the retailer is unable to provide any information on and will often simply be forced to refer the customer to call the network.

This not only creates a poor experience for consumers but increases double handling for the inquiries which increases costs across the industry. In the national framework, rule 99 provides an explicit requirement for the network to also advise the retailer with information that it's shared customer will be subject to a power outage. Noting that there is provision for the electricity networks to provide this information to retailers in the B2B Procedures, Red and Lumo strongly urge the Commission to adopt a similar obligation.

Red and Lumo consider that it imperative that where networks communicate to consumers directly, they inform retailers of their communication. This ensures that retailers are able to provide answers to any queries from their customer, which is particularly relevant for both outage information and GSL payments. When retailers, with whom the customer has an established relationship, can easily disseminate the information avoiding the need to refer inquiries to networks will improve the overall customer experience and trust in the industry.

Use of customer details

While Red and Lumo understand the goal of the Commission to modernise communication methods, specially with the requirement on “distributors, where they use electronic notification, to notify customers through all known channels, i.e. text message and email” we are unable to support the proposal as currently drafted.

² Ibid, p35

The draft decision does not place any limitations on how electricity networks can use a customer's details (including email address). Specifically, there is nothing preventing an electricity network from using the email addresses provided by retailers to promote a range of other services for businesses linked to the distribution network (including solar systems, energy audits or home electrical works). The potential use of these details for communications outside of planned outages poses a range of risks.

Firstly, consumers would not have provided express permission (as they have not chosen to receive marketing material) or inferred permission (as the product or service is not related to a product they already purchased) to the electricity network as required under the Spam Act. An unintended consequence of not placing restrictions on the use of customer's details may result in both the electricity network, and potentially even the retailer, being in breach of the Spam Act.

Additionally, should the communication between the network and the consumer constitute marketing materials, networks would be required to "make it easy for people to unsubscribe from your electronic mailing lists."³ This poses a risk to the networks and the consumer as consumers could potentially request to unsubscribe from the (unsolicited) material being sent by the network, resulting in unintentionally unsubscribing from all electronic communications from the distribution network (including planned outage notices).

The Commission must therefore mandate that all information provided by the retailer to the electricity network (including email and mobile phone number) is only to be used for the purposes of planned interruption notifications as outlined and that the use of the information for any other purpose will be considered a breach of the regulations.

Implementation

The Commission has proposed to implement the changes for retailers on 1 November 2020 and for electricity networks on 1 January 2021 with the final decision to be released in September 2020. While Red and Lumo understand the importance of this proposed change for consumers this 2 month timeframe would be inadequate for the implementation of the proposed changes especially considering the extreme pressure that is on energy retailers with existing regulatory changes and the ongoing impact from COVID-19.

To ensure adequate time for implementation the Commission should provide retailers with a minimum 6 month timeframe from the date of the final decision. However, it should be noted that this expected timeframe is likely to be even longer if the Commission elects to implement

³ Spam Act 2003

the proposed 2 business day obligation on retailers for the allocation of GSL payments as it is listed in the draft decision.

Red and Lumo request that the Commission considers whether it will also make customer service improvements relating to GSLs and customer details for gas customers. We note that it will be important to maintain consistency in the presentation of GSLs on customer's bills - and should the Commission decide to place additional information requirements on electricity networks, the same should apply to gas. We welcome the ability to discuss this with the Commission.

About Red and Lumo

We are 100% Australian owned subsidiaries of Snowy Hydro Limited. Collectively, we retail gas and electricity in Victoria, New South Wales, Queensland, South Australia and in the ACT to over 1 million customers.

Red and Lumo thank the Commission for the opportunity to respond to its draft decision. Should you wish to discuss aspects or have any further enquiries regarding this submission, please call Stephen White, Regulatory Manager on [REDACTED]

Yours sincerely

A handwritten signature in black ink, appearing to be "Ramy Soussou". The signature is fluid and cursive, with a long horizontal stroke at the end.

Ramy Soussou
General Manager Regulatory Affairs & Stakeholder Relations
Red Energy Pty Ltd
Lumo Energy (Australia) Pty Ltd