



Switching – the journey so far

11 August 2009



Contents

- 1. The dark age of switching**
- 2. The middle ages**
- 3. The digital age of switching**

The dark ages – switching before the registry



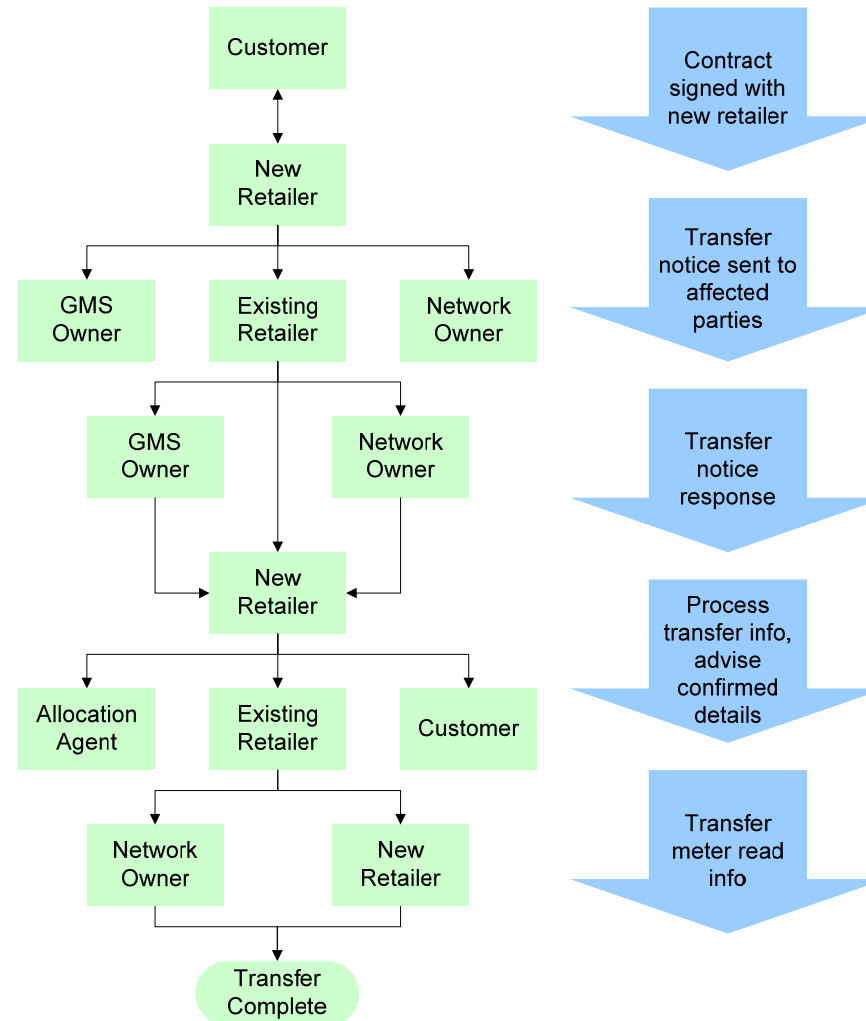
people and paper





Customer transfer protocol

- voluntary arrangement
- 'reasonable endeavours' requirement to comply
- no automation
- exchange of emails and spreadsheets
- lack of enforcement





Industry experiences

- “process was unwieldy and prone to error”
- “hard to resolve disputes”
- “disputed switches could go on forever”
- “switches would take 2 months, or 3 months if there was a query”
- “switching inefficient due to manual process and poor quality or incomplete data”

Three options (in addition to status quo)



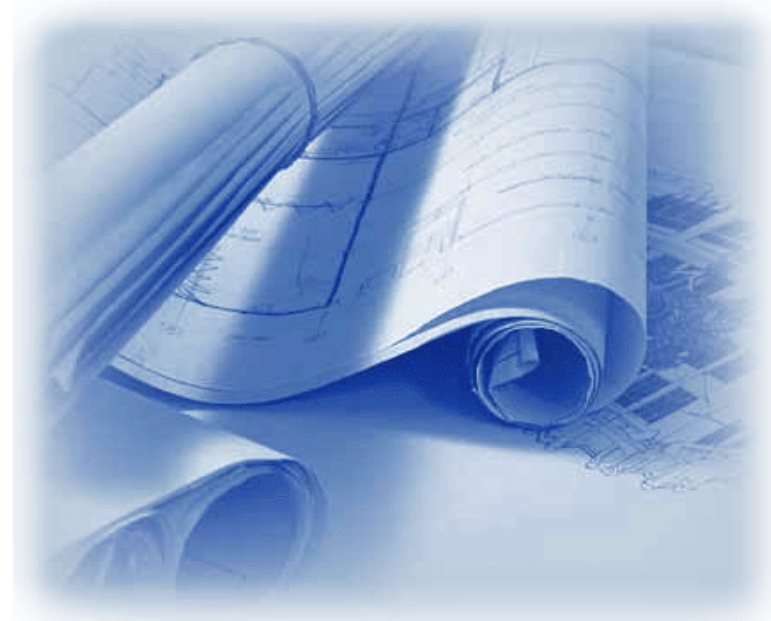
- reconciliation code enhancements
- central registry
- central registry integrated with allocation mechanism



Recommendation to the Minister of Energy for a Gas Registry



- central registry
- based on the electricity registry
- many participants familiar with switching arrangements for electricity





The middle ages – transitional times

Gas registry implementation project

- 9 months: monthly forums, weekly updates, daily emails
- retailers, distributors and meter owners all contributed
- everyone involved with system testing and dress rehearsals
- \$1m switching & registry system
- participant internal spends: varied from \$2.50 per ICP to \$12.50 per ICP



The digital age – switching & registry

Registry provides:

- a database of record
- industry wide transparency and reporting
- automation and integration with internal systems
- a means to reduce manual errors
- a means to monitor compliance



The digital age – switching & registry

Rules provide:

- standard processes
- enforceable timeframes
- force of law
- motivation for compliance and switching best practice



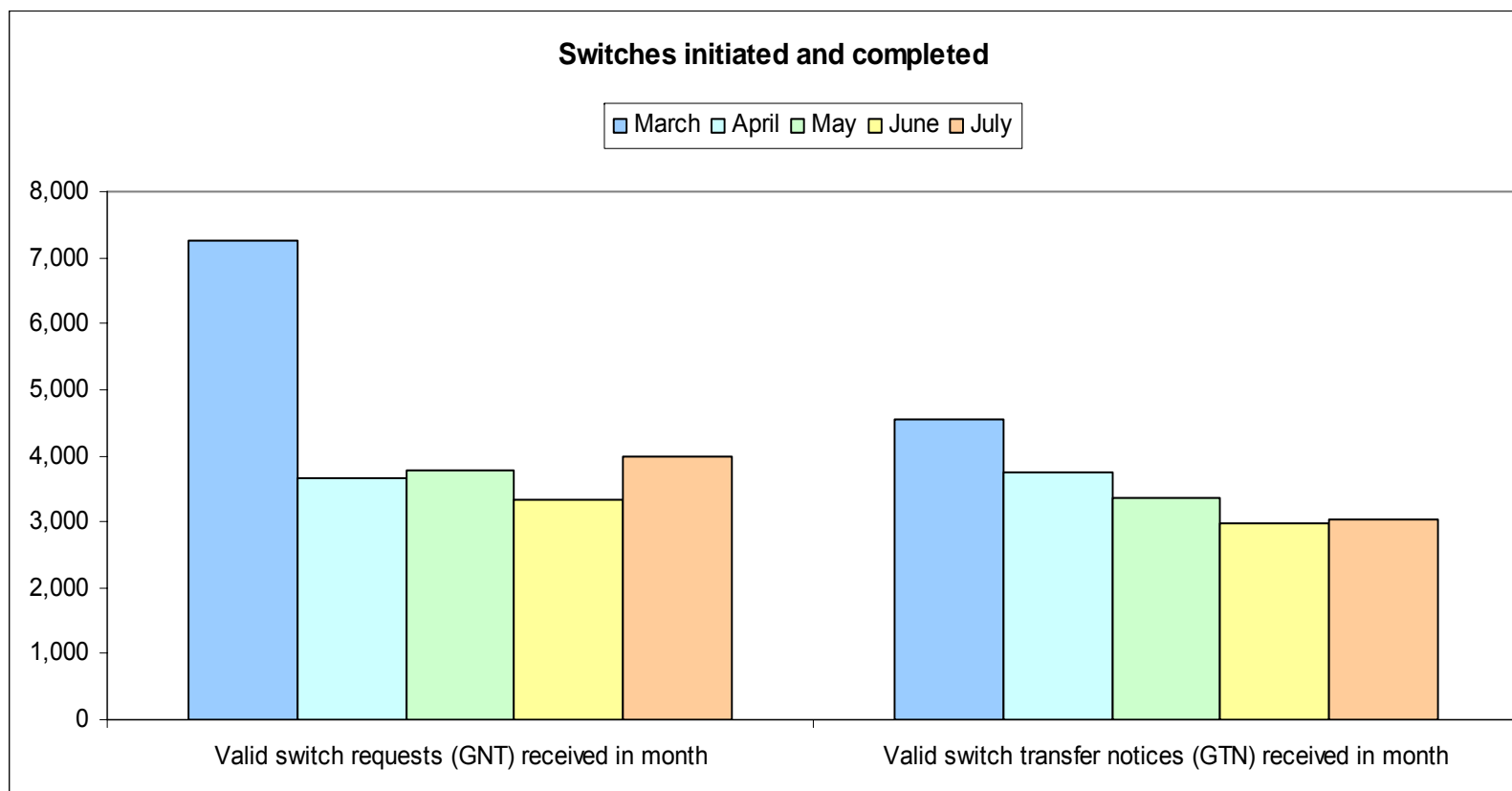
The digital age – switching & registry

Provides a platform for:

- scalability
- providing customers with greater certainty re timeframes
- successful marketing campaigns to drive customer gains

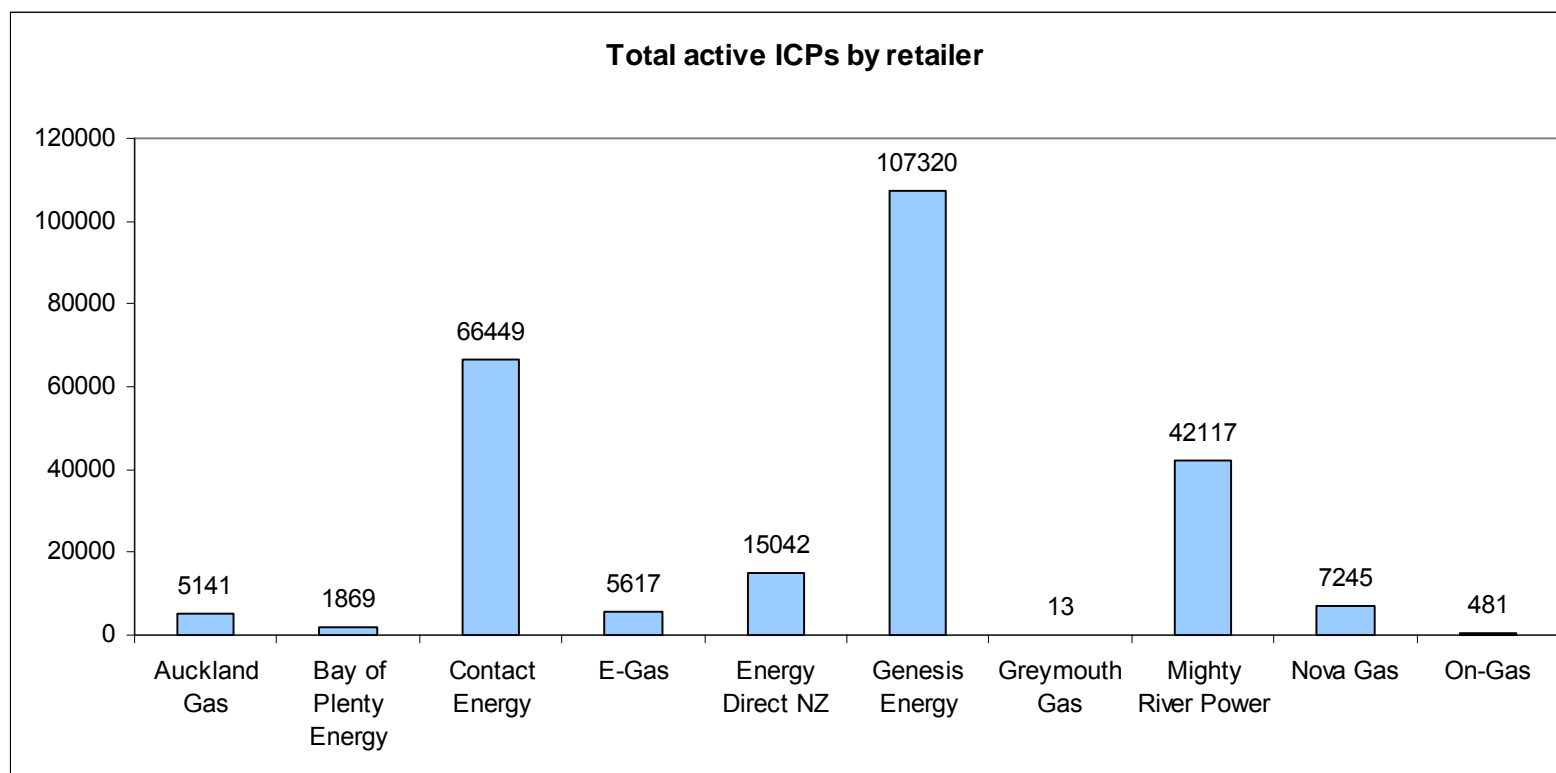


The digital age – switching & registry



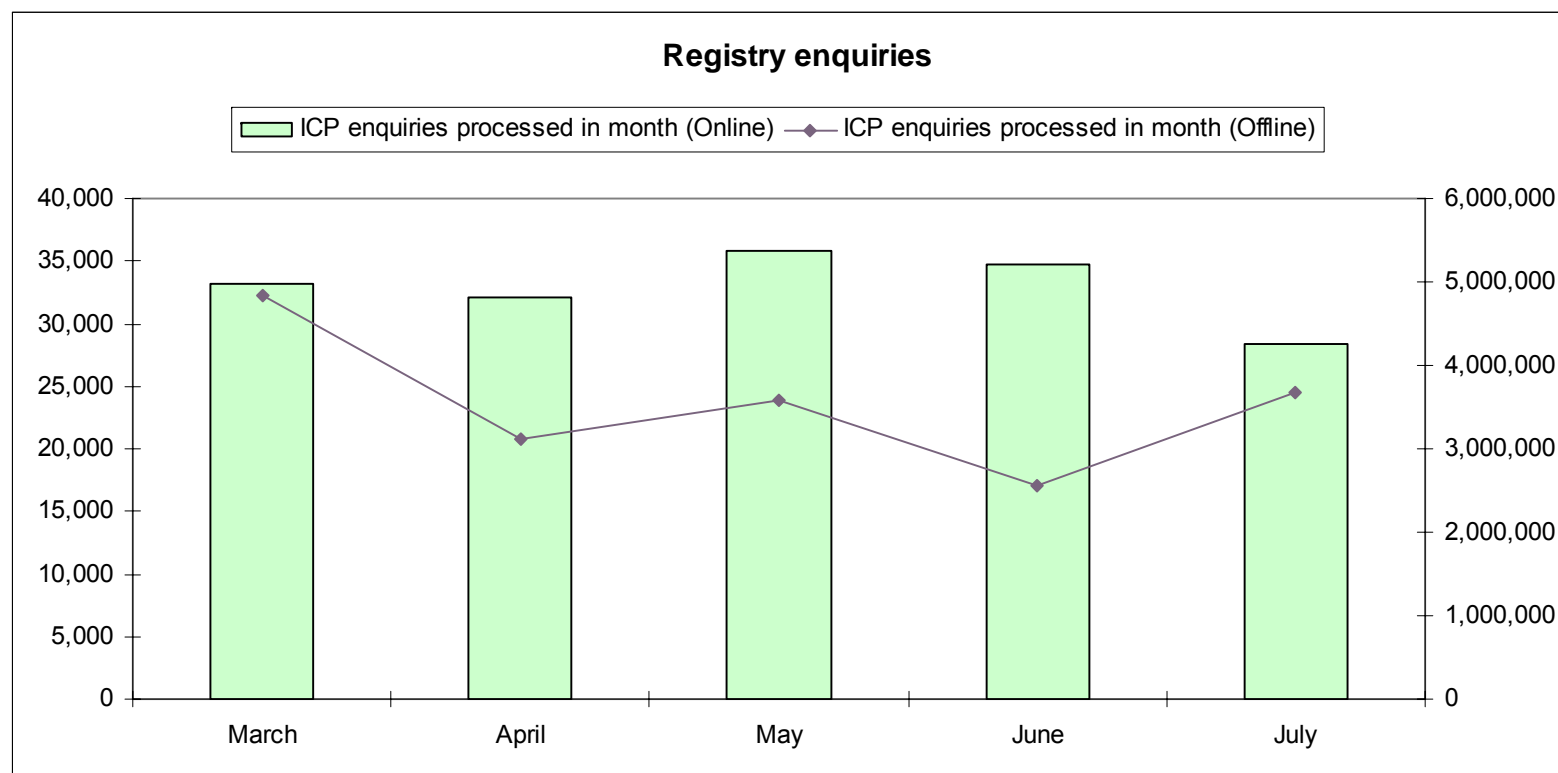


The digital age – switching & registry



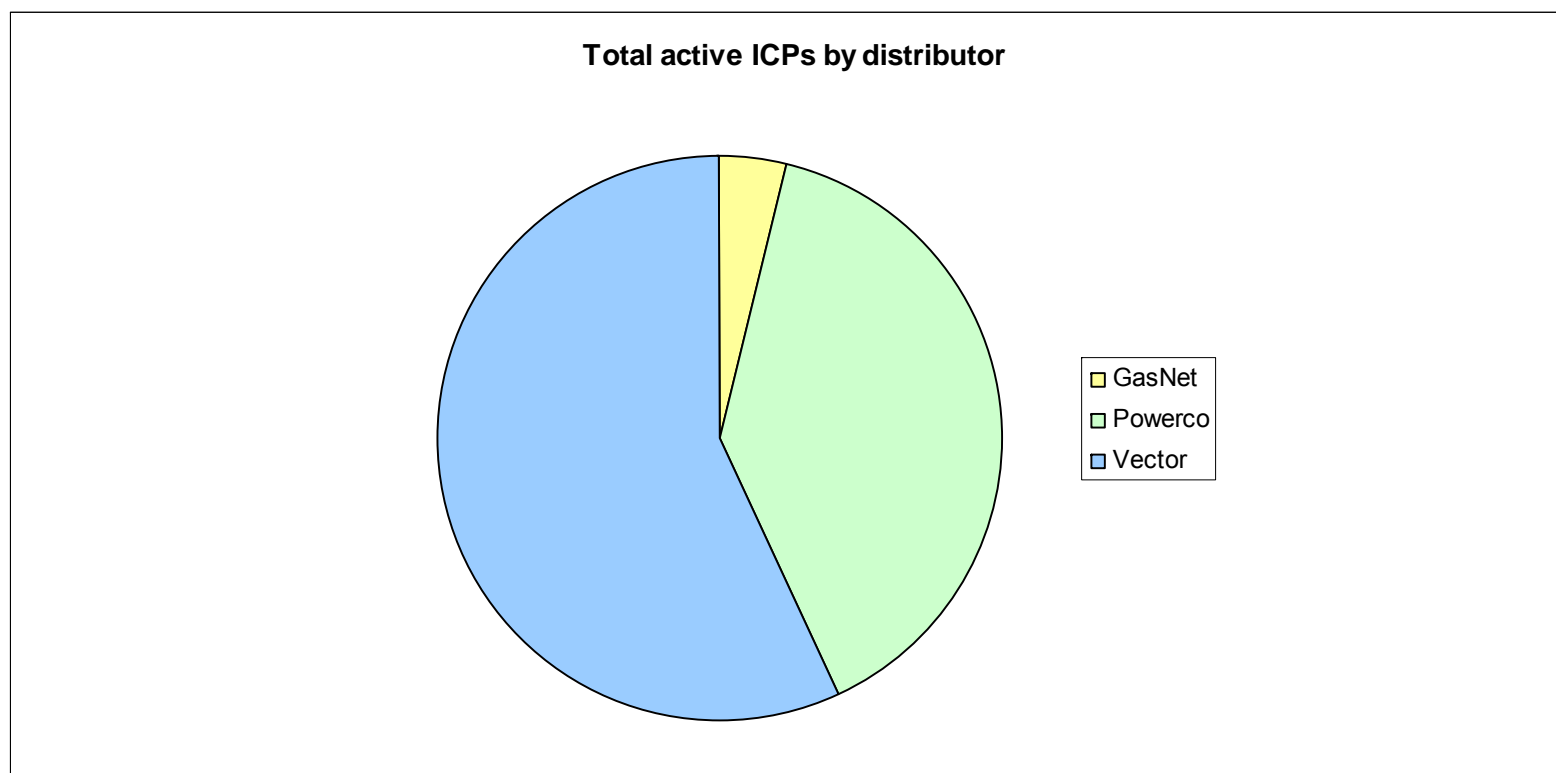


The digital age – switching & registry





The digital age – switching & registry





Post go-live – teething problems

- now into the sixth month of operation
- initially high involvement by GIC
- open lines of communication between registry participants, GIC and Jade
- picking up bugs, fixing problems etc.
- Jade applying fixes where appropriate





Current status

A few minor operational issues:

- Inconsistencies between system logic and switching rules
- Differing interpretations of the switching rules by participants
- Need for harmonisation of participant systems with the registry, the rules and the switching process
- Some non-compliance and frustrated switches

17



Current status – compliance improving

- Alleged breaches high to begin with, but now falling
- Difference between GIC and EC compliance procedure
- Where breaches are material compliance process is prevailing

Month	Switching breaches	Maintenance breaches	Total breaches	Breaches found material
March	424	133	557	34
April	893	703	1596	188
May	412	552	964	41
June	694	0	694	53
July	192	0	192	tba

We now have a fully functioning rulings panel!



Coming soon...

Operations and compliance discussion paper

- Issues identified and discussed in recent industry workshop
- Proposed operational changes to registry and switching procedures
- Changes to fine tune compliance process
- Issues which may require guidelines or exemptions

**An opportunity for input and feedback from
industry participants on the way forward**



Industry experiences

“The major change is that ... the vast majority of switches are completed without any intervention”

“Manual intervention is now only required when there is an exception”

“The gas registry has assisted in increasing competition”

“Processing three times as many switches”

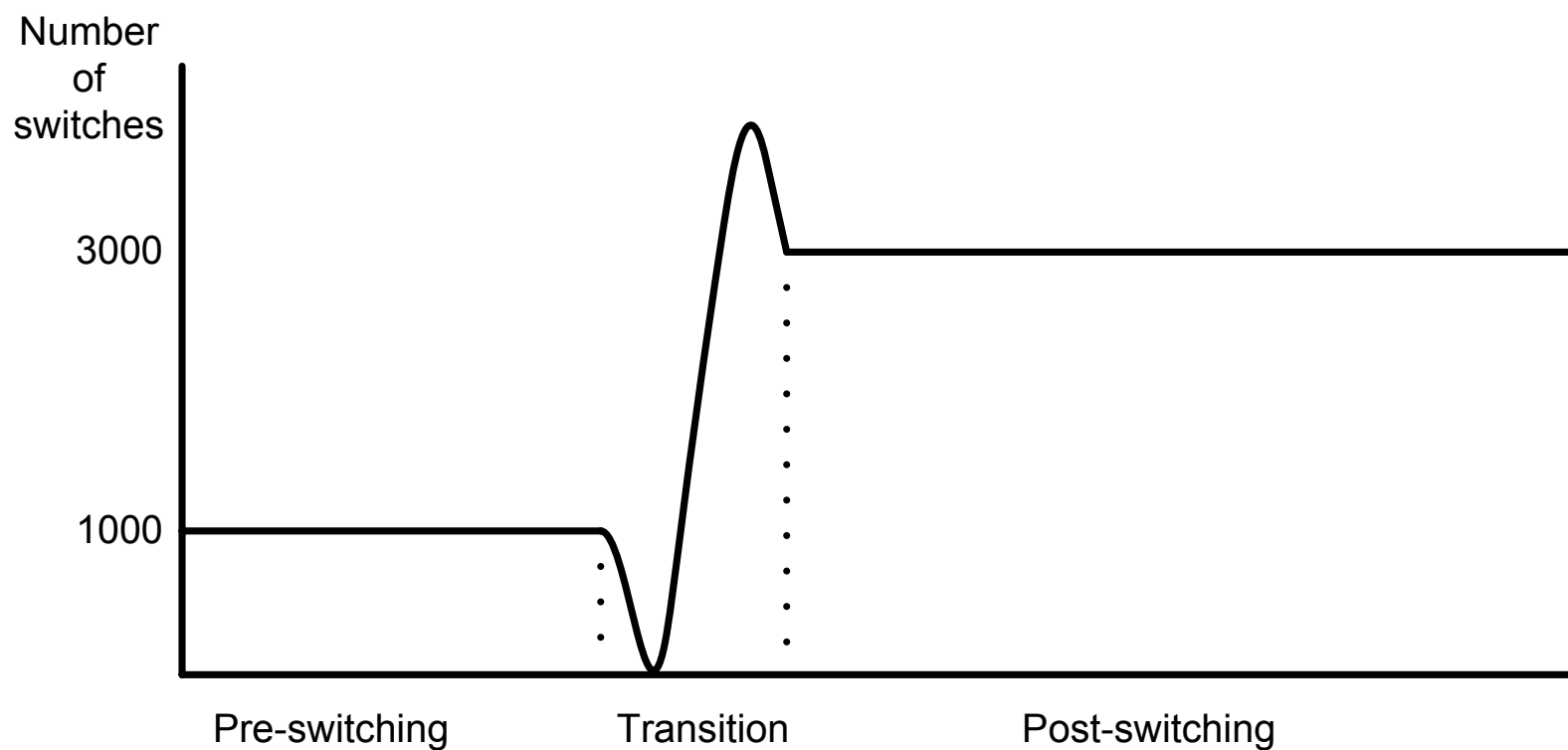
“Switch process enhanced due to automation”

“Fewer billing and reconciliation issues”

“Enables greater visibility of ICP status, retailer and meter ownership”

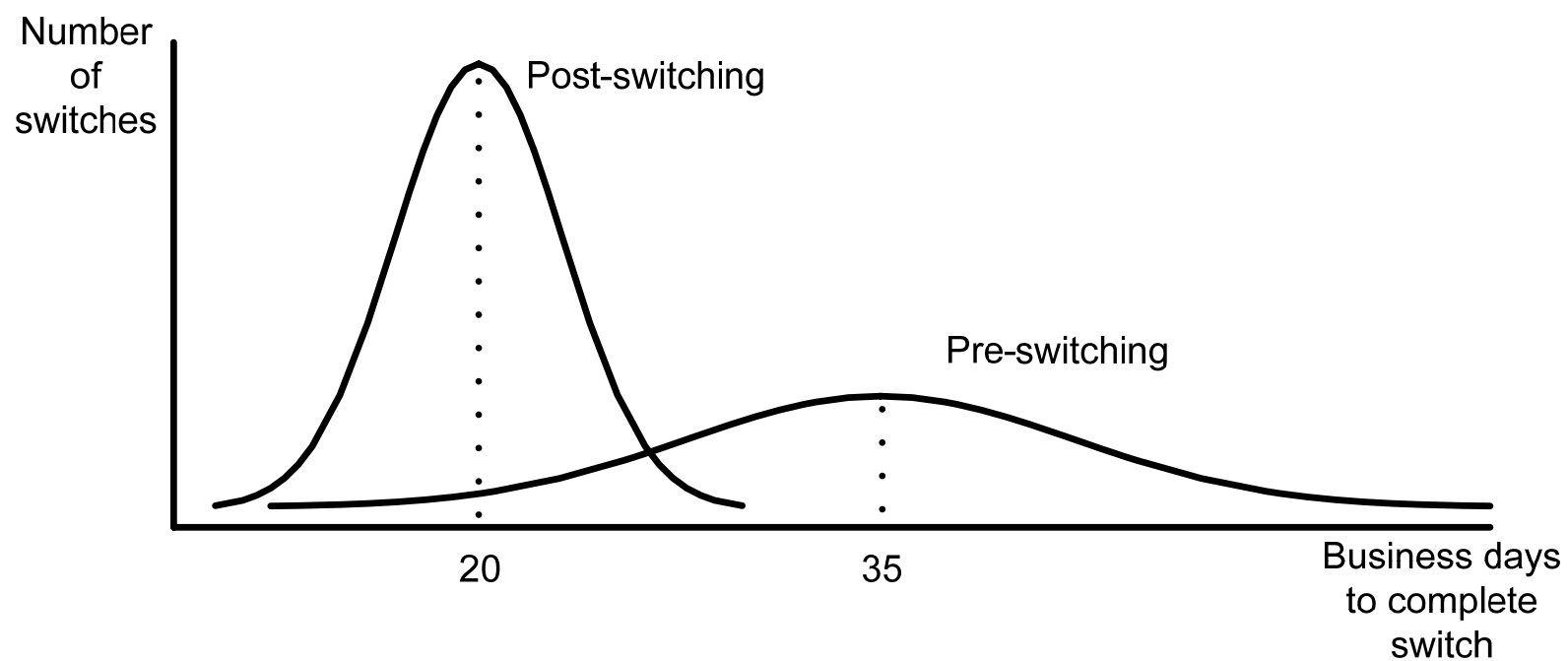


Changes – number of switches



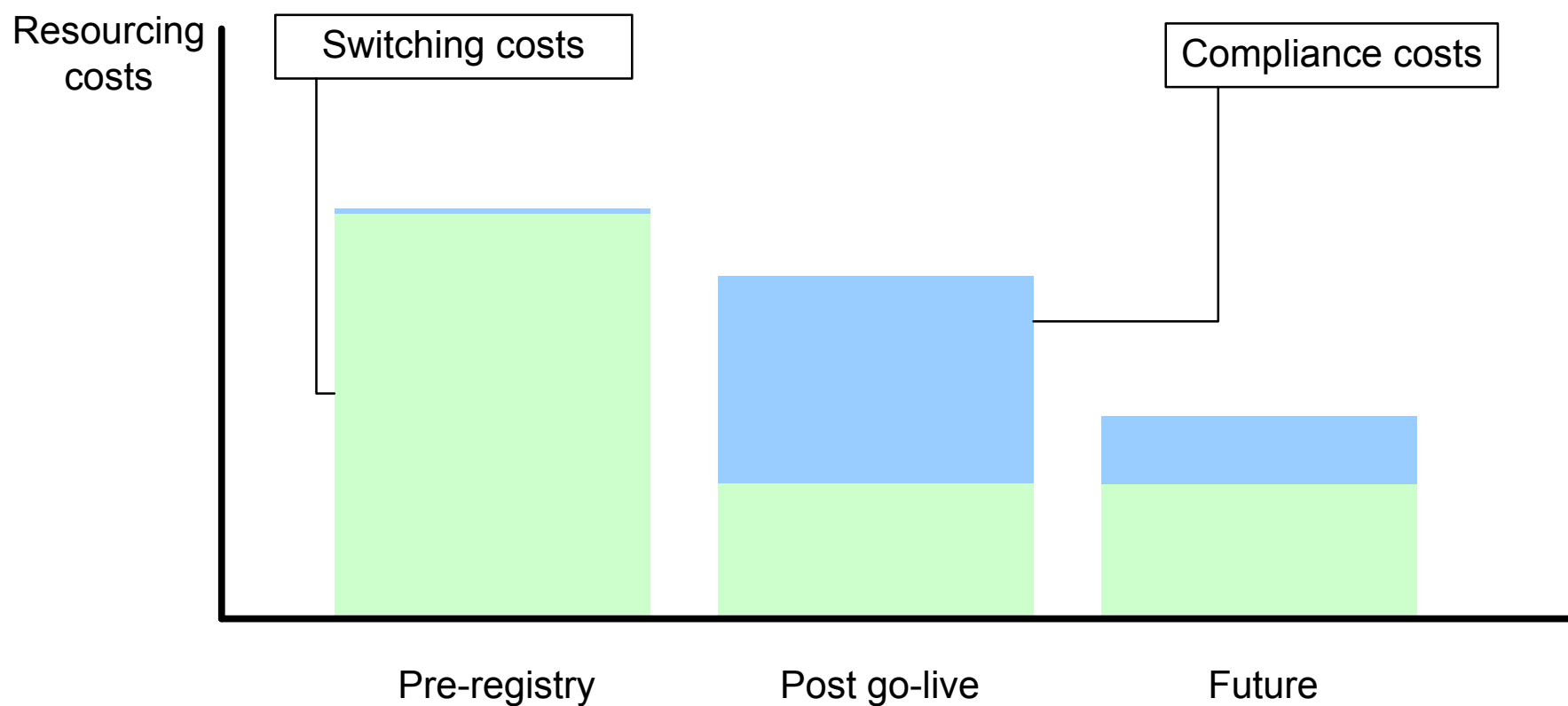


Changes – switching timeframes





Changes – switching costs





The future

observation:

switching levels have increased
by 2-3 times



possible conclusions:

- consumers can exercise choice
- retailers incentivised to recruit customers
- Gas registry & switching rules are part of making markets work



Sound familiar?

Gas Act objectives:

- barriers to competition in the gas industry are minimised
- delivered gas costs and prices are subject to sustained downward pressure

GPS outcome:

- effective and efficient customer switching arrangements that minimise barriers to customer switching