



14 June 2018

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Mr Pierce

Consultation Paper National Electricity Amendment (Estimated meter reads)

Origin Energy (Origin) appreciates the opportunity to respond to the Australian Energy Market Commission's (AEMC) consultation paper on the consolidated rule request regarding estimated meter reads.

Origin agrees with the rule change proponents that the current framework has shortfalls when using estimated meter reads based on historical usage. Among other things, the existing framework can lead to negative billing impacts and increased billing disputes. To address these issues, a number of retailers already allow customers to submit their own meter reads for the purposes of developing an estimated bill; an approach Origin supports.

However, any change to the Rules should reflect a principles based approach to enable retailers to put in place efficient processes and systems to incorporate customer self-reads into the billing process rather than prescriptive conditions that may lack the flexibility to accommodate future market and operating conditions which may ultimately increase costs.

Origin's responses to specific issues identified in the consultation paper are set out below.

Characterisation of Issues

Origin agrees with the AEMC's characterisation of the issues. Notably, that the use of estimated meter reads can result in the customer receiving a significantly higher or lower bill when the estimated bill differs from the customer's actual usage.

Furthermore, we also recognise that the use of estimates can also make it difficult for the customer to align their behavioural patterns with the bills they receive.

We believe the problem is material and the number of bills issued using estimated meter reads warrants a review of the current framework.

Costs and benefits of requiring all customer bills to be based on actual meter reads

Origin agrees with the AEMC's observation that estimated meter reads maintain efficient costs with the reading of meters as they allow the retailer to use an estimate rather than incur the costs of an additional site visit. In addition, using estimates allow an appropriate frequency of bills when no actual meter data is available.

We believe a key issue is not the use of estimated reads but how the estimation is determined. By using customer provided self-reads we believe that this will support improvements in the accuracy of customer bills over time.

Prohibit grossly inaccurate estimates

The Rule change proponents propose a new obligation on retailers not to use an estimation as the basis for a small customer's bill that is grossly inaccurate. The proponents do not define grossly inaccurate.

As noted by the AEMC, the meter data provider (MDP) is responsible for reading a customer's meter and calculating estimated reads in accordance with AEMO's procedures and approved methodology.

We do not believe that this proposal effectively addresses the issues associated with estimated meter reads. To the extent that the AEMC considers that this is a material problem not capable of adequately being resolved through a self-read framework, we consider that the area of investigation needs to be the estimation procedures not how retailers issue estimated bills.

Customer self-reads

The Rule change proponents propose the introduction of a new requirement on retailers to accept customer self reads as the basis for an estimated read.

Under this proposal, the retailer would be obliged to accept the self-read from the customer, so long as it is provided in the form specified by the retailer and within the specified time.

Origin supports a framework where a retailer accepts a customer self-read, so long as it is provided in the form specified by the retailer and within the specified time. However, we note that self reads are not practicable in all circumstances and for all meter types. For example, it is extremely difficult, and in some cases not technically possible, for customers with interval meters read manually to conduct a self-read because meter probes are required to extract the data. As a result, these customers, which will include a significant number of solar and embedded network customers, will not be able to submit self-reads. For this reason, the AEMC should provide retailers discretion to determine the types of meters to be included in a customer self-read framework.

In terms of tariffs, we do not consider that customer self-reads should apply to all tariff classes. For example, flat rate plans are not generally dependent on a customer's ongoing usage; rather the cost for the plan has been determined at the outset of the contract.

We also note that for those customers that have provided consecutive self-reads for a period of 12 months will become ineligible and will require a special read. Any adjustment to this interval (e.g. shortening the interval) will therefore have implications for the operation of a self-read framework and, in particular, how many self-reads a customer can submit before requiring a physical meter read.

Also, we do not believe that self-reads should apply to a customer's final bill as this may have adverse impacts on subsequent customers if the self-read is inaccurate.

Adjustments to estimated bills

The Rule change proponents propose the introduction of new requirements on retailers to adjust a customer's estimated bill based on a customer's reading of the meter when requested by the customer. They argue that this would enable the customer to have an estimated bill adjusted based on a customer self-read, instead of the adjustment occurring next time there is an actual meter read.

Origin agrees that this option could improve the accuracy of a customer's bill. We support this provided that the manner the customer provides the retailer with the estimated meter is consistent with the process for providing estimated meter reads. Under this arrangement we believe the most effective approach would be to cancel the initial bill and reissue a-bill to the customer based on their self-read.

Strengthening requirements to carry-out actual reads

Currently retailers must use their best endeavours to ensure that an actual read of the customer's meter occurs at least once a year. The Rule change proponents propose shortening this requirement. One proponent has argued for every 6 months while another has argued for every 3 months.

We believe that to the extent that retailers effectively introduce a framework where estimated meter reads are effectively incorporated into the billing process would lessen the variation between self reads and actual reads for participating customer. Also, as raised above, shortening the interval could have implications regarding how frequently a retailer could accept a self-read.

Closing

Origin supports the view that the most effective way to resolve the issues raised by the Rule change proponents is for retailers to accept customer self-reads. Under this approach, the AEMC should establish a principles based framework and provide retailers with the flexibility to develop systems and processes that most cost effectively achieved these principles.

If you have any questions regarding this submission, please contact Sean Greenup in the first instance on (07) 3867 0620.

Yours sincerely



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