

14 June 2018

Ed Chan
Director
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235



Dear Mr Chan,

Estimated meter reads rule change consultation paper

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact on people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to respond to the AEMC estimated meter reads rule change consultation paper.

Consumers' ability to accurately assess and control their energy usage and bills is a fundamental element of achieving the National Energy Objective. Consumers rightly have an expectation that their energy retailer will provide them with a regular, accurate indication of their usage, and that they will be charged appropriately for the energy that they have actually used.

The widespread use of estimations as the basis for billing is very poorly understood by consumers and is a source of significant consumer discontent and complaint. In this context, PIAC broadly supports the principles of the Minster's proposals, and recommends that:

- retailers deliver fully on their responsibility to actively facilitate regular meter reads;
- customers receive a bill based upon an actual read, at least once every 6 months;
- retailers provide options for the provision of self-reads that are accessible and inclusive for consumers with different levels of ability and access to technology;
- the option to provide a self-read as a basis for estimated bills is made available and accessible to all consumers ideally in advance of receipt of a bill;
- there is a strengthened incentive for retailers to improve the accuracy of the actual and estimated reads that customers' bills are based on;
- bills based on estimates are clearly marked, and provide access to information on how an estimate is formulated;
- where possible processes for providing self reads and disputing bills (including timeframes) are consistent across retail providers, and act as an incentive for customers to utilise them; and
- any up-front costs related to meter reading and billing disputes, are met by retailers and only recouped subsequently from the consumer if they were in error.

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PIAC considers this rule change process represents an important opportunity to address long term issues with the way that retail energy bills are formulated and presented to consumers, particularly for the significant proportion of consumers who are struggling to control and afford the cost of their energy usage.

Continued engagement

PIAC would welcome the opportunity to meet with the AEMC and other stakeholders to discuss these issues in more depth.

Yours sincerely,

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Attachment: Responses to consultation questions

5.1 Consultation questions on the issues to be addressed

5.1 Question 1

PIAC agrees with the key issues identified in the consultation paper. However, we note that a fundamental issue that contributes to the actual and perceived inaccuracy of bills based upon estimated reads, has not been properly recognised. PIAC recommends that the following issue be added:

- **Opaque or inconsistently applied estimate methodology:** The use of estimates itself is poorly understood, and consumers often are not aware that any particular bill is based on an estimate. In this context the application of methods for calculating estimates is important. For example, it is not clear how a 'comparable customer' is defined, or the specific methods by which an estimated bill is generated from this source information. Importantly, issues around how an estimate is generated will remain important even if a retailer is required to accept a customers' own read.

5.1 Question 2

The identified issues with inaccurate estimated reads, with the addition outlined in question 1, affect both retail gas and electricity customers.

5.1 Question 3 (a and b)

While the NERR do currently make extensive provisions dealing with meter and billing inaccuracies, they do not provide adequate protections against over and under charging, and do not strike an appropriate balance that recognises the significant information, resource and capability gap between many consumers and their retailer. PIAC is particularly concerned that existing provisions:

- require a customer to understand that a bill is often based on an estimate, and that they are able to dispute this estimate.
- require a customer to be aware that bills based upon actual reads can be also be disputed,
- are likely to require a customer who wishes to dispute their bill, to request a read or check of the meter and pay a potentially significant cost upfront.

In this context, PIAC welcomes the opportunity to re-examine the rules and strengthen the provisions protecting customers from over- and under-charging, and facilitating their ability to dispute and address inaccurate bills.

5.2 Consultation question on prohibiting estimated reads

5.2 Question 1

While a customer's actual usage should be the primary basis for their bill, PIAC recognises that there are some valid circumstances where an actual read is not possible or may be impractical at a particular time. Therefore, PIAC considers any requirement that all customers' bills be based upon actual meter reads is not necessarily practicable. While PIAC does not support pursuing such a change any further, we believe it is necessary for this review to have considered how actual reads are currently arranged and actively facilitated. We believe that the circumstances in which an actual read may not be taken should be more clearly and narrowly defined, with a view to improving the processes for arranging meter reads, and maximising the use of actual meter reads.

5.3 Consultation questions on prohibiting bills based upon grossly inaccurate meter reads

5.3 Question 1

PIAC supports the Minister's proposal, obliging a retailer not to base a customer's bill upon 'grossly inaccurate' estimated meter reads. This proposal recognises the fundamental customer expectation that their retailer is responsible for sourcing accurate information regarding a customer's usage and billing them accordingly. PIAC believes that placing this obligation on retailers would provide added incentive for retailers to:

- implement improvements to systems facilitating actual meter reads at every possible opportunity,
- implement systems and practices that facilitate the widest possible uptake of customer provided self-reads,
- more readily accept when a customer disputes a bill, and implement improved systems to resolve billing disputes,
- undertake to replace type 5 & 6 meters with fully enabled type 4 meters wherever possible, as soon as practicable.

5.3 Question 2

PIAC does not believe that the costs of prohibiting bills based upon 'grossly inaccurate' meter reads are a significant consideration. The effect of the Minister's proposal is to more clearly and narrowly define the existing customer expectation that retailers undertake to provide accurate usage and billing information. While it is likely that this narrower definition will require some retailers to make improvements to their systems managing the provision of customer self-reads, the calculation of bills, and the efficient arrangement of actual reads, other retailers are already operating on this basis.

Consumers rightly expect retailers to provide them with an accurate indication of their usage, and to bill them appropriately, on this basis. PIAC contends that providing customers with bills that are not 'grossly inaccurate' is a fundamental part of the retailer's role, and any costs associated with meeting this standard should simply be considered part of 'business as usual'.

5.4 Consultation questions on requiring the retailer to accept a customer self-read

5.4 Question 1

PIAC broadly supports Minister Frydenberg's proposal to require retailers to accept customer self-reads as the basis for an estimated read. PIAC further recommends the following changes be made, to better ensure that the intent of the Minister's proposal is realised:

- that qualification (3) is amended such that '*the retailer has no reason to consider this meter reading to be grossly inaccurate*'. The Minister's proposal is rightly focussed on ensuring that bills are not based upon 'grossly inadequate' meter reads. PIAC strongly recommends that consistency with this principle is maintained throughout the rules, to ensure that customer self-reads are not rejected by retailers on the basis of a contention of inaccuracy that may be minor or inconsequential.
- An additional qualification (4) should be added to ensure that retailers are required to provide adequate advance information to customers regarding their ability to provide self-reads and how self-reads may be undertaken, such that:
4 'the retailer makes available multiple methods by which a self-read may be provided by the customer, and has ensured that information regarding the option to provide self-reads is made clearly available across all appropriate retailer communication platforms.'

5.4 Question 2

PIAC disputes that cost is a significant consideration in relation to the implementation of a requirement for retailers to accept customer self-reads. The option for customers to provide self-reads as a basis for billing is already part of the NERR and, as highlighted in the consultation paper, many retailers already have platforms in place that allow customers to do so.

Again, it is important to note that consumers expect that they are billed accurately for the energy that they consume, and that this is a fundamental part of the energy retailer's role.

5.4 Question 3

There are no types of metering or tariff arrangements which present difficulties such that meter self-reads could not be facilitated. While PIAC understands that there are a range of different meters in operation, and that some meters may be more complicated for customers to read, these issues are not insurmountable and should not count against the proposal. PIAC notes that Ergon Energy already operates a facility for submitting customer provided self-reads, and includes comprehensive information regarding how to read a range of potential meters that serves as a useful example¹.

PIAC does note that there are some circumstances, particularly where meters are housed in secure common areas, where actual reads and customer provided self-reads are not easily undertaken. While these circumstances should be noted, and will require improvements to arrangements for facilitating actual meter reads, PIAC does not believe that they undermine the wider value of the proposed changes.

5.4 Question 4

PIAC has no specific recommendation regarding the appropriate timeframe for the provision of a self-read for the purposes of informing a bill. However, PIAC does recommend that implementation include the development of standard guidelines, which include provisions for:

- accessible information regarding any customer's ability to submit a self-read of their meter as a basis for an estimated bill, both on public communication platforms operated by the retailer, and in any communication of terms at the commencement of the customer's retail contract;
- advance notice to a customer that a bill is due, and information on how to submit a self-read of their meter;
- a specified timeframe within which a self-read can be submitted (for example, in a 90-day quarterly billing period 7-10 days may be reasonable);
- any bill that is based upon an estimated meter read is clearly and obviously marked; and
- billing information that provides a customer with an option to arrange, in advance, an actual meter read to be undertaken in an equivalent period.

5.4 Question 5

PIAC recommends that a retailer should only be able to reject a customer provided meter-read if they have a 'specific reason to consider the meter reading to be grossly inaccurate', with the retailer being responsible for providing reasonable proof supporting this consideration. It is important that the criteria under which a read may be rejected are made clearly available to a customer in advance, and PIAC recommends the development of standard reasons that may be applicable across all retailers. Examples of specific reasons for rejection may include but not be limited to circumstances where:

¹ Ergon Energy website <https://www.ergon.com.au/network/connections/metering/how-to-read-your-meter>

- a photo is provided, where the meter is obscured, not clear or does not show the correct meter for that property;
- a number is provided that is smaller than a previous read; or
- a number is provided that does not correspond to the format of the meter on the property.

PIAC recommends that any retailer rejection of a customer self-read, and the retailers reasoning for that rejection, should be accompanied by an opportunity for the customer to provide a replacement read, or request (and make arrangements for) an actual read to be undertaken within a reasonable timeframe.

Should this actual read result in usage that is significantly in excess of the estimate based upon the customers self-read, then the cost of undertaking that read should be borne by the customer, subject to the customer being provided with sufficient information regarding this possibility. In all other circumstances the retailer should bear the cost of obtaining the read.

It is crucial that arrangements around acceptance and rejection of customer self-reads provide the maximum protection against systemic or unreasonable rejection of self-reads, to ensure that retailers have sufficient incentive to accept self-reads and ensure that their systems for the provision of self-reads are practical and accessible to all customers.

5.5 Consultation questions on adjustments to estimated bills

5.5 Question 1

PIAC supports the intent of the Minister's proposed measures providing a mechanism for customers to submit a self-read of their meter as the basis for an adjustment to an estimated bill, in cases where that bill is not already based upon a meter read that they have provided. It is crucial that there are multiple points at which a customer is informed of their ability to submit their own meter read, and multiple opportunities for customers to do so both before being presented with a bill, and as a means of adjusting a bill they have received.

5.5 Question 2

PIAC recommends that standardisation should be considered in implementation. Accordingly, we recommend that the revised rules stipulate that retailers implement systems facilitating self reads, and the adjustment of disputed reads, according to guidelines that the AER should draft in conjunction with consumer, community and industry stakeholders.

PIAC believes it is particularly important that these implementation guidelines provide standardised direction including:

- the accessibility, timeframe and format requirements when advising customers that the provision of self-reads is an option;
- the requirements for informing a customer that any particular bill is based upon an estimate, how that estimate is made, and the process for arranging an alternative self-read or actual read;
- timeframes for the provision of a self-read, disputing an estimate or read, or arranging or providing a replacement read;
- the specific criteria under which a self-read may be rejected;
- the accessibility and inclusiveness of methods for the provision of self-reads; and
- the considerations in determining means of providing self-reads

5.5 Question 3

Avoiding any potential timing issues should be considered when developing guidelines regarding notice periods and appropriate timeframes for the provision of self-reads or adjusted meter reads. However, PIAC does not consider that there are any timing issues intrinsic to the use of adjusted meter reads, and their use need not have significant implications for the billing cycle if they are governed by appropriate guidelines.

5.6 Consultation questions on strengthening the requirements to carry out actual meter reads

5.6 Question 1

The current provisions, stipulating that a retailer make 'best endeavours' to undertake actual reads, could result in actual readings only once every 12 months. PIAC understands that this may result in many consumers receiving up to 3 consecutive quarterly estimated bills, before a bill based on an actual read is made available. With average annual electricity bills currently in excess of \$2,000² this can lead to significant bill shock, and require significant adjustments that can compound energy related debt and financial distress.

In this context PIAC supports the principle of the proposals that seek to strengthen requirements for bills to be more frequently based upon actual meter reads and recommends that consumers receive a bill based upon an actual meter read where possible, and once every 6 months as a minimum. Alternatively, PIAC would welcome consideration of alternative measures that would have the same effect, such as changes to AEMO procedures.

5.6 Question 2

Under current provisions and practice, many customers regularly receive bills based upon actual reads of their usage. In this context, PIAC believes that strengthening requirements to undertake actual reads, and reducing the maximum allowable period between bills based upon an actual meter read, is merely a wider and more consistent application of good retail practices, rather than a significant or systemic change. For example, relatively simple improvements to retailers' communications and IT systems could facilitate improved meter reading efficiency by:

- allowing customers to provide permission to enter their property for the purpose of reading their meter, in advance;
- better use of systems to pre-inform customers of meter reading visits (for example by text message);
- better systems for recording information relating to properties that are difficult to access;
- better use of systems allowing customers to pre-arrange an actual meter read.

PIAC does not consider that the costs of reducing the maximum interval between actual meter reads to 6 months should be a significant consideration for the AEMC.

5.6 Question 3

PIAC supports a significant strengthening of requirements to carry out actual meter reads. While many of the proposed changes focus on improving the accuracy of estimated reads, and the incentive for retailers to accept reads provided by customers, a significant proportion of consumers will still rely upon receiving bills based upon regular, accurate, actual meter reads. PIAC recommends that, as a minimum, the current requirement to provide a bill based upon an actual meter at least once every 12 months be reduced to once every 6 months.

² https://www.vinnies.org.au/icms_docs/272193_NSW_Energy_Prices_July_2017.pdf

5.7 Consultation questions on more accurate calculation of estimated usage

5.7 Question 1 & 2

The Minister's proposals regarding customer self-reads and adjustments to estimated bills, appropriately implemented, adequately address the issues identified by Dr Dodt. As noted previously, PIAC considers that the provision of clearer guidelines around how estimates are developed from base information, would be beneficial to consumer understanding and acceptance of bills based upon estimates.

5.8 Consultation questions on civil penalties.

5.8 Question 1

PIAC understands that there have been significant issues with gas and electricity retailers complying with the principle and intent of the provisions of rule 21. PIAC supports a wider application of civil penalties to provide increased incentive to retailers to undertake actual meter reads or accept customer self-reads.