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## **A better power company**

14 June 2018

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Dear Australian Energy Market Commission,

**Reference Code: ERC0241**  
**National Electricity Amendment (Estimated meter reads) Rule 2018**  
**National Gas Amendment (Estimated meter reads) Rule 2018**  
**National Energy Retail Amendment (Estimated meter reads) Rule 2018**

Powershop Australia Pty Ltd (**Powershop**) thanks the Australian Energy Market Commission (**AEMC**) for the opportunity to provide comments on the proposed rule changes regarding the use of estimated reads as a basis for customer bills.

Powershop has always provided its customers with the tools to allow them to enter their own meter reads which Powershop then use as the basis upon which to bill the customer.<sup>1</sup> Powershop has always aimed to provide its customers with the most accurate bill possible based on the information available. Powershop supports the AEMC and agrees that retailers should accept customers own meter reads as this will assist customers in avoiding bill shock.

Appendix 1 shows screenshots of how Powershop customers can enter their own meter reads.

### **5.1 Consultation questions on the issues to be addressed**

#### **1. Do stakeholders agree with the characterisation of the issues with estimated meter reads to be addressed?**

Powershop agrees with the characterisation of the issues raised in 5.1 of the consultation paper as estimated reads can be confusing for customers.

Powershop's view is that the most common causes of confusion in relation to estimated reads are:

1. chronic access issues;
2. lack of previous usage data;
3. changing usage patterns; and
4. errors with the estimates.

Powershop agrees with the issue raised that some estimated bills can cause bill shock (particularly if the estimate is issued after a change in usage patterns) which can have a significant detrimental effect on low income families. Powershop therefore supports the rule change which requires retailers to accept customers own meter reads.

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<sup>1</sup> If there is no verified actual meter read available at the time of billing.



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### 2. Are there any differences in the nature of the issue for gas customers compared with electricity customers?

There are two differences in the nature of the issue for gas customers:

- the billing cycle; and
- in Victoria, a gas distributor has to accept the read prior to it being used for billing. In summary the retailer receives a read from the customer, the retailer sends that read to the distributor and then the distributor either accepts or rejects the read.

### 3. Are there any shortfalls in the way the existing provisions in the NERR protect customers from the impacts of inaccurate estimates:

#### (a) Do the rules sufficiently protect customers from over and under charging?

Yes the rules sufficiently protect customers from over and under charging.

#### (b) Does rule 29 provide adequate recourse for a customer to dispute a bill based on an inaccurate estimate?

Powershop's view is that the rule 29 (5)(b) could be amended to remove the ability for retailers to charge customer's upfront for a meter test.

#### Suggested amendment to NERR 29 (5)(b):

*(b) the customer must pay for the cost of the check or test **should the check or test prove that the meter is working correctly** (~~which the retailer may request be paid in advance~~)*

Powershop's approach to a meter test in relation to a billing dispute is that we advise the customer prior to arranging a test that if the meter test indicates that the meter/meter data is correct Powershop will charge the customer for the test. Conversely if the test shows that there is an issue with the meter/meter data and the customer has been billed incorrectly Powershop will not charge for the meter test and will rectify the issue free of charge.

### 5.2 Consultation questions on prohibiting estimated reads

#### 1. What are the costs and benefits of requiring that all customer bills must be based on actual meter reads? Should this option be considered further?

Whilst Powershop understands the frustration some customers feel at receiving an estimated bill, especially when the estimated bill does not reflect their actual energy usage, prohibiting estimated reads introduces a wide range of potential negative impacts. The far simpler, more accurate and more cost effective solution would be to require retailers to accept customers own meter reads in the absence of an actual read.



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**Table 1:** Prohibiting estimated reads by requiring retailers to only bill on actual reads.

Pro's	Con's
<ul style="list-style-type: none"><li>• Customers will receive bills based on actual meter reads which will give customers more confidence in the accuracy of their usage and cost.</li><li>• Less disputes in relation to the difference between estimated usage and actual usage.</li></ul>	<ul style="list-style-type: none"><li>• Customer may not receive a bill for up to 12 months (under the current meter reading requirements – 6 months under the proposed meter reading requirements) if the meter reader cannot access the meter;</li><li>• Increased bill shock as a result of potentially a 12 month bill;</li><li>• Increased customer arrears as a result of a customer having 13 business days to pay an up to 12 month bill;</li><li>• Cost of retailers not recovering payment for goods sold for up to 12 months could have a considerable impact on cash flow especially for smaller retailers;</li><li>• Increase in the number of customers seeking payment assistance/ hardship;</li><li>• Increased cost to serve due to some retailers having to arrange a monthly special read (Powershop bill monthly). This additional cost would need to be passed onto customers;</li><li>• Distributors, retailers, metering coordinators and meter data providers would all need to make substantial system changes which again would potentially be passed onto customers;</li><li>• Retailers will be required to contact customers with access issues once a month to arrange access to the meter;</li><li>• Disconnections for not allowing access to a meter and debt will likely increase;</li><li>• A range of regulatory and industry instruments would need to be reviewed and amended to support the prohibition on estimate reads (e.g. AEMO market procedure's); and</li><li>• Further de-harmonisation of rules between jurisdictions.</li></ul>

As outlined in table 1 above, Powershop believes that estimated reads should not be prohibited due to the potential adverse customer impacts.



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### **5.3 Consultation questions on prohibiting bills based on grossly inaccurate meter reads**

#### **1. To what extent does the option address the issues with estimated meter reads? What are the benefits?**

The option does not address the issues with estimated meter reads due to the fact that normal usage variables may lead to an estimate read being flagged as grossly inaccurate. Some examples of variables that could lead to an estimate read being flagged as grossly inaccurate are detailed in the consultation paper (e.g. customer holidays and having an air conditioner installed). There are a number of common issues which would lead to an over capture of reads being flagged as grossly inaccurate when in fact they are not.

It is worth noting that Powershop and presumably most retailers have high/low thresholds built into their processing systems which flag consumption anomalies. On this basis, a mechanism already exists to address this issue and further regulation is unnecessary.

#### **2. How would the option be implemented by industry and what are the costs involved?**

The implementation of such an option would be complicated, costly and do little to address the concerns raised by the proponents.

Notwithstanding the above comment on consumption anomalies, this option still remains complicated because:

- all estimate reads provided by a distributor or meter data provider would need to pass through some form of interface for assessment;
- some form of algorithm would need to be developed to determine which estimate reads are grossly inaccurate; and
- this algorithm would need to be reviewed and updated annually to reflect changes in usage behavior.

The option would be costly due to:

- retailers having to arrange a special read each time an estimate read was determined grossly inaccurate; and
- system development requirements that would need to be undertaken by retailers, distributors and meter data providers.

Using a term such as 'grossly inaccurate' is subjective, may not reflect the customers' expectations and is hard to enforce as a rule. Therefore, Powershop suggests that the AEMC leave this mechanism to industry as it is in its best interest of each retailer to monitor and adjust its algorithms to better suit their own customer base.

The more cost effective way to address concerns around estimate reads is the continued roll-out of smart meters and to enable customers to enter their own meter reads.



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

#### **1. To what extent does the option address the issues with estimated meter reads? What are the benefits?**

The option requiring retailers to accept customer own meter reads will largely address the issues with estimated reads. The benefits associated with retailers accepting customers own meter reads are twofold:

1. more accurate billing for the situation detailed above; and
2. enhanced trust between retailer and customer.

It is important to note that while accepting customer own meter reads will enhance trust it will not necessarily address incorrect billing in every instance due to the potential for customers to enter an incorrect meter read. Powershop's response to question 3 highlights some potentially confusing situations that may lead to an incorrect customer meter read.

#### **2. How would the option be implemented by industry and what are the costs involved?**

A basic email or phone call solution (i.e. customer emails or calls to provide a meter read) would be relatively quick and cost effective to implement.

#### **3. Are there any types of metering or tariff arrangements that would make it difficult for a customer to provide a self-read?**

There are certain types of meters and tariffs that would make it difficult for customers to provide their own reads. These meters and tariffs include:

- Three register meters – from Powershop's experience there appears to be a large segment of meters in NSW that have three registers to enable peak, shoulder and off-peak. However unless one of these tariffs has been taken up all three meters will be charged at a single rate. This can lead to customer confusion when they have to enter three separate readings in the appropriate register data streams to generate an accurate bill. Even if the customer did have peak, off-peak and shoulder they would still need to identify the appropriate register data streams and enter them accordingly.
- Manually read interval meters (**MRIM**) – these meters record half-hourly consumption data but are only read quarterly as they have no remote communication. All usage is recorded on a single register so a customer could enter their total consumption (i.e. the face reading) but peak, shoulder and off-peak data can only be obtained each quarter by the distributor or meter data provider.
- Multiple meters onsite – some customers might have multiple meters onsite (e.g. a meter for their house and a meter for their shed) and would therefore need to match the correct reading with the correct meter and potentially correct account.

#### **4. What are the appropriate timeframes in which a customer should provide a self-read to a retailer to inform a bill?**

As a basic principle an appropriate timeframe would be in-line with the retailers billing period. Additionally, to avoid collection activity on a potentially incorrect estimated read, customers should provide an own read before the due date of the bill (so that if required a retailer can adjust their bill), or at a minimum no later than the issue date of the next bill.



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### **5. What arrangements should apply if the retailer rejects a customer self-read? For example, should the retailer be required to provide reasons to the customer and allow the customer to rectify the self-read?**

To reject a customer self-read the retailer should be required to provide a reason as to why they rejected the customer's self-read and provide the customer with information as to how to correct the issue.

#### **5.5 Consultation questions on adjustments to estimated bills**

##### **1. To what extent does the option address the issues with estimated meter reads? What are the benefits?**

Powershop supports Minister Frydenberg's proposal that retailers be required to adjust a customer's estimated bill when requested by a customer. This would allow customers to seek a review and adjustment based on a customer self-read.

##### **2. How would the option be implemented by industry and what are the costs involved?**

The customer could either ring or email the retailer with a self-read. The costs of implementation would be minimal other than increased internal staff costs.

##### **3. What are the implications of an adjusted estimated meter read and how should these be addressed? For example, are there implications on the billing cycle?**

Implications to consider for this option are:

- it may add administrative costs to support the rebilling process; and
- if there was a major discrepancy between the customer read and the estimate retailers may have to arrange a special read.

There should be no implications on the billing cycle as the issued bill will be withdrawn and reissued.

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

##### **1. To what extent do these options address the issues with estimated meter reads? What are the benefits?**

The option of increasing retailer requirement to carry out actual meter reads does not address the issues with estimated meter reads. The main cause of having to rely on estimated reads is access issues (e.g. locked gates/door, dogs etc.); therefore imposing a requirement on retailers to obtain an actual meter read every six months (or three months as one proponent suggests) will not address the underlying issues that lead to an estimated read.

In addition to not addressing the issues, the option proposed will add cost to customers due to the:

- system development requirements industry would need to undertake to support a three or six month actual read process;
- increased cost due to the resources needed to read meters and manage billing exceptions;
- increased costs associated with arranging special reads every three or six months due to access issues; and



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- added complexity to the billing process as customer bills will have to be withheld until access is arranged and an actual meter read is obtained.

In addition to the aforementioned cost issues the option will also require greater engagement from customers to arrange access to their meter which is already extremely challenging for retailers.

The current requirement to obtain a read at least every 12 months is fair and reasonable provided that retailers are required to accept a customer self-read.

As previously stated, the most cost effective way to address concerns around estimated reads is the continued roll-out of smart meters and enabling customers to enter their own meter reads.

### **2. How would the options be implemented by industry and what are the costs involved?**

To implement a six month read option would be costly due to the reasons detailed above, but also cumbersome due to:

- resources within retailers billing teams needing to be retrained;
- internal procedures requiring amendment; and
- all existing contractual arrangements with metering companies requiring amendment.

In addition to the above internal processes, industry bodies such as the Australian Energy Market Operator (AEMO) would need to be engaged to review any industry system changes or procedural changes that may need to take place to support the proposed rule change. Any changes that would be required at the industry level would require a consultation process which adds further cost to what would be an already expensive option.

### **3. What would be the most effective way to strengthen the requirements to carry out actual meter reads (if any)?**

The most effective way to address the issues with estimated meter read is for retailers to continue the roll-out of smart meters and to require retailers to accept customer self-reads.

### **5.7 Consultation questions on more accurate calculation of estimated usage**

#### **1. To what extent does Dr. Dodt's proposal address the issues with estimated meter reads? What are the costs and benefits of the proposal?**

While Dr. Dodt's proposal would go some way to addressing the issues with estimated reads where a household's consumption is reduced or increased due to the installation of devices, in Powershop's experience these cases are rare and therefore the proposed change is unnecessary and potentially costly. The cost to mitigate this issue, which would involve having to consider similar sized solar systems (data not currently captured in billing systems) and geographical latitude data (also not captured in systems) is not commensurate with the frequency at which this issue arises.

While estimated read issues associated with installing solar panels are frustrating for customers, the cases are rare given:

- a customer installing solar panels generally require a smart meter which can be remotely read –therefore completely removing the estimated read issue;



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- customers with existing solar equipment were offered smart meters through both government and industry communications at the conclusion of the NSW Solar Bonus Scheme (SBS). Again removing the estimated read issue;
- for those customers who did not take up a smart meter at the end of the SBS, their retailers would have an adequate enough usage history to form a reliable estimation; and
- most retailers are currently undertaking a smart meter roll-out.

### **2. What other solutions would improve the accuracy of estimates where a premises has significantly changed its usage? Would the Minister's proposals in section 5.2.3 (customer self-reads) or 5.2.4 (adjustments to estimated bills) effectively address situations where energy usage has changed significantly?**

The Minister's proposals in section 5.2.3 (customer self-reads) or 5.2.4 (adjustments to estimated bills) would effectively address the issues in a cost effective manner.

### **5.8 Consultation questions on civil penalties**

#### **1. Is compliance with rule 21 of the NERR an issue, and would civil penalties help to improve compliance?**

Powershop does not have concerns in relation to compliance with rule 21 of the NERR and does not support the introduction of a civil penalty provision. As mentioned numerous times in this submission, the primary cause of estimated meter reads is access to meter issues and a civil penalty will not mitigate this issue.

The continued roll-out of smart meters and requiring retailers to accept customer self-reads will address the estimated read issues raised by the proponents.

If you have any queries or would like to discuss any aspect of this submission please do not hesitate to contact me.

Yours sincerely,

**Haideen Jones**  
Retail Compliance Coordinator



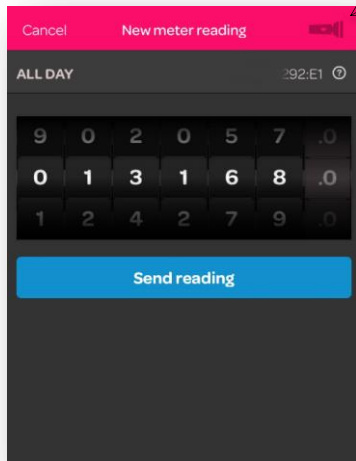


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## Appendix 1

Mobile phone:



Customers can also photograph their meter to capture the face read.

Online portal:

