

14 June 2018

Ms Jenessa Rabone
Senior Adviser
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Dear Ms Rabone,

Estimated Meter Reads

Simply Energy welcomes the opportunity to provide feedback on the Australian Energy Market Commission's (AEMC) proposed suite of estimated meter read rule changes.

Simply Energy is a leading second-tier energy retailer with over 650,000 customer accounts across Victoria, New South Wales, South Australia and Queensland. As a growing retailer, Simply Energy supports competition and customer engagement in the market.

To this end, Simply Energy is committed to providing its customers with accurate and timely energy bills to assist them in managing their utility expenses. In exploring this commitment in the context of the proposed rule changes, Simply Energy's submission evaluates the proposal to:

- base all bills on actual meter readings;
- prescribe the method for calculating estimates bills; and
- impose further civil penalties on estimated billing requirements.

In addressing the above matters, regard has been given to the questions raised in the AEMC's consultation paper.

Basing bills on actual meter readings

While all bills should ideally be based on actual meter readings, there are inevitably situations when meters cannot be read. These include when meters are situated in locked premises or in properties guarded by vicious dogs. In these situations, the safety of the meter readers is paramount and an estimated meter reading is the only viable option to reduce customer bill shock. That said, almost all meters are read within 100 days, meaning that estimated bills are very much reserved to exceptional circumstances.

Although estimates will never be perfect, they ensure that energy customers are paying a representative portion of their liability. This, in turn, helps retailers maintain their cashflows as well as allowing customers to stay on top of their utility expenses.

There are also various safeguards that limit a customer's exposure to 'grossly inaccurate' meter readings. For example, a customer who has received an estimated bill has the right to request an actual meter read, and instalment plans are available to those who have been undercharged as the result of a billing estimate. Customers also have the right to have their bills reviewed. From Simply Energy's perspective, these safeguards are adequate in balancing customer and industry interests.

Retailers can even accept a customer's self-reads. That said, older dial meters can be difficult for customers to read. For this reason, relying on self-reads should remain as an option rather than a mandatory requirement.

In fact, Simply Energy already allows its customers to provide self-reads and will re-issue bills if the customer's self-read is considered reasonably accurate. Furthermore, Simply Energy also sends letters to customers whose properties cannot be accessed by meter readers to ensure actual readings can take place.

However, Simply Energy's major concern is around the proposed requirement to inform customers of their right to request an adjusted estimated bill, particularly if this requirement will extend to a message being included on every estimated bill issued. Providing this option on estimated bills could conceivably lead to a substantial uplift in the number of customers contacting Simply Energy's call centres to request a billing adjustment. This could, in turn, increase Simply Energy's operational costs in terms of higher call volumes and billing processing expenses without any corresponding benefit for Simply Energy's customer base as a whole. Disputes could also arise if a customer's self-read is rejected, particularly if the request is considered vexatious in nature. As a result, a lot of time could be taken up dealing with these matters.

While automated online processes could be developed to facilitate customer self-reads, it is seemingly an unnecessary cost for retailers to bear given advances in metering technology. Smart meters are starting to be rolled out as the default electricity meters for new and replacement installations across all jurisdictions, which will reduce the need for estimated reads in future. While the metering technology for gas is still developing, gas is not generally a primary household fuel source and the financial effect of any adjustment resulting from an estimated gas bill is likely to be much lower than for electricity.

In view of this, a potentially more beneficial option for both industry and consumers would be a government-led educational campaign around customers providing access to their energy meters. This would ensure actual readings can be made, where necessary, and more importantly facilitate greater consumer safety.

Basis for estimates

In terms of the basis for billing estimates, Simply Energy does not support adding additional prescription around how these figures are calculated. Estimates are generally based on a customer's average consumption, or comparable consumption of a similar-sized property in the same supply area. Adding a requirement to take into account solar installations will only add further complexity without any tangible benefit for the majority of energy consumers.

There are also other appliances and household amenities, such as air conditioners, heating units and even swimming pools, which could markedly effect a customer's energy consumption. Requiring retailers to collect this information from customers every time they install a new appliance or amenity would be unnecessarily burdensome. These matters should ultimately be left to retailers to deal with on a case-by-case basis in line with current practices.

Civil penalties

In terms of enforcement, Simply Energy does not consider there is any justification for extending penalties to breaches under rules 21(1) and 21(2) of the *National Energy Retail Rules*. Civil penalties should only be used to deter and denounce serious contraventions under the Rules, particularly in cases where there is substantial risk of consumer harm or continued industry malpractice.

There is no strong evidence to support further regulatory intervention in estimated billing practices. Further, rules 21(1) and 21(2) seemingly provide guidance rather than forming the basis for enforceable requirements. In view of this, proceeding to recommend the imposition of additional civil penalty requirements will merely dilute the legitimacy of the civil penalty regime without furthering consumer interests.

Concluding remarks

Simply Energy would encourage the AEMC to consider the merits and overall benefits that will be derived before implementing any rule changes around estimated billing practices

Simply Energy would, therefore, welcome any further discussion in relation to this submission and the AEMC's broader Consumer Protection Plan. To arrange a discussion or if you have any questions please contact Anthony O'Connell, Senior Regulatory and Compliance Officer, on (03) 8807 5134 or at Anthony.OConnell@simplyenergy.com.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'James Barton', with a stylized flourish at the end.

James Barton
General Manager, Regulation
Simply Energy