

13 June 2018

Mr John Pierce
Chair
Australian Energy Market Commission
PO BOX A2449
Sydney South NSW 1235

Via online submission

Dear Mr Pierce,

RE ERC0241 – National Electricity Amendment (Estimated meter reads) Rule 2018

TasNetworks welcomes the opportunity to make a submission to the Australian Energy Market Commission (**AEMC**) on the National Electricity Amendment (Estimated meter reads) Rule 2018 consultation paper.

As the Transmission Network Service Provider (**TNSP**), Distribution Network Service Provider (**DNSP**) and jurisdictional planner in Tasmania, TasNetworks is focused on delivering safe and reliable electricity network services while achieving the lowest sustainable prices for Tasmanian customers. This requires the prudent, safe and efficient management and development of the Tasmanian power system. In this regard, TasNetworks is supportive of AEMC's efforts to clarify and improve customer outcomes from the use of estimated meter reading.

The key points in this submission are:

- TasNetworks supports the intent behind the proposed rule changes in allowing customers to better manage their electricity bills. However, TasNetworks does not consider that prohibiting the use of estimated meter reads is in customer's best interests given the increased costs for actual meter reading that would likely be passed on by retailers.
- TasNetworks questions whether adding the undefined "grossly inaccurate" terminology to the NERR would deliver any substantive benefits beyond the existing provisions for remediating inaccurate estimated meter reads.
- TasNetworks considers that allowing customer self-read of meters may address many of the issues with estimated meter reads but notes there may be considerable costs in facilitating such a solution. Given the majority of issues associated with estimated meter reads will be obviated with the transition to advanced meters, TasNetworks questions whether such a stop-gap solution will be economically beneficial.
- TasNetworks considers that there may be alternative solutions to those presented in the consultation paper that would provide customers with more flexibility in paying estimated

meter bills and avoid the costs associated with the proposed changes. TasNetworks suggests that these are explored further as part of the consultation.

TasNetworks responses to individual questions are provided below and we welcome the opportunity to discuss this submission, including the proposed alternative solution, further with you. Should you have any questions, please contact Tim Astley, Team Leader NEM Strategy and Compliance, via email (tim.astley@tasnetworks.com.au) or by phone on (03) 6271 6151.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "W. Tucker".

Wayne Tucker
General Manager Strategic Asset Management

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

TasNetworks considers the characterisation of the issues with estimated meter reads is appropriate.

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

No comment.

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.

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

Yes, however, TasNetworks considers that this may be strengthened by directing customers to pay for the costs of a requested meter read, data check or meter test only after the outcome of the dispute has been determined. The ability for retailers to charge customers upfront for these services may act as a disincentive to customers to challenge bills and which might otherwise mitigate the effects of inaccurate meter reads.

4. 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?

For those jurisdictions that are some years away from completing the rollout to advanced meters and where actual meter reads are conducted manually such as Tasmania, TasNetworks considers that the costs to requiring that all customer bills be based on actual meter reads would far outweigh the benefits. For this reason, this option should not be considered further.

5. To what extent does prohibiting retailers from producing bills based on grossly inaccurate estimated meter reads address the issues with estimated meter reads? What are the benefits? How would this be implemented by industry and what are the costs involved?

As noted in the consultation paper, there are already mechanisms in place for ensuring estimated meter reads are based on reasonable assumptions and for equitably dealing with instances of over and undercharging resulting from inaccurate estimates. Further, and as also highlighted in the consultation paper, it is not always the case that retailers are able to judge the accuracy of an estimated meter read, particularly where this is undertaken by a distributor or metering coordinator. In this respect, it is questionable whether adding the undefined “grossly inaccurate” terminology will deliver any substantive benefits beyond the existing provisions.

6. To what extent does the customer self-read option address the issues with estimated meter reads? What are the benefits? How would the option be implemented by industry and what are the costs involved?

TasNetworks considers that the self-read option would address some of the issues with estimated meter reads and notes that this has already been used successfully in several jurisdictions overseas. Notwithstanding this success, TasNetworks contends that there may be significant costs in facilitating such an arrangement. These might include development, testing, implementation, storage, maintenance, training, security, staff and support costs as well as efficiency impacts from changes in processes and opportunity costs of other work that is impacted while a new customer self-read process is put in place.

TasNetworks also notes that these costs may not fall solely on retailers. For example, there are situations where Metering Data Providers (**MDPs**) and/or DNSPs also provide estimated meter reads. If these entities also have to incur the above costs to support the proposed changes, the total economic cost would be amplified. Given the majority of issues associated with estimated meter reads will be obviated with the impending transition to advanced meters, TasNetworks questions whether such a stop gap solution will be economically beneficial.

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

As noted in the consultation papers, there are some meter and tariff arrangements that would make it difficult for a customer to provide a self-read. Whilst a digital image may solve some of these concerns, as highlighted above, compared with existing processes for estimated meter reads this would incur extra staff and support costs.

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

The seven day timeframe mooted in the consultation paper seems reasonable and appropriate.

9. 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?

TasNetworks supports allowing customers to rectify a previously rejected self-read, however, notes that this may incur additional processing and staffing costs to do so.

10. To what extent does the option to request an adjustment to an estimated meter read address the issues with estimated meter reads? What are the benefits? How would the option be implemented by industry and what are the costs involved?

As with the self-meter read proposal above, TasNetworks is supportive of the principle but notes there may be considerable costs incurred that must be weighed against the benefits, particularly, given the ongoing roll out of advanced meters and the fact there are already similar provisions in place for adjusting bills. As one example, TasNetworks notes that the AEMO Metrology Procedure states that the MDP must re-validate, update or re-calculate a previously final substituted meter reading if it is disputed¹.

Rather than allow customers to request an adjustment to an estimated bill, alternative solutions not contemplated by the consultation paper may provide customers more flexibility in paying estimated bills. One example might be to incorporate a lower, minimum pay now amount with a full payment reconciliation only performed for a bill based on an actual meter read. This would allow consumers to better budget for their electricity costs based on their more accurate understanding of their usage. Beyond avoiding the costs associated with self-meter reads proposals, it would also provide an incentive, but not the obligation, for retailers to obtain actual meter data.

TasNetworks acknowledges that the minimum pay now amount would need to be balanced against the size of the potential reconciliation of the subsequent actual meter read but considers this is but one of potentially many ways that customer payment flexibility might be promoted. TasNetworks suggests that these options be further explored as part of the rule change process.

¹ Part B, section 5.2 (d).

11. 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?

Consistent with the foregoing rule proposal, TasNetworks considers that allowing seven days for a customer to provide a self-meter read in order to adjust an estimated bill is appropriate.

12. To what extent do the options to strengthen actual meter reading requirements address the issues with estimated meter reads? What are the benefits? How would the options be implemented by industry and what are the costs involved? What would be the most effective way to strengthen the requirements to carry out actual meter reads (if any)?

TasNetworks considers that strengthening the obligation to carry out actual meter reads may not be economically efficient. While correcting some of the issues associated with estimated meter reads, increased meter reading costs will result. If passed on to customers through higher charges, this is unlikely to be a satisfactory outcome.

As noted above, an alternative solution whereby there is a lower, minimum obligation on customers to pay estimated meter read bills, might be preferable. This would allow customers to better manage their billing, avoid costs with other rules proposals and provide a further incentive to retailers to obtain actual meter data without mandating them to do so.

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

TasNetworks agrees with the consultation paper's assessment of Dr Dodt's rule change proposal. The requirement to take solar flows into account for estimated meter reads of recent solar installations is obviated by the fact almost all customers of this type will have advanced meters installed. As noted in the consultation paper, for those installations with older type 5 or type 6 meters, it is likely that sufficient time has passed since installation that a relevant history of usage exists from which to derive accurate estimate meter reads. Moreover, given the usage patterns particular to each solar installation, TasNetworks considers that using an estimation based on a similar size system at a similar latitude would only risk increasing, rather than decreasing, estimated bill shock. For these reasons, TasNetworks suggests that Dr Dodt's rule change proposal is not considered further as part of this consultation.

14. 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?

TasNetworks considers that the proposals in sections 5.2.3 and 5.2.4 would address the situation where energy usage had changed significantly, notwithstanding the costs that would be borne which were highlighted earlier. The alternative solution discussed above, whereby the obligation on customers to pay estimated meter read bills is lowered, may be a preferable solution in dealing with situations where usage has changed significantly.

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

TasNetworks does not consider that compliance with rule 21 of the NERR is an issue. As such, the addition of civil penalties is not supported.