



Ms Jenessa Rabone
Project Leader
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

12 July 2018

Dear Ms Rabone

**Submission to the Australian Energy Market Commission (AEMC):
Metering Installation Timeframes**

The Energy and Water Ombudsman (SA) Limited (“EWOSA”) welcomes the opportunity to comment on the Australian Energy Market Commission’s Consultation Paper on the *Metering Installation Timeframes* rule change.

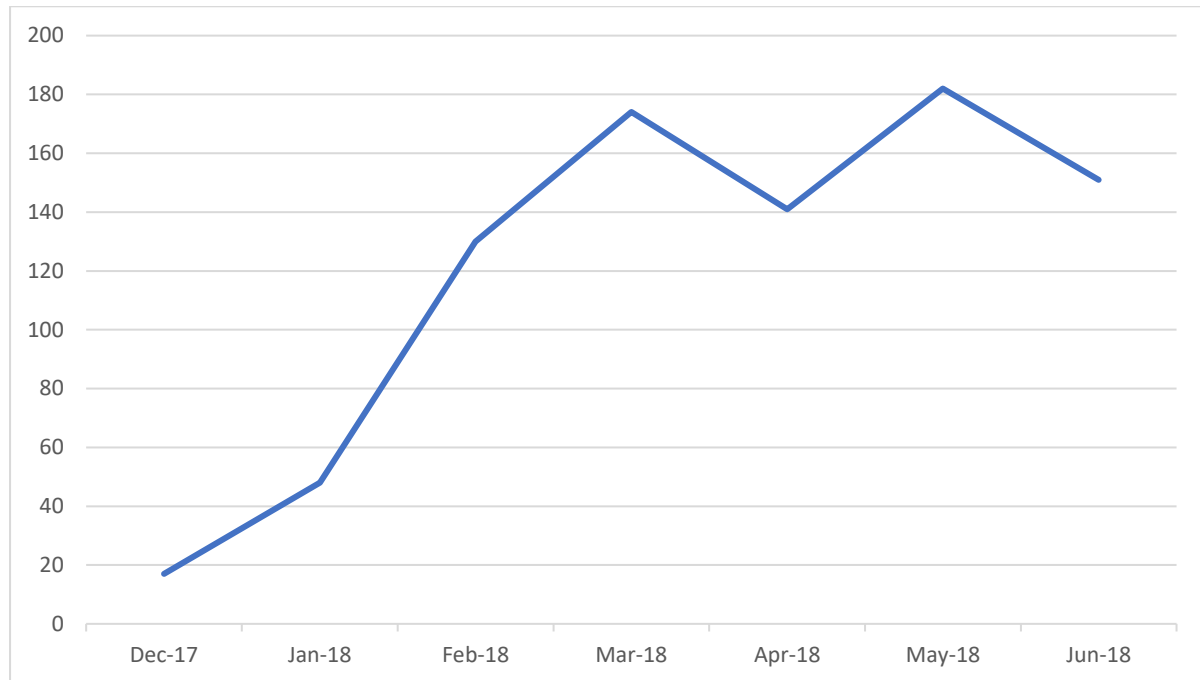
EWOSA is an independent Energy and Water Ombudsman Scheme in South Australia. It receives, investigates and facilitates the resolution of complaints by customers with regard to (*inter alia*) the connection, supply or sale of electricity, gas or water.

Significant delays to metering installation have been experienced by electricity consumers, particularly in South Australia, since the introduction of metering contestability in December 2017. Such delays and poor customer outcomes in South Australia have included:

- The provision of meters at new connections. The average time taken to provide meters at new connections in metropolitan areas is four weeks. For rural and regional customers, the situation is even worse, with delays as long as four to six months. Previously, new meters were provided by the distributor in six days, in accordance with jurisdictional requirements.
- The provision of replacement meters, often for a faulty meter. A lack of coordination at customers’ premises have resulted in some customers being left without electricity supply.
- The provision of solar meters. A lack of coordination has also occurred when solar meters have been provided, again sometimes leaving customers without supply. Another issue has been the connection of solar photovoltaic panels to existing meters, which has resulted in the accumulation meter spinning backwards and problems associated with estimated bills, high bills and back billing. However, the situation is improving. Nevertheless, when a customer complains to EWOSA, EWOSA is requiring retailers to have the solar meter installed within 20 business days, after which the retailer is required to provide compensation to the customer for the forgone feed-in tariff. This is consistent with the previous average performance of the distributor and should be treated as an appropriate customer protection.
- Problems with meter testing have also contributed to delays in metering installation timeframes.

The delays in metering installation have resulted in a large number of complaints to EWOSA. From 1 December 2017 to 4 July 2018, EWOSA received 862 complaints and enquiries about metering contestability. The average for each month across the June quarter was 158.

The following chart shows the trend in the number of complaints and enquiries received by EWOSA about metering contestability since its commencement.



The largest category of complaints and enquiries has been about delays in solar meter upgrades, accounting for 55 per cent. This was followed by delays associated with new connections (26 per cent), delays in non-solar meter upgrades (10 per cent) and Metering Coordinator not being present at the agreed time of installation (4 per cent). While delays in solar meter upgrades have improved since a peak in March 2018, delays associated with new connections are on an increasing trend.

In addition to the direct problem with delayed metering installation for new connections, the lack of supply has resulted in some customers needing to find alternative accommodation and paying rent or motel expenses, or for owners of new investment properties, missing out on rental income because their property cannot be completed and rented out.

The issues with delayed metering installation have spread further than electricity customers. Delays in the provision of meters at new connections have impacted the building industry, given that new builds cannot be completed without an electricity meter. This has resulted in builders not being able to recover final progress payments, which is likely to have impacted cash flow. Indeed, EWOSA has held meetings with the Housing Industry Association and the National Electrical Contractors Association and both stated their members have been and are being adversely impacted by the changes to the metering rules.

There have been a number of drivers of delayed metering installation, including:

- The lack of resources allocated to the new roles and responsibilities by retailers, Metering Coordinators and their contractors.
- The lack of adequate systems, processes and controls put in place by retailers.
- Data provision by SA Power Networks, including the form the data is in.

Given the problems with delayed metering installation, EWOSA and the Essential Services Commission of South Australia (ESCOSA) initiated a process to try to resolve some of the issues. EWOSA and ESCOSA are also working with the national electricity market bodies (AEMC, Australian Energy Regulator and Australian Energy Market Operator) and other state regulatory bodies (Independent Pricing and Regulatory Tribunal (NSW) and Queensland Competition Authority) to determine the next steps.

As a result of these efforts, SA Power Networks has improved its data provision and changed its communication with retailers and Metering Coordinators regarding the requirement for an electricity meter to be operating at all times and the fact that any situation where a customer is left without a meter (and therefore without supply) is a breach of the rules.

There is also a commitment by the above bodies to continue to work to resolve the delayed metering installation issues and minimise the impacts while waiting for this AEMC rule change process to deliver the necessary change via improved rules. Fortnightly meetings have been arranged to ensure this occurs.

We believe necessary change includes:

- The imposition of metering installation timeframes so that electricity customers are no worse off than before metering contestability was introduced – in the case of South Australia, this was six days and this limit should generally be applied throughout the National Electricity Market. Where a customer is without power, the timeframe should be the day of the notification.
- Making failure to comply with metering installation timeframes a civil penalty provision, given that having customers off-supply is unacceptable.
- The waiving of metering installation timeframes in the event that a customer has provided explicit written informed consent to the retailer for an agreed date for meter installation that is outside of the timeframes.

The remainder of the submission contains our responses to most of the questions in the Consultation Paper.

Question 1.1: What are the benefits to customers of imposing installation timeframes in new and replacement situations?

There are numerous benefits to customers from imposing installation timeframes in both new and replacement situations. These include:

- Certainty about when they can expect their meter to be installed.
- Confidence that their electricity supply will only be interrupted for a short time, if it needs to be interrupted at all.
- Confidence that the benefits from having solar panels installed, particularly lower electricity bills, will start immediately.
- Earlier access to the benefits of advanced meters.
- Setting a benchmark against which performance can be measured and appropriate compensation can be calculated for customers who endure detriment as a result of underperformance by retailers in adhering to metering installation timeframes.

Reflecting the introductory comments in this submission, it is also important to note that the benefits of imposing installation timeframes will be spread more widely than just electricity customers, including the construction and electrical contracting industries.

Question 1.2: What are the expected costs of imposing installation timeframes?

While it may be possible to argue that imposing installation timeframes would raise costs for electricity retailers, Metering Coordinators and their contractors, it should be noted that imposing metering installation timeframes is expecting no more of retailers than what was

expected of distributors before the introduction of metering contestability. Therefore, any cost increase experienced by retailers reflects inefficiency and should be absorbed by the retailers.

In addition, any extra costs will be partially offset by reduced costs associated with fewer customer complaints to both retailers and EWOSA, as well as reduced costs for compensating customers who would otherwise have been left worse off by not having metering installation timeframes imposed.

It is also important to consider that these costs are likely to be outweighed by the benefits to customers of imposing installation timeframes. Indeed, if they are not, then the original decision to introduce metering contestability was unlikely to be in the long term interests of electricity consumers, particularly in South Australia, where there was a metering installation timeframe of six days before metering contestability commenced.

Question 1.3: Should there be different requirements for different types of installation scenarios and why?

Scenarios where customers do not have supply are more urgent than those where a meter is being replaced or upgraded. Metering installation timeframes for new connections, alterations to supply and replacing a faulty meter should be no longer than six days.

However, where a faulty meter has resulted in the loss of power, replacement of the meter should occur on the day the retailer or SA Power Networks is notified. Please see our response to question 1.4 on this issue.

We believe such timeframes are not necessary for the installation of a solar meter and we would suggest a timeframe of 20 days.

In addition to metering installation issues, there have also been problems with meter testing since the introduction of metering contestability and we believe a timeframe of 20 days should also be imposed on carrying out meter testing.

Question 1.4: Should the current timeframe in the NER for the replacement of malfunctioning meters be amended? If so, what is the appropriate timeframe?

We do not believe the current timeframe in the rules for the replacement of malfunctioning meters should be extended, as proposed in the rule change request from the Australian Energy Council (AEC).

In particular, the current metering rules allowing faulty meters to be replaced within ten business days can result in customers being left without an electricity supply for up to ten days if the fault is a serious one.

In situations where customers are left without supply due to a faulty meter, it would be a reasonable community expectation that the supply is restored in the same timeframes as currently regulated for restoration following a power outage or re-energisation following a de-energisation of supply. This is generally the day the customer reports the fault or, at worst, the next business day where requests are made after prescribed cut-off times.

Furthermore, the rule change request from the AEC to extend the timeframe to repair a faulty meter to 20 business days, to align with the current steps involved in faulty meter replacement, would potentially see customers left without an electricity supply for an even longer period unless off-supply faults have different conditions placed upon them.

A regulatory obligation on retailers to restore supply by replacing the faulty meter on the day of notification would address this issue.

Planned Interruption Notices

Question 2.1 (a): What are the benefits of the proposal?

A major benefit of the proposal to allow a meter to be installed at a date agreed between the retailer and customer, that falls within the four day notification period, is that the customer receives the meter sooner than they would have otherwise, bringing forward the benefits that can be obtained from an advanced meter.

Retailers also benefit by being able to replace meters more efficiently than they would have otherwise, possibly lowering costs for the industry and consumers.

Question 2.1 (b): What costs and risks for participants and consumers would be involved in implementing the proposal? How could these costs and risks be managed?

We believe the main risk involved in implementing the proposal is that the customer may agree to something that they are not fully informed about. For this reason, we believe the customer's agreement to an earlier meter installation must be through explicit written informed consent provided to the retailer. Communication must also be through the customer's preferred method. Such a condition must be included in the rule change.

Customer Notification Process

Question 2.1 (a): What are the benefits of the proposal?

A major benefit of the proposal to change the customer notification process for retailer-initiated advanced meter roll-outs is that the customer receives the meter sooner than they would have otherwise, bringing forward the benefits that can be obtained from an advanced meter.

Retailers also benefit by being able to roll-out meters more efficiently than they would have otherwise, possibly lowering costs for the industry and consumers.

Question 2.1 (b): What costs and risks for participants and consumers would be involved in implementing the proposal? How could these costs and risks be managed?

We believe the main risk involved in implementing the proposal is that the customer may agree to something that they are not fully informed about. For this reason, we believe the customer's agreement to a retailer-initiated advanced meter roll-out must be through explicit written informed consent provided to the retailer. Communication must also be through the customer's preferred method. Such a condition must be included in the rule change.

We also believe that a more targeted rule change – which would still require retailers to send out the first notice, but not the second, if the customer provides explicit written informed consent to accept the advanced meter early – would be preferable to the one proposed in terms of customer protection. Such a preferred rule would probably have no impact on the efficiency of retailers, because they still need to inform the customer of the advanced meter roll-out once either way.

24 Hour Enquiry Line

Question 3.1 (a): What are the benefits of the proposal?

The only benefits of the rule change proposal so that retailers would not have to operate a 24-hour enquiry line for planned interruptions would flow to retailers in the form of lower costs. However, we do not believe the reduction in costs would be substantial, given that an efficient retailer would most likely use the same resources to operate a 24-hour enquiry line for planned interruptions as it would to operate a 24-hour emergency line for life-support customers.

Question 3.1 (b): What costs and risks for participants and consumers would be involved in implementing the proposal? How could these costs and risks be managed?

A major issue with the proposal would be if a planned interruption took place outside of business hours and/or lasted longer than the customer had been informed it would.

Many electricity consumers work during the day and if they returned home to their power being off, expecting it to be back on, they would have no recourse to the retailer. Without a 24-hour enquiry line, this could lead to substantial concerns for the customer about when their supply would be restored. This would impact some customers more than others, such as those with young children or the elderly. For life-support customers, it has the potential to be life threatening. It would also be a major concern during extreme weather. If this situation impacted many customers, it would reduce confidence in the energy market further.

We do not believe the costs to retailers for operating a 24-hour enquiry line for planned interruptions would be much greater than those for operating a 24-hour emergency line for life-support customers. Indeed, the resources for one would most likely be used for the other.

We suggest that consideration be given to requiring that the 24-hour enquiry line also be used to respond to queries about meter faults, incomplete metering jobs and for traders who are experiencing problems with metering installations. Please see our comments on the impact on the building industry above.

We believe the only way to effectively manage these costs and risks is to not implement the proposed rule change. The proposed rule change would not promote the NEO.

We also see no reason why the requirements on retailers and on distributors with regards to informing customers should differ when they are providing the same service, in this case a planned interruption.

Notices to Large Customers

Question 3.1 (a): What are the benefits of the proposal?

The only benefits of the proposal to change the rules so that retailers would no longer have to provide planned interruption notices to large customers would flow to retailers in the form of lower costs, which may not necessarily be passed on to those large customers or consumers of electricity more broadly.

Question 3.1 (b): What costs and risks for participants and consumers would be involved in implementing the proposal? How could these costs and risks be managed?

There could be substantial costs to large customers without CT meters, particularly when their supply is interrupted without notice and they are unable to plan for the disruption. This could leave such large customers with losses associated with spoiled stock, reduced production and potential damage to machinery that requires ongoing electricity supply to function safely and efficiently. There may also be inconvenience for large customers with CT meters.

Such costs would greatly outweigh any benefits to retailers from not having to send planned interruption notices to large customers. The costs would be exacerbated if the rule change proposal to not require a 24-hour enquiry line for planned interruptions was also implemented.

We believe the only way to effectively manage these costs and risks is to not implement the proposed rule change. The proposed rule change would not promote the NEO.

We also see no reason why the requirements on retailers and on distributors with regards to informing customers should differ when they are providing the same service, in this case a planned interruption.

Should you require further information or have any enquiries in relation to this submission, please email me at antony.clarke@ewosa.com.au or telephone me on (08) 8216 1851.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Antony Clarke', written in a cursive style.

Antony Clarke

Policy and Research Officer

Energy and Water Ombudsman SA