



Estimated meter reads

Draft determination released for consultation

The Australian Energy Market Commission has made a more preferable draft rule that makes it easier for customers to fix inaccurate estimated bills by providing their own reading of the meter. Submissions are due by 20 September 2018.

Overview of the draft rule

Under the more preferable draft rule (draft rule), if a small customer receives an estimated bill and considers it is based on an inaccurate estimate, the customer can request the retailer to adjust the bill by providing their own reading of the electricity or gas meter.

The draft rule requires retailers to inform small customers of their right to request an adjustment to an estimated bill using their own meter reading. In addition, the rule also includes additional measures to strengthen existing consumer protections related to estimated meter reads.

The draft rule was made in relation to three rule change requests that were consolidated. These requests, which were submitted by the Hon Josh Frydenberg MP and two private individuals - Ms Kirsty Johnson and Dr Daryl Dodt - were concerned about the impact that bills based on inaccurate estimates can have on small customers.

Case for change

Bills that are based on inaccurate estimates can have a significant impact on consumers, either through imposing financial hardship or making it difficult for customers to align their behavioural or consumption patterns with the bills they receive. Through our consultation process, state energy ombudsmen and various consumer groups have advised that billing disputes arising from inaccurate estimations are one of the most frequent category of complaints that they receive from energy customers.

The Commission considers that the National Energy Retail Rules (NERR), in its current form, does not adequately protect consumers from the harm that can be created by inaccurate estimates. Under the current arrangements, a small customer that has received an estimated bill and believes it is inaccurate does not have a general ability to:

- obtain a replacement bill based on an actual read, or
- obtain an adjusted bill based on their own reading of the meter.

It is important to note the majority of energy bills are based on actual meter reads, with less than five percent relying on estimated reads. This percentage is expected to decrease further over time as advanced meters that are capable of being remotely read become more common. However, the need for estimated reads cannot be fully eliminated, as there will always be instances where meters need to be manually read (for example, due to technology failures or a lack of a communications network). Therefore, the issues related to estimated reads will continue to remain relevant in the future.

The draft rule provides customers with a process to request a retailer to adjust an estimated bill based on a customer's own read of their meter.

Requiring retailers to adjust a bill based on a self-read

The draft rule proposes new requirements be placed on retailers to adjust an estimated bill based on a small customer's reading of the meter where requested by the customer. The new requirement is likely to reduce the adverse effects experienced by consumers as a result of bills based on inaccurate estimates, by providing a clear process for them to obtain an adjusted bill.

The draft rule applies to all types of electricity and gas metering arrangements for small customers. As some metering arrangements will be more difficult for small customers to read than others, the draft rule includes a requirement on retailers to provide guidance to small customers on how to read their meter.

In order to obtain an adjusted bill, the customer will need to lodge their reading of the meter with the retailer before the due date for payment of the existing estimated bill.

The new requirement strikes an appropriate balance between enhancing customer protections and maintaining flexibility for retailers to design their own approach, which should minimise the costs of implementation by allowing retailers to adapt their current systems.

Informing customers of their right to request an adjusted bill

Under the draft rule, when a bill has been issued as an estimate, retailers must inform small customers that they may provide their own reading of the meter as the basis for requesting an adjustment to their bill.

The draft rule does not prescribe that retailers include this notification as part of the contents of an electricity or gas bill, in order to give retailers the flexibility to decide how to best notify customers.

The draft rule allows customers the right to provide a self-read if desired, while providing retailers with grounds for rejecting a self-read in necessary cases where the read does not comply with their requirements (which could include, for example, where the self-read is unclear or late). Under the new requirements, retailers will need to indicate in advance the accepted methods by which customers can lodge a self-read, as well as the types of information they may need to include when lodging the meter read.

Additional measures to strengthen customer protections

The draft rule also includes other measures to strengthen existing consumer protections applicable to bills including:

- enhancing the customer dispute provisions in the NERR
- recommending new civil penalties if retailers fail to comply with the new rules.

Consultation

The Commission is seeking stakeholder feedback on the draft determination and the draft rule by **20 September 2018**.

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