

Our Ref: EWOQ/18/
Your Ref: ERC0241

24th September 2018

Attention: Jess Boddington
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235
www.aemc.gov.au

Dear Ms Boddington

Re: Draft Rule Determination - Estimated Meter Reads (ERC0241)

Thank you for the opportunity to make a submission on the Draft Rule Determination on the *National Electricity Amendment (Estimated Meter Reads) Rule 2018*, *National Gas Amendment ((Estimated Meter Reads) Rule 2018* and the *National Energy Retail Amendment (Estimated Meter Reads) Rule 2018*. We appreciate your agreement for us to submit this after the closing date.

Background to EWOQ

The Energy and Water Ombudsman Queensland (EWOQ) provides a free, fair and independent dispute resolution service for small electricity and gas customers across Queensland and water customers in south east Queensland who are unable to resolve a dispute with their supplier. Our submission is based on our experience as an external dispute resolution scheme dealing with residential and small business energy customer complaints in Queensland.

Assessment Framework

We understand the Australian Energy Market Commission (AEMC) has to determine whether the proposed rule would be likely to promote the Australian Energy Regulator's (AER) National Energy Retail Obligation (NERO) and satisfies the consumer protections test. With this in mind, we support the AEMC's choice of assessment framework which evaluates the rule change against the criteria of efficient use of energy, regulatory and administrative burden and consumer protection and concur with the summary of reasons outlined in the draft rule determination.

Feedback on the Draft Rule Determination

In principle, we are supportive of any proposal aimed at improving outcomes for energy consumers including those specifically aimed at enhancing consumer protections and assisting customers to manage their energy accounts and usage.

EWOQ strongly agrees there is an ongoing need for estimated bills. Queensland's geography and dynamic weather conditions often means access to metering is not always available. While it is acknowledged there is a move towards advanced metering in Queensland, which has the potential to reduce the

instances of estimated reads for electricity bills, this will inevitably take time. Further, not all advanced metering has remote communications functionality. Given this, it is our view that estimated billing will remain a necessity in circumstances where it is not possible or may be impractical to read meters, or access is hindered by a third party.

EWOQ supports the intention of the draft rule determination and welcomes a change which requires retailers to accept meter reads provided by customers as the basis for an estimated read (when certain conditions are met). We further support provisions which require retailers to adjust a customer's bill that is based on an inaccurate estimate by allowing the customer to submit a self-read.

Billing complaints continue to be the highest complaint category received by EWOQ. In 2017-18 EWOQ received 4084 billing complaints, with 220 complaints classified as relating to estimated accounts.

In our experience, the issues EWOQ investigate align with those outlined in the Commission's analysis and predominately relate to:

- Over-estimated reads, which can lead to high bills, over-payment and potential financial hardship;
- Under-estimated reads, which can result in under-billing, under-payment, bill shock (from subsequent catch up bills), financial hardship and possible disconnection;
- Inaccurate estimated meter reads based on historical energy usage or average energy usage, particularly in circumstances where there are changes to consumption patterns and technology, such as solar; and
- Inaccurate estimated bills, which don't align with changed behaviour patterns and technology improvements, including energy efficient appliances and solar, and can result in ongoing issues managing energy usage.

Accordingly, EWOQ agrees with the Commission's position that "bills based on inaccurate estimates can cause significant harm to consumers, either through imposing financial hardship or making it difficult for customers to align their behavioural patterns with the bills they receive." The new requirement will reduce the adverse effects experienced by customers as a result of bills based on inaccurate estimates by providing a clear process to obtain an adjusted bill.

As an ombudsman scheme, we recognise the importance of customer rights and responsibilities and are supportive of the requirement on retailers to provide information and guidance to residential and small business customers, which may assist them to manage their energy usage. In particular, we endorse the requirement on retailers to inform residential and small business customers in writing of:

- The ability to request an adjusted bill;
- The process and timeframe to do so;
- Any changes to a customer's payment obligations; and
- How to read the meter, the type of information required to lodge the reading and instructions on the acceptable methods (all in clear, simple and concise language).

We concur with the Commission's preference to make the process "as simple and easy as possible for a customer to understand." In our experience, customers identify streamlined processes and information provision as key areas that would assist their engagement with their energy retailer.

EWOQ further support the proposed new provisions for dispute resolution, which require retailers to set out the dispute resolution process and inform customers of their right of redress with Ombudsman schemes.

EWOQ further welcomes the measures to strengthen the existing consumer protections applicable to bills, including enhancing the customer dispute provisions in the National Energy Retail Rules (NERR) and proposing to recommend new civil penalties to protect customers from the provision of inaccurate estimates. We:

- agree civil penalties should act as an effective deterrent for retailers;
- agree in principle that “there is merit to clarifying that rule 21 provides an exhaustive list of the situations in which a retailer may generate an estimate, as well as the bases on which an estimate may be made;”
- concur with the views of consumer groups that the current NERR prescribed framework does not provide adequate protections for consumers with regard to inaccurate estimations, as customers are not always aware a bill is based on an estimate and they are able to dispute the estimate;
- strongly support the draft rule, which removes the disincentive for customers to challenge bills by removing the upfront costs for a meter data check or meter test; and
- agree with the sentiment expressed by some stakeholders, which encouraged the AEMC to work further with the Australian Energy Market Operator and the AER on strengthening the requirement to carry out actual meter reads.

Overall EWOQ agrees with the Commission’s view that the “new requirement strikes an appropriate balance between enhancing customer protections and maintaining flexibility for retailers to design their own approach.” These requirements should help encourage better engagement between the customer and retailer and further opportunities for education regarding estimated billing.

Thank you for the opportunity to contribute to this draft rule determination. If you require any further information regarding this matter, please contact me on (07) 3087 9452.

Yours sincerely,



Jane Pires
Energy and Water Ombudsman