AEMC

RULE

Australian Energy Market Commission

## CONSULTATION PAPER

# NATIONAL ENERGY RETAIL AMENDMENT (BILL CONTENTS - CUSTOMERS WITH INTERVAL METERS) RULE 2019

**PROPONENT**

Mr Craig Whybrow

31 JANUARY 2019

## INQUIRIES

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## ABOUT THE AEMC

The AEMC reports to the Council of Australian Governments (COAG) through the COAG Energy Council. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the COAG Energy Council.

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# 1 INTRODUCTION

On 18 June 2018, Mr Craig Whybrow (the proponent) submitted a rule change request to the Australian Energy Market Commission (AEMC or Commission) to amend the National Energy Retail Rules (NERR).

Currently, the NERR prescribes that retailers must include in the bill the values of meter readings for the start and end of the billing period. A transitional provision permits retailers not to display these values for interval meter customers only if the metering data required is not reasonably available. The proponent considers all electricity retailers should display a start and end meter reading in the bill for every customer with an advanced interval meter (smart meter).

This consultation paper has been prepared to facilitate public consultation on the rule change request and to seek stakeholder submissions. This paper:

- sets out a summary of, and a background to, the rule change request
- outlines the rule change request
- presents an assessment framework to test the rule change request against the national energy retail objective (NERO)
- identifies key questions and issues to facilitate the consultation on this rule change request
- explains the process to lodge submissions.

Submissions on this consultation paper are due by Thursday, **28 February 2019**. A template with the questions for consultation is available to help stakeholders provide their views on the issues raised in this paper.[1]

1 Available at https://www.aemc.gov.au/rule-changes/bill-contents-customers-interval-meters

# 2 BACKGROUND

This section outlines the context for the rule change request in terms of:

- metering types: evolution, current availability and characteristics
- tariff structures offered in the national electricity market (NEM)
- current arrangements
- AEMC related projects

## 2.1 Context

**Types of meters**

Historically, electricity meters have only enabled the recording of electricity consumption at a connection point. Given the innovation in metering types, the range of functions has expanded and therefore the bundle of products and services available for customers has been increasing. Currently, there are three different types of meters available for small customers (residential and small business) in the NEM.

Table 2.1 contains the terminology used to describe the different metering types and their characteristics.

Table 2.1: **Metering types and terminology**

| TERMINOLOGY | TYPE | CHARACTERISTICS |
|---|---|---|
| Accumulation meters | Type 6: manually read meters used at connection points with load up to 160 MWh (e.g. residential and small businesses). This load size varies across jurisdictions. | • Record the total amount of electricity used over a specific period.<br>• Consumption data is retrieved manually from the metering installation at a consumer's premises periodically (typically every three months). |
| Interval meters | Type 5: manually read meters used at connection points with load up to 160 MWh (e.g. residential and small businesses). This load size varies across jurisdictions. | • Record consumption over half-hourly intervals, or potentially over shorter periods.<br>• Can be used to provide information about the timing of a consumer's consumption.<br>• These meters may be manually read at the premises or remotely read if connected to a communications network. |

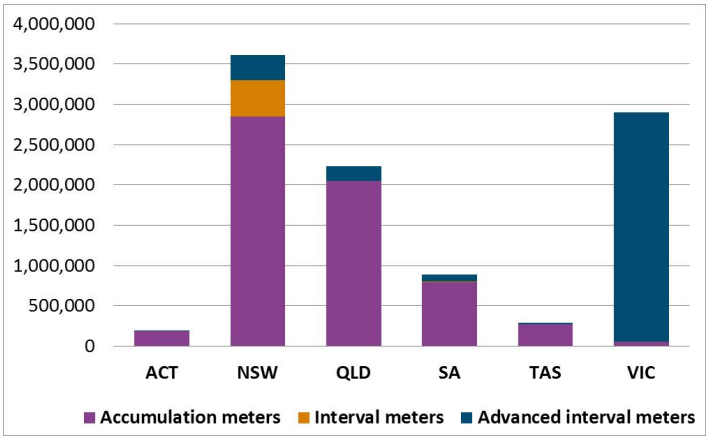
| TERMINOLOGY | TYPE | CHARACTERISTICS |
|---|---|---|
| Advanced interval meters<br><br>(smart meters) | Type 4: remotely read meters used at connection points with load up to 750 MWh (e.g. medium size factories).<br><br>*Type 4A: advanced meter that obtains the same data as type 4 but cannot be remotely read. The meter's communications network has been disconnected (or is not available) and it has to be manually read. | • Record consumption over half-hourly intervals, or potentially over shorter periods.<br>• They can also enable a range of new products and services, including innovative tariff structures and demand side participation. |

Source: NER, s. 7.4.3., Chapter 7. AEMO, *Metrology Procedures*, part A. AEMC, *Retail Competition Review 2018*, 15 June 2018; AEMC, *Expanding competition in metering and related services rule change,* 26 November 2015.
Note: In Victoria, advanced interval meters are classified as type 5.

The implementation of new metering technologies is expanding across Australia. The Victorian government began a mandatory advanced interval meter roll-out in 2010 after trial installations in 2009. All other NEM jurisdictions initiated a competitive advanced interval meter roll-out from 1 December 2017 with the introduction of *Competition in Metering* rule change (see section 2.2.2).[2]

Currently, the NEM has around 10 million electricity meters, 4 million of those are interval meters and 3.5 million of the 4 million are advanced interval meters. Figure 2.1 provides a breakdown of the number of meters in the NEM by type and by jurisdiction.

**Figure 2.1: Number of meters in the NEM by type (November 2018)**

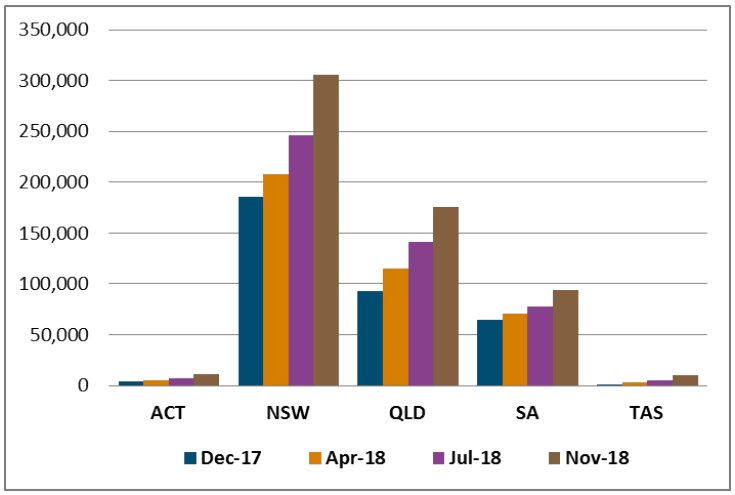



Source: AEMO, MSATS, November 2018.
Note: The data included in this chart is the counting of the number of meters by National Meter Identifier (NMI).

2 AEMC, *Expanding competition in metering and related services,* final determination, 26 November 2015.

Since 1 December 2017 (*Competition in Metering* rules), approximately 250,000 smart meters have been installed across the NEM, excluding Victoria.[3] Figure 2.2 shows how the take-up of advanced interval meter is accelerating with the number of new installations increasing every quarter.

**Figure 2.2: Cumulative advanced interval meter take-up since introduction of Competition in Metering (excluding VIC)**




Source: AEMO, MSATS, November 2018.
Note: The data included in this chart is the counting of the number of meters by National Meter Identifier (NMI).

## Types of tariffs

As mentioned, each metering type has different functions allowing a range of tariff structures. With the introduction of interval meters in the NEM, retailers began offering multiple tariff structures to small customers. Most retail energy tariffs have two parts:

- a fixed daily supply charge that is charged regardless of the amount of energy consumed or time of day
- a variable energy charge, that is charged for each unit of energy consumed.

Retailers generally offer different tariff structures for the variable energy charge component of the retailer tariff, which can be a flat rate or vary according to the time of day and/or the season of year. Most retailers pass on the tariff structures offered by networks to retail consumers.

The following are some tariffs structures offered to small customers:[4]

- ***Block tariffs***: in its simplest form, this tariff can be a single block (known as flat tariff), where one price is charged for all electricity consumed. It is the most common tariff structure in the NEM. Other block tariffs charge different rates for different consumption

3 AEMO, MSATS, November 2018.
4 AEMC, *2018 Retail Energy Consumption Review*, final report, 15 June 2018, p. 53.

levels. There are inclining or declining block tariffs, after a specific amount of energy consumption the energy charge can increase or decrease. For example, for a block of consumption from 0 to 500 KWh a specific rate would apply and beyond that level the rate would increase (inclining block) or decrease (declining block). These tariffs can also vary from summer to winter if a seasonal tariff component is agreed.

- ***Time-of-use tariffs***: these have three different energy charges depending on the time of the day (peak, off-peak and shoulder). The duration and timing of these periods is determined by the retailer, it can use the same periods as the distribution network service provider (DNSP) or establish its own. This tariff type can have multiple blocks and can vary by season.
- ***Demand tariffs***: these have an energy charge and a per KW 'demand' charge based on a consumer's peak demand (in kilowatts). Networks initiated the roll-out of demand tariffs as a form of cost-reflective network pricing.

Both time-of-use and demand tariffs are only available to electricity consumers that have an interval meter.

## 2.2 Current arrangements

### 2.2.1 Retailer billing requirements

Under the NERR, retailers must include minimum contents in energy bills so that small customers can easily verify their bill.[5] Among the different requirements listed, rule 25(1)(j) states:

> (1) A retailer must prepare a bill so that a small customer can easily verify that the bill conforms to their customer retail contract and must include the following particulars in a bill for a small customer:
>
> (...)
>
> (j) the values of *meter* readings (or, if applicable, estimations) at the start and end of the billing period;

The NERR requires retailers to disclose in all energy bills, two cumulative readings, one for the previous consumption period (start of the billing period) and another one for the actual consumption period (end of the billing period). The difference between both numbers is the amount of energy consumed in the billing period.[6]

This rule is subject to rule 8(3) of schedule 3, part 4 of the NERR which states:

> **8 Application of start and end meter reads on small customer bills**
>
> (1) In this rule:
>
> **interval meter** is a *meter* that measures and records consumption of electricity derived from interval *metering data* (within the meaning of the NER).

5 NERR, rule 25, part 2.

6 This number could also be an estimation if the bill is an estimated bill.

(2) subrule 25(1)(j) applies without modification if a small customer's *meter* measures and records consumption of energy only on an accumulation basis.

(3) If a small customer has an interval *meter*, the requirements of subrule 25(1)(j) do not apply unless the required *metering data* is reasonably available.

As noted, rule 8(3) allows retailers not to display the values of meter readings at the start and end of the billing period when the required metering data is not reasonably available.

### 2.2.2 Victorian Energy Retail Code

Victoria has not adopted the NERR in its entirety and the Victorian Energy Retail Code sets a different legal framework for retailers' billing requirements. Among these different requirements, the Victorian Energy Retail Code includes specific billing requirements for retailers with advanced interval meter customers as follows:[7]

(1) A *retailer* must prepare a bill so that a *small customer* can easily verify that the bill conforms to their *customer retail contract* and must include the following particulars in a bill for a *small customer*:

(...)

(y) if a *customer's* bill is derived from interval data from a *smart meter:*

(i) the index read at the end of the billing period; and

(ii) the *index read* at the start of the billing period; and

(iii) the actual tariffs; and

(iv) the total amount of electricity (in kWh) consumed in each period or class of period in respect of which a relevant tariff applies to a customer.

The Essential Services Commission (ESC) introduced this index read requirement in the Victorian Energy Retail Code in 2010.

### 2.2.3 Billing information requests

The requirements on retailers with regard to billing information requests are set out in the NERR. As mentioned, the NERR has not been adopted in Victoria but similar billing information requests are set out in the Victorian Energy Retail Code.[8]

Under the NERR, customers are able to request billing information from retailers and retailers are obliged to promptly provide a small customer with its historical billing data for the previous two years.[9] This information must be provided without charge.[10]

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7 Victorian Energy Retail Code, rule 25. The index read is the total accumulated energy for a data stream retrieved from a meter's register at the time of the meter reading event. AEMO, *Meter Data File Format Specification NEM 12 and NEM 13,* section 4.3.4.

8 Victorian Energy Retail Code, rule 28.

9 NERR, rule 28(1). A breach of this provision incurs in civil penalty under the NERL.

10 It may be provided subject to a reasonable charge where the data requested is for an earlier period (before the 2 years period) or has been requested more than four times in any 12 month period for electricity supply or once in any 12 month period for gas supply. NERR, rule 28(2).

In addition, rule 56A of the NERR and rule 7.14 specifies that the energy consumption information must be provided in the manner and form required by the Metering Data Provision Procedures (MDPP) issued by the Australian Energy Market Operator (AEMO).[11]

According to rule 7.14 of the NER, retailers and DNSPs must, using reasonable endeavours, respond to customer requests for billing information within 10 business days after receiving the request (subject to exceptions). The MDPP must include a detailed format and a summary data format for interval meter customers with:[12]

> (2) for *retail customers* for whom *interval metering data* is available, specify the summary data format, which, at a minimum should include the *retail customer's*:
>
> i. the nature and extent of *energy* usage for daily time periods;
>
> ii. usage or *load* profile over a specified period; and
>
> iii. a diagrammatic representation of the information in (i) above.

Figure 2.3 below provides examples given by AEMO in its Metering Data Provision Procedures in terms of format and presentation to be used by retailers when answering consumer data requests.

**Figure 2.3: AEMO example – Interval metering data summary format**

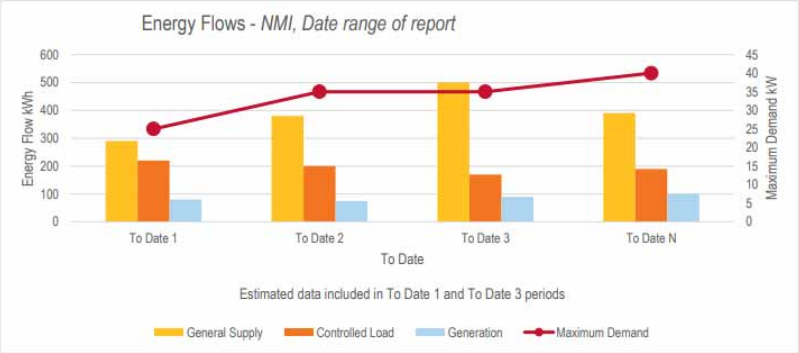
**B.1 Example: interval file**

Example of data tabulation that would be provided by a *retailer* or *DNSP* for a *connection point* with General Supply usage, Controlled Load usage and separately measured generation *energy* flows and maximum demand.

| NMI | Meter Serial Number | UOM | From Date | To Date | General Supply | Controlled Load | Generation | Maximum Demand | Max. Dem. UOM |
|---|---|---|---|---|---|---|---|---|---|
| 6xxxxxxxxx | 123xxxx | kWh | From Date 1 | To Date 1 | 290 | 220 | 80 | 25 | kW |
| 6xxxxxxxxx | 123xxxx | kWh | From Date 2 | To Date 2 | 380 | 200 | 75 | 35 | kW |
| 6xxxxxxxxx | 123xxxx | kWh | From Date 3 | To Date 3 | 500 | 170 | 90 | 35 | kW |
| 6xxxxxxxxx | 123xxxx | kWh | From Date N | To Date N | 390 | 190 | 100 | 40 | kW |

**B.2 Example: diagrammatic representation of energy usage**

Example of diagrammatic representation of data that would be provided by a *retailer* or *DNSP* for a *connection point* with General Supply, Controlled Load usage and separately measured generation *energy* flows and maximum demand. Refer to clause 4.3 for requirements for this diagram.




Source: AEMO, *Metering Data Provision Procedures,* appendix B.

11 NERR, rule 56A; NER, rule 7.14.

12 NER, rule 7.14.4.

### 2.2.4 Roles and responsibilities for metering data and billing information

New market participants were created with the competitive framework introduced by *Competition in Metering* in December 2017 (see section 2.3.2). The local distributor is no longer the only party responsible for the provision, installation and maintenance of a small customer's meter and metering data collection and delivery. Under the current rules, the 'metering coordinator' is responsible for the metering installations for which it has been appointed and, in turn, it appoints a 'metering data provider' (MDP) who is responsible for providing data services, including reading the meter or calculating an estimate to determine the electricity usage of the customer.[13]

In addition, AEMO's Metering Data Service Level Procedures (MDSLP) establish the requirements for the management of metering data to ensure consistency and data accuracy by market participants.[14] The MDSLP require metering data providers to use reasonable endeavours to ensure that metering data is collected once every three months for electricity meters. Once it is collected, it must be entered and stored into the MDP's metering data services database. For interval meters the data stored must be aggregated into a 30-minute interval net data stream.[15]AEMO's metrology procedures also require MDPs to validate this metering data prior to delivering it to AEMO or retailers.[16]

Each MDP must deliver the validated metering data to AEMO and retailers within two business days after it was stored in the metering services database. Once retailers receive the validated metering data, it is used for billing purposes.

## 2.3 Related projects

The Commission has undertaken rule changes related to meter readings and customer billing information that could be relevant for this rule change request. These include issues in regard to appropriate access to smart meter functionality, changes to the governance of retail market procedures, smart meter consumer protections and consumer access to energy data. A summary of each project is set out below.

### 2.3.1 Estimated meter reads

On 25 October 2018, the AEMC made a more preferable rule that amends the NERR to provide customers with a process to request an adjustment to an estimated bill by providing their own reading of an electricity or gas meter to their retailer.[17] Under the final rule (starting on 1 February 2019), if a small customer receives an estimated bill and considers it is based on an inaccurate estimate, the customer can request that the retailer adjust the bill by providing their own meter reading. The rule also includes other measures to strengthen consumer protections applicable to bills.[18]

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13 NER, rule 7.10.1.

14 NER, Chapter 7, rule 7.16.6; AEMO, *Service Level Procedure: Metering Data Provider Services*, section 2.4.1.

15 AEMO, *Service Level Procedure: Metering Data Provider Services*, sections 3.6 and 3.7.

16 AEMO, *Metrology Procedure*, Part B, Metering data validation, substitution and estimation, section 7.

17 AEMC, *Estimated Meter Reads*, final determination, 25 October 2018.

18 Customers will have to pay for the cost of the metering check or test only after the retailer requires payment if the meter or data proves not to be faulty or incorrect. Also, the rule recommends new civil penalties to protect customers from the provision of

The Commission excluded customers with interval meters from the rule. It considered that customers with advanced interval meters are very unlikely to receive an estimated read and if they do, it may be difficult for those customers to read their meters given the range of data displayed on the meter (it might not be the same information that is used by retailers to bill the customer) and the tariff arrangement the customer is on.[19]

### 2.3.2 Expanding competition in metering and related services

On 26 November 2015, the AEMC introduced new metering rules to open up competition in metering and facilitate a market-led approach to the development of advanced interval meters. The Commission designed a regulatory framework for metering services to promote innovation and investment in advanced meters.[20]

The rule ended the distributors' monopoly over small customer metering services and opened up existing roles to expand competition in metering. This framework improved access to advanced meters and created opportunities for customers to have a wider range of energy services with ways to monitor, manage and adjust their electricity consumption. With the information and services available through advanced interval metering, customers are able to switch retailers easily allowing them to decide how often they want to be billed. These metering types provide better information and more tariff options for customers to change their electricity usage and be able to save money.

In addition, the rule included that from 1 December 2017 all new and replacement metering installations for small customers must be advanced interval meters.

### 2.3.3 Customer access to information about their energy consumption

On 6 November 2014, the AEMC made a rule to allow customer access to their consumption information in an understandable format, in an acceptable time frame and under reasonable charges or free of charge.[21] The Commission modified the NER and NERR to allow customers and customers' authorised parties to obtain their electricity consumption data from DNSPs and retailers when requested; and to require retailers and DNSPs to comply with the minimum requirements relating to the format, time frames and reasonable charges when a customer, or an authorised party, requests electricity consumption data.

The specific key features of the final rule were to:

- allow customers or customers' authorised parties to request billing data
- require DNSPs and retailers to provide up to two years of energy consumption information starting from the date of the data request

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inaccurate estimates.

19 For example, a self-read is useless for billing purposes if a retailer charges a customer a demand tariff (which reflects the maximum demand over a set period). The standard display for an interval meter would not show the amount of energy used during that specific period and a self-read would not pick any billing error/miscalculation. AEMC, *Estimated Meter Reads*, final determination, p. 32.)

20 AEMC, *Expanding competition in metering and related services*, final determination, 26 November 2015.

21 AEMC, *Customer access to information about their energy consumption,* final determination, 6 November 2014.

- require retailers and DNSPs, using reasonable endeavours, to respond to customer data requests within 10 business days
- allow customers to request data information up to four times free of charge over a 12-month period.

# 3 THE RULE CHANGE REQUEST

On 18 June 2018, the AEMC received a rule change request from Mr Craig Whybrow to amend the National Energy Retail Rules. The proponent is a residential customer based in NSW that agreed to have a smart meter installed in his premises. After he had a smart meter installed he noticed he was no longer able to see a start and end meter reading in his bill.

## 3.1 Issues raised in the rule change request

The issue raised by the proponent in the rule change request is the fact that small electricity customers with an advanced interval meter cannot (always) find in their bill a meter reading for the start and end of the billing period. Additionally, a number of key points raised in the rule change request are summarised as follows:

- small customers do not have a "satisfactory" method to correlate their electricity consumption with their electricity bill
- retailers do not provide enough information for customers to understand how to read their new advanced interval meters correctly
- the electricity market is not transparent about the change in information when an advanced interval meter is installed (installation procedures and use).

The rule change request is available on the AEMC website, www.aemc.gov.au.

## 3.2 Proposed solution

The proponent's proposed solution is to require all energy retailers to include in their bills a start and end meter reading for each billing period for advanced interval meter customers. To implement this solution the NERR would need to be amended.

The proponent outlined the following benefits if the proposed solution is adopted:

- facilitate billing reconciliation
- improvement of consumer trust in energy retailers
- reduction in the number of consumer complaints submitted to Ombudsman agencies, the Australian Energy Regulator (AER) and energy retailers.

The rule change request does not include a proposed rule.

# 4 ASSESSMENT FRAMEWORK

The Commission's assessment of this rule change request must consider whether the proposed rule meets the national energy retail objective (NERO) as set out in section 236(1) of the National Energy Retail Law (NERL). This chapter sets out the requirements under the NERL that the Commission must satisfy in considering the rule change request, and provides detail of the proposed approach for assessing the rule change request.

## 4.1 Achieving the NERO

This rule change request relates to aspects of the National Electricity Retail Rules (NERR), therefore the Commission may only make a rule if it is satisfied that the rule will, or is likely to, contribute to the achievement of the NERO.[22]

The NERO is:[23]

> "To promote efficient investment in, and efficient operation and use of, energy services for the long term interests of consumers of energy with respect to price, quality, safety, reliability and security of supply of energy."

The Commission must also, where relevant, satisfy itself that the rule is "compatible with the development and application of consumer protections for small customers, including (but not limited to) protections relating to hardship customers" (the "consumer protections test").[24]

Where the consumer protections test is relevant in the making of a rule, the Commission must be satisfied that both the NERO test and the consumer protections test have been met.[25] If the Commission is satisfied that one test, but not the other, has been met, the rule cannot be made.

## 4.2 Proposed assessment framework

To determine whether the proposed rule would be likely to promote the NERO, the Commission will assess the rule change request against an assessment framework. The framework may be refined during the rule change process.

The NERO requires efficiency in the investment, operation and use of energy services in the long term interests of consumers.

Competition can be defined as a process of independent rivalry, where two or more parties compete to supply a good or a service to consumers. Where competition is effective, retailers will have strong incentives to provide services that consumers most value and set prices that reflect the efficient costs of doing so. Given the importance of competition in driving efficient

22 Section 236(1) of the NERL.
23 Section 13 of the NERL.
24 Section 236(2)(b) of the NERL.
25 That is, the legal tests set out in s. 236(1) and (2)(b) of the NERL.

outcomes in markets, a key consideration of the AEMC in assessing this rule change request is the degree to which the proposed rule is likely to further promote competition.

The rule change request seeks to create a requirement on retailers to display the start and end meter reading on each bill for interval meter customers. To determine whether the proposed rule change would be likely to promote the NERO, the Commission proposes the following criteria as part of its assessment of the rule change request:

- ***Competition between retailers*** — under the current arrangements retailers compete to provide differentiated bundles of services that are most valuable to customers. Where competition is effective, retailers have strong incentives to provide the bundle of services that customers value and set prices that reflect the efficient costs of doing so. At present, this competition extends to different commercial practices including the disclosure of start and end meter readings in the bill and customers have the option to shop around depending on what information they expect to see in their bill where relevant to them. As such, the Commission will consider whether competition in the retail market already provides a solution to the problem that motivated the rule change request.
- ***Enhancing customer information and decision-making*** — it is important from the perspective of consumer rights and for a well-functioning retail market that customers have sufficient information on their bill to understand the product and to choose between multiple market offerings. As such, the Commission will consider the extent to which the rule change could improve customer understanding of their electricity bill and facilitate efficient decision-making between retail market offerings.
- ***Transparency and trust in retailers*** — the Commission will analyse the extent to which the rule change would increase transparency and enhance trust in the industry and promote confidence in retailers.
- ***Regulatory and administrative burden*** — mandating that retailers include the start and end meter reading on interval meter customers' bills will involve changes to billing systems for some retailers. These additional costs may be passed through to consumers. The Commission will consider benefits and costs associated with the rule change proposal.

## 4.3 Making a more preferable rule

Under s. 244 of NERL, the Commission may make a rule that is different (including materially different) to a proposed rule (a more preferable rule) if it is satisfied that, having regard to the issue or issues raised in the rule change request, the more preferable rule will or is likely to better contribute to the achievement of the NERO.

## 4.4 Applicability of the rule in Victoria

The Victorian government has not adopted the National Energy Retail Rules and has made amendments to the Victorian Energy Retail Code creating a different legal framework for retail contracts and billing provisions. The proposed rule (if made) would not have any effect in Victoria as it relates to a part of Division 4 that currently does not apply in this state as a result of the Victorian Energy Retail Code enactment.

## QUESTION 1: ASSESSMENT FRAMEWORK

1. Is the proposed assessment framework appropriate for considering the rule change request?
2. Are there other relevant considerations that should be included in the assessment framework?

# 5 ISSUES FOR CONSULTATION

Taking into consideration the assessment framework, a number of issues have been identified for initial consultation. Stakeholders are encouraged to comment on these issues as well as any other aspect of the rule change request or this paper, including the proposed assessment framework.

Even though the rule change request only mentions smart meters, the Commission recognises that the same issues may also be applicable for customers with interval meters. However, we understand that the products and services available are not always the same for both interval and advanced interval meters. For that reason, some questions inquire about the application and use of advanced interval meters and where applicable, they inquire about interval meter issues.[26]

## 5.1 Prevalence of the issue raised in the rule change request

The energy market has been evolving significantly. Consumers can now generate their own electricity and better manage their consumption with the technology and information currently available.[27] The Commission monitors the evolution of the retail competitive market on an annual basis through the Retail Competition Review report.

In relation to this rule change request, the energy market made a structural shift on innovation with the introduction of advanced metering installations. On the demand side, customers in the NEM have more options given the new services available, the introduction of different tariff structures and the increase of metering data information. On the supply side, retailers also have more room to compete by improving their bundle of services, investing in innovation and developing tools that facilitate customer engagement (online portals, mobile applications, home devices, etc.). However, several stakeholders indicated that many of the 'new tariff structures' introduced with the new services offered had low customer acceptance and were perceived as confusing.[28]

The issue raised in the rule change request relates to the changes that consumers are facing when transitioning from old metering types to new metering types. Specifically, the proponent would like to receive energy bills with the same metering information (start and end meter readings) when his energy consumption was measured by an accumulation meter. To understand the dimension of this issue, the Commission is seeking stakeholder feedback on the number of complaints related to this bill change issue.[29]

The regulatory framework in the NERR sets the minimum billing information requirements for advanced interval meters but otherwise gives retailers the option to differentiate the information on bills. Some retailers continue to disclose start and end meter readings in bills for customers with advanced interval meters, while others do not include this information if it

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26 For example, rule 25(1)(j) refers to interval meters and not only smart meters.

27 AEMC, *2018 Retail Competition Review,* final report, 15 June 2018.

28 AEMC, *2018 Retail Competition Review,* final report, 15 June 2018, p. 65.

29 The Commission understands that NSW's Energy and Water Ombudsman (EWON) receives around 20 complaints per year that are related to the same issue raised in the rule change request.

is not reasonably available. Under the current rules, retailers have the option to compete for customers. This competition extends to different commercial practices including the disclosure of start and end meter readings in the bill and customers have the option to shop around depending on what information they expect to see in their bill where relevant to them.

Additionally, it is relevant to consider what other sources of information are available for customers to understand their energy consumption. For example:

- some retailers have developed online guides to help customers understand their energy bills
- there has been investment in the development of mobile applications for customers to access real-time energy usage information
- some retailers also offer home devices that monitor energy usage so that consumers can better manage their consumption.

Consequently, the Commission will analyse whether the billing information requirements established in the NERR are sufficient to support consumer decision-making and whether changes are more appropriately driven by competitive market processes or regulation.

### QUESTION 2: ISSUES

1. To what extent is it an issue that a retailer is not required to provide to a small customer with an interval meter the start and end meter readings in the bill?
   a. Is it any different for customers with advanced interval meters?
2. With more advanced interval meters to be rolled out and more digital near real-time solutions/tools available to customers, is it likely that this issues becomes more or less prevalent over time?
3. What are the tools offered to customers with advanced interval meters to understand their bill and energy consumption?
4. What are the tools offered to customers with interval meters (type 5)?
5. How many complaints do stakeholders receive related to the issue raised in this rule change request?

## 5.2 Other issues raised in the rule change request

As noted in section 3.1, the proponent also mentioned other issues based on his experience with advanced interval meters:

- retailers do not provide enough information for customers to understand how to read their new smart meters correctly
- the electricity market is not transparent about the change in information when an advanced interval meter is installed (installation procedures and use).

Even though these issues are not directly related to the key issue raised in the rule change request, the Commission is of the view that they should also be consulted on.

**How to read advanced interval meters**

With the introduction of advanced interval meters in the NEM, different retailers have included on their websites instructions and explanations on how to read advanced interval meters, such as online portals, videos and frequently asked questions (FAQs). Other market participants, such as Ombudsmen, publish 'tips', FAQ sheets and online guides explaining how to read advanced interval meters, the responsible parties for smart meter reading and how smart meter data is collected and verified.

**Information about the use of advanced interval meters and installation procedures**

The AER has a web page specifically for general inquiries on advanced interval meters.[30] The portal includes installation procedures, potential problems and benefits for consumers. There is a case study to illustrate how customers can use and benefit from advanced interval meters. Different Ombudsmen publish on their websites the relevant issues for customers to consider when having advanced interval meters installed, the benefits and retailer's responsibilities (FAQ sheets). Other governmental authorities, such as NSW Fair Trading, provide specific information on advanced interval meter requirements, installation requirements and responsibilities and metering service rules.[31]

QUESTION 3: OTHER ISSUES

1. What tools are available to customers with advanced interval meters to understand their use, reading and installation?
2. Do you consider that the information available for customers is adequate to understand advanced interval meter use, reading and installation?
3. What additional information should be publicly available for customers to understand advanced interval meter use, reading and installation?

30 AER, https://www.aer.gov.au/consumers/my-energy-service/smart-meters.

31 NSW Fair Trading, https://www.fairtrading.nsw.gov.au/trades-and-businesses/business-essentials/information-for-specific-industries/smart-meter-providers ; Queensland Government, https://www.qld.gov.au/housing/buying-owning-home/energy-water-home/electricity/digital-meters/digital-meter-installation

## 5.3 Potential solutions to the issue identified

This section considers a number of potential solutions related to the issue raised in the rule change request. As stated previously, the Commission will consider the threshold issue of whether the issues raised by the proponent are best addressed by competitive market interactions or changes to regulation.[32]

**Eliminate the transitional rule**

One of the solutions to address the issue would be to amend the NERR by eliminating the transitional rule that only requires retailers to provide the values for the start and end of the billing period, for customers with interval meters, only if the required metering data is reasonably available.[33] The rule, if made, would make it mandatory for all retailers to include in their bills the values of meter readings for the start and end of the billing period regardless of the customer's metering type.

Additionally, it is relevant to consider the usefulness of including such cumulative readings when customers are billed on demand or time-of-use tariffs. In other words, if this information would be adequate for customers to understand and check their energy consumption when they are on a tariff type different to a flat tariff. It is unlikely that cumulative readings in the bill will help customers on all other tariff types (other block tariffs, time-of-use, demand).

**Adopt the Victorian solution**

In April 2010, the Victorian Essential Services Commission (ESC) published an issues paper to review the regulatory framework seeking to support advanced interval meters roll out and to protect customers in Victoria. The document included billing information as a key issue for consultation and the ESC considered that customers with advanced interval meters would need to be able to reconcile their usage with the charges on their bills. In December 2011, the ESC completed the review and published a final decision requiring retailers to include a start and end index read on bills for advanced interval meter customers from 1 July 2012.[34]

The Victorian Energy and Water Ombudsman (EWOV) monitored the number of complaints during the advanced interval meter roll-out and published a report from 2008 to 2016. In its latest report EWOV noted a decline in the number of complaints received. This decline was reported as "unsurprising" given that the advanced interval meter roll-out was effectively completed and became "business as usual" for consumers. Interestingly, EWOV continued to receive complaints from customers with advanced interval meters experiencing issues with the accuracy of their consumption data on their bills (customers continued to complain about advanced interval meter data formats and start and end meter readings on their bills).[35]

32 The request for comments on solutions does not imply a rule will be made.
33 NERR, schedule 3, part 4, rule 8(3).
34 EWOV, *Solar and Smart Meter Report*, final report, July 2016.
35 EWOV, *Solar and Smart Meter Report,* final report, July 2016, p. 5.

### Alternative solutions

The Commission is also interested in exploring other potential solutions to address the issue raised in the rule change request and would like to receive submissions from stakeholders in this regard.

The Government is implementing a Consumer Data Right (CDR) in banking, electricity and telecommunications as part of its commitment to giving Australians greater control over their data.[36]

With the introduction of the CDR in the energy retail market, customers will be able to give the relevant authorisation for a third party to help them take decisions on the options available in the market that best suits them. For example, customers could be provided with the lowest market offer available given their consumption profile, advice on solar and battery take-up, or the provision of bill checking services.

The CDR framework is being developed with three processes running in parallel:[37]

- The Commonwealth Treasury department is developing the overarching policy and the enabling legislation.
- The Commonwealth Scientific and Industrial Research Organisation (CSIRO) Data Standards Body (Data61) team is developing the technical standards for the scheme (these will determine the technicalities of how the data will be collected, stored and shared).
- The Australian Competition and Consumer Commission will play the lead regulator role, in charge of enforcement, and is developing the rules' framework with the Office of the Information Commissioner as sub-regulator.

The CDR enabling legislation is likely to be implemented in 2019.

QUESTION 4: SOLUTIONS

1. What are the costs and benefits of eliminating the transitional rule?
2. What are the costs and benefits of adopting the Victorian solution?
3. What are the reasons for retailers to exclude cumulative readings in the bills for other NEM jurisdictions when this information is disclosed in the bills in Victoria?
4. Are there any alternative solutions to consider that may have greater benefits and/or lower costs?
5. To what extent, if any, will the Consumer Data Right reform address the issues raised in the rule change request?

36 The Treasury, *Consumer Data Right Booklet,* 9 May 2018.
37 The Treasury, *Consumer Data Right Booklet,* 9 May 2018.

# 6 LODGING A SUBMISSION

Written submissions on the rule change request must be lodged with Commission by **28 February 2019**, online via the Commission's website, www.aemc.gov.au, using the "lodge a submission" function and selecting the project reference code RRC0026.

The submission must be on letterhead (if submitted on behalf of an organisation), signed and dated.

Where practicable, submissions should be prepared in accordance with the Commission's guidelines for making written submissions on rule change requests.[38] The Commission publishes all submissions on its website, subject to a claim of confidentiality.

All enquiries on this project should be addressed to Stephanie Flechas on (02) 8296 0640 or stephanie.flechas@aemc.gov.au.

38 This guideline is available on the Commission's website www.aemc.gov.au.

# ABBREVIATIONS

| | |
|---|---|
| ACCC | Australian Competition and Consumer Commission |
| AEMC | Australian Energy Market Commission |
| AER | Australian Energy Regulator |
| AEMO | Australian Energy Market Operator |
| Commission | See AEMC |
| CDR | Consumer data right |
| CSIRO | Commonwealth Scientific and Industrial Research Organisation |
| Data61 | Data Standards Body |
| DNSP | Distribution network service provider |
| ESC | Essential Services Commission |
| EWOV | Energy and Water Ombudsman Victoria |
| EWON | Energy and Water Ombudsman New South Wales |
| FAQs | Frequently asked questions |
| MDLSP | Metering data level service procedures |
| MDP | Metering data provider |
| MDPP | Metering data provision procedures |
| MSATS | Market settlement and transfer solutions |
| NEM | National electricity market |
| NER | National Electricity Rules |
| NERL | National Energy Retail Law |
| NERO | National energy retail objective |
| NERR | National Energy Retail Rules |
| NMI | National meter identifier |