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Thursday, 28 February 2019

Stephanie Flechas
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Ms Flechas

RE: Bill Contents – Customers with Interval Meters rule change (RRC0026)

ERM Power Limited (ERM Power) welcomes the opportunity to respond to Australian Energy Market Commission's (AEMC) Bill Contents – Customers with Interval Meters rule change consultation paper which proposes to require all energy retailers to include in their bills a start and end meter reading for each billing period for advanced interval meter (smart meter) customers. Through this proposed rule, the proponent is seeking to facilitate billing reconciliation and improve confidence in energy retailers for consumers.

About ERM Power

ERM Power is an Australian energy company operating electricity sales, generation and energy solutions businesses. The Company has grown to become the second largest electricity provider to commercial businesses and industrials in Australia by load¹, with operations in every state and the Australian Capital Territory. A growing range of energy solutions products and services are being delivered, including lighting and energy efficiency software and data analytics, to the Company's existing and new customer base. The Company operates 662 megawatts of low emission, gas-fired peaking power stations in Western Australia and Queensland.

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General comments

The evolution of metering technology and electricity tariff structures throughout the National Electricity Market (NEM) has presented electricity consumers with new opportunities to manage and take control of their energy consumption and costs. Increasingly sophisticated systems for consumers to access and analyse their consumption data is being made available through the increased uptake of smart meters across Australia. As consumers seek to better understand and control their electricity use, they are also facing changes to their billing information and charges. It is essential that consumers receive their usage and billing information in simple and practical terms.

ERM Power supports initiatives to ensure consumers receive efficient and user-friendly information. However, market systems and information that was designed for type 6 accumulation meters are not necessarily fit-for-purpose for advanced technology, such as smart meters. We have concerns about mandating minimum billing format requirements for electricity consumption data from a smart meter, with format requirements that were designed for accumulation meters. Although the intent of this rule change is to support transparency for consumers through easily-understood billing formats, we believe that applying a 'meter read'-type solution is not appropriate

¹ Based on ERM Power analysis of latest published financial information.



for smart meter technology and does not achieve its primary purpose of improving information quality for consumers.

ERM Power does not support this proposed rule change, as:

- The rule change places unreasonable obligations on retailers to provide smart meter customers with data that is not currently reasonably available. Any retailer obligation to provide this data would place considerable cost burdens on the retailer.
- The rule change is seeking to provide billing transparency solutions which are misplaced. Advanced interval metering technology is accompanied by a suite of innovative solutions for customers to analyse and manage their consumption data. A billing requirement intended to mimic type 6 meter read values does not improve quality of information for consumers and is not appropriate for new technologies.

Available data and retailer obligations

Amendments to the provision of smart meter billing data is not encouraged. Currently, consumption data from the start and end of the billing period is not reasonably available. ERM Power receives all billing data to be included on customer's bills from Metering Data Service Providers (MDSPs). ERM Business Energy's billing system automatically adjusts customer's bills based on newly acquired data. The read quality of the actual or estimated meter data provided by the MDSPs is in accordance with industry methodologies. ERM Power is concerned that changes to the industry methodologies will lead to requirements for the estimation of data values that are not currently reasonably available.

Rule 8(3) of the National Energy Retail Rules allows retailers to not display the values of meter readings at the start and end of the billing period when the required metering data is not reasonably available. If the obligation were placed on retailers to provide start and end meter read values, the retailer would be compelled to calculate estimated values and make significant changes to internal systems and billing practices to achieve this. ERM Power does not support the implementation of any requirement to estimate start and end billing values. Requiring retailers to reconfigure existing processes and systems will be costly, as investments have already been made by participants in systems that deliver data in formats suitable for smart metering technology. This places an obligation on retailers to absorb these additional costs for an undemonstrated benefit.

Victorian regulatory framework

It may be suggested the current Victorian legal framework for retailers' billing requirements, requiring index reads at the start and end of the billing period for customers' bills from smart meter interval data, could set an expectation for requiring cumulative readings in the bills for other NEM jurisdictions. However, ERM Power does not believe that this approach suitably addresses the issue that the AEMC seeks to address to facilitate billing reconciliation and improve customer trust in energy retailers. Index reads are total accumulated energy usage readings which are not used to calculate electricity bills and are unreliable as a consumption reconciliation tool. Discrepancies between comparing two index read values and the aggregate of half-hour interval data are commonplace. We strongly believe that these discrepancies will lead to customer confusion when customers attempt to validate the bill. To that end, it is unlikely to significantly assist a customer to understand and manage their energy consumption and costs.

The materiality of the issue

ERM Power believes the issue identified in this rule change, namely that small electricity customers with smart meters cannot always find a meter reading for the start and end of the billing period in their bill, is immaterial.



ERM Power partners with business and large energy customers exclusively, who are typically highly engaged with their energy management, and have employed tools and resources to manage their consumption, including smart meter technology. ERM Power has not received any complaints from customers regarding start and end billing period data. Business proactively employs innovative tools to optimise their end to end energy management, demonstrating the value of smart meter data currently available.

For business and residential customers, the advent of accurate and near real-time data from smart meters facilitates efficient retail operations and empowers consumers to make informed decisions regarding their energy management. Web-portals and other smart tools currently available to consumers generally summarise and analyse data through consumption charts and benchmarking information. Using these tools allows customers to easily validate bills through monitoring consumption trends and reconciling usage with previous months. These tools are likely to minimize a customer's need to receive estimated start and end meter read-type information.

Additionally, the upcoming implementation of the Australian Government's Consumer Data Right (CDR) in the energy retail market will present an additional avenue for consumers to make informed energy management decisions through third parties, and likely address some of the perceived issues raised in this rule change. We strongly suggest that any effort to make changes to billing systems and bill formats to accommodate the proposed rule will quickly be made redundant through the implementation of the CDR.

Conclusion

ERM Power does not support this rule change. We believe efforts to continually improve consumers' access to electricity consumption information should be well-placed to achieve optimal outcomes for the consumer. Requiring retailers to provide start and end meters readings for billing periods for smart meter customers does not facilitate improved consumer engagement and understanding of their bills and usage. We encourage fit-for-purpose solutions which are more appropriate for the new technologies currently being deployed through the NEM.

Please contact me if you would like to discuss this submission further.

Yours sincerely,

Emma White

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