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9 February 2023

Mr Benn Barr
Chief Executive
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Lodged online: www.aemc.gov.au

Reference: EMO0040

Dear Mr Barr,

RE: EMO0040 - Stakeholder feedback on the AEMC review of the regulatory framework for metering services draft report

Thank you for this opportunity to contribute feedback on the AEMC review of the regulatory framework for metering services draft report. I am participating in this submission after experiencing a prolonged negative experience with my electricity retailer since the installation of a 'smart meter' in late 2020. As a 'small customer', especially one that falls within the vulnerable category, I believe I represent the ultimate stakeholder. The people that have the most at stake when it comes to the execution and management of the smart meter rollout coordination, yet has the least say or control over the current implications of this rollout.

My negative smart meter customer experience has led me to develop an interest energy advocacy and equity, especially around the transition to 'smart meters'. My experience prompted me to engage with SA Power Networks Revenue Reset community engagement process last year over the implications of 'Time of Use' tariffs on vulnerable customers, and the poor fashion these tariffs are being implemented, placing vulnerable people at risk. Through my engagement with SA Power Networks I took up an opportunity to join their Community Reference Group representing and advocating for regional SA and vulnerable customers. Both consumer sectors I care passionately about. Through this forum I've become aware of the this metering review.

My smart meter experience and consequences of ToU tariffs

My retailer took 3 ½ months to officially issue notification they had switched my tariff type to 'Time of Use'. As a person on a disability pension, this placed me in the position of experiencing bill shock. If circumstances had been slightly different, that bill shock could have been extreme. The retail ToU version of my 'pay on time' deal, if I failed to pay on time, was 32% over the current reference price (Jan 22), with the bonus of the removal of my 'Off Peak Controlled Load' tariff and the OPCL timer programmed to operate partly during Peak Tariff. Both situations I had **NO control or input over**.

Furthermore, I have a medical condition that means I rely on air conditioning for heating and cooling. My tariff switch initially occurred in, and billing backdated to October 2021, meaning I was unaware of being switched to ToU tariff over a summer period. If it had been a hot summer, which is normal for my regional location, and I had not been able to pay on time I would have experienced extreme bill shock.

A significant amount of my energy load can not be shifted without consequences that effect my ability to maintain my independence. I am now faced with the choice of putting my health first, and an expensive seasonal electricity bill, or sacrificing my health. Many 'at risk' vulnerable customers have the least means, or

will experience constraints that can not be adapted around this type of tariffs, leaving them worse off.

When I did receive notification of tariff change, there was **NO** information provided about 'Time of Use' tariffs, including the times they apply to, what timezone I was being charged at, etc. No information on the potential impacts of these tariffs. I had to educate myself about this change, and how and why it was being implemented. Reliable information on the internet was difficult to locate, and not available through my retailer. Information was often from fragmented sources, and was often unclear or conflicting. I felt unsupported through out this transition.

This was only the start of my negative experience. Other ongoing billing errors have occurred since the install of my smart meter, such as multiple delayed billing (longest being 126 days), estimate reads for a meter that historical data demonstrates no meter communication problem. Bill readjustment from what appears to be a failure to offset to the correct local time. Billing irregularities in areas related to the 'controlled load register and timer'.

The current state

Feedback to various community and industry advocates such as Energy Consumers Australia, show my experience is not unique. EWOSA Annual Report 2021-22¹ highlights what they consider 'systemic issues'. The promised advantages of smart meters, are not being delivered.

Vulnerable customers should not be placed into situations like this. They should not be placed at risk by the actions of our energy market. Electricity is an essential service. People need access to electricity to survive, and affordable, safe and fair access, to be able to thrive.

Industry initiatives seem to focus on providing support *after* a customer is in financial trouble, yet the poor method, and resulting errors of this meter rollout is allowing to be them to be placed 'at risk'. An illogical process.

I am fortunate to have solid literacy levels, and current health level, which can fluctuate and impact my ability to engage, that I was able to build up an understanding of our complex energy system. An understanding I now try to share to ease others confusion when they encounter similar. Not everyone has the means to navigate this complex energy system. There are many hurdles that hamper customers capacity to engage with and advocate for themselves. We are leaving many behind. AER research show: "Just under half (44 per cent) of all Australians have low literacy levels, i.e. below what is considered enough to get by in everyday life."² Yet customers are not receiving much information through this process to help them navigate this transition.

Strengthen information provision to customers

There needs to be strengthened information provision to customers, provided at the earliest possible time. Customers need and deserve to receive quality information **BEFORE** they have a smart meter installed. Informed that they will be switched to a network 'RTOU' tariff, and that their retailer will be reassigning them as this tariff type as retailers have decided to pass the risk onto the customer. Educate the customer before implementation, around how these tariffs may impact bills, and how customers may adapt to take advantage, IF they have the means to.

There are customers that will not be able, for many reasons, to adapt. They will be worse off. These are the most vulnerable, and are being allowed to be left behind. Personally I find this inequity, unfair.

Built in Inequities

'Cost Reflective Pricing' on which 'Time of Use' tariffs are based on, an economic nudge to prompt customers to change their usage patterns to better support the grid, on the surface offers a solution that appears to be fair. That each consumer pays an equal fair share for access to the electricity network. From an equity perspective however, this solution is not fair. Cost Reflective Pricing is asking those on low incomes to contribute a significantly larger proportion of their disposable income on an essential service.

Customers are being forced to make trade offs. These trade offs come at the cost and further hamper a households ability to adapt and take advantage of efficiency cost savings of new appliances, which represents a large cost, or housing efficiency. A negative cycle that continues to hold people in the poverty cycle. Cost Reflective Pricing has been designed and implemented without consideration of the consequences on vulnerable customers, and without development and implemented of appropriate supports

to assist these customers. Unnecessary harm is being done.

Bring customers along this transition

Also informing the customer at pre installation stage is an opportunity to explain why smart meters will play an important role in our energy transition. An opportunity to encourage customer to invest in the process. Not informing customers early in the process disenfranchises them, creating dissatisfaction, and questioning the motivation of the energy market.

Retailers at the pre installation contact stage, would be the most logical point of engagement. They should be required to demonstrate due diligence in providing suitable information at this stage. That before a retailer is allowed to switch a customer over to a retail 'ToU' Tariff, they can demonstrate they have provided quality information on smart meters, and ToU tariffs. Customers should not be placed at risk of bill shock. The main goal needs to be to enable those that can, adequate opportunity to adapt. Customers need and deserve quality information beforehand.

Appropriate supports need to be developed, and implemented for our most vulnerable customers, and awareness of these resources created early in the transition process.

Smart Energy Website

While a smart energy website, will provide an important educational resource, we would be asking 'time poor', 'information overloaded', and 'pandemic stressed' customers to take the initiative to engage with this resource to educate themselves. I can foresee many will not do this until bill shock is experienced. There are those that will not have the capacity to engage with this resource. Therefore it should not be the only solution. This website needs to be developed by independent energy professionals that are passionate about enabling customers successfully transition, or helping them to engage with further supports. Not government based as they are already seen as failing to provide suitable supports to vulnerable customers, and not retailers who have cross vested interests.

For all the complexity with in the various rules and regulations there are grey areas and loopholes that seem to be allowing these issues to occur. For example under NERR, what type of contract a small customer is on, a 'standard retail contract' or a 'default market contract', dictates how much protection a small customer receives. Overly complex, and leading customer to believe they are protected when they may not be.

Tackle the root causes leading to poor outcomes

While there is acknowledged that to wind back the new metering structure and return metering control back to DNSPs, would be too involved, the fact that the current AEMC draft review acknowledges there are several existing problems, and the current system is not operating as intended, there are no substantial solutions offered to address the root causes. This suggests that returning the control to DNSPs' may be perceived as 'too hard', however there appears to no other options presented to fix that current system. The end customer deserves better than business as usual.

One approach that may improve the supply chain issues is to appoint the DNSP responsible for appointing the MC through a competitive tender process, and paying for that metering service. This would eliminate the double handling costs, and also improving the DNSPs full access to network data and network functions, improving network efficiencies. This is a 'bigger picture' cost saving, which would also allow for improved household safety through the timely access of appropriate data to facilitate this.

Added benefit would be greater efficiencies for multi occupancy premises and discrete geographic areas. This is appealing with regards to regional towns where there are challenges to rolling out smart meters and the administration of them in a smaller economic scale, results in increased costs, amplified by the current piecemeal, competitive parties approach. To this date I have not seen any solutions offered for remote smart metering where mobile network access is not available. An oversight?

Make data standardised, and portable. Keep it simple. Keep the metering coordination/retailer supply chain structure simple, eliminate the double handling.

Who's data is it?

Customers deserve real time access to own meter data. It is their data. A tool that can encourage customer engagement, and empowerment. During my transition trying to access suitably formatted data provided in a timely manner has been a frustrating. Real time data would allow me to identify hidden energy guzzlers.

Overall observation

As an outsider to the energy industry, though technically inclined, I find the complexity the Australian energy market design, confounding. Unnecessarily convoluted structures that introduce inefficiencies, that in turn allow for the introduction of errors. Ultimately leading to poor customer experiences.

In learning about the structure created for 'contestable metering', and reviewing this current draft metering review, recognition outlined in the summary (point 20) that:

1. "The current metering framework is not delivering the best outcomes for consumers"
2. "The pace of the deployment of smart meters has been slower than we anticipated for several reasons. Industry cooperation has proven to be a significant barrier — which appears to have been laden by market participants' misaligned incentives and the framework's complexity".
3. "Significant inefficiencies in the process lead to higher customer metering unit costs. Ombudsmen and AER complaints data highlight several implementation issues, like systematic installation delays." ³

Powerful acknowledgement that this complex system is not functioning as intended. That vested interests are hampering the rollout, leading to double handling, increased costs, errors, and negative customer experiences like my own.

The National Energy Retail Objective as stated in the National Energy Retail Law (NERL) is:

"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." ⁴

The current state of the smart meter rollout is unfair for all customers for multiple reasons, and risks hampering successful energy transition across Australia. The advantages slated for these meters are not being delivered. The long term interests of energy customers is not being met. Failing the National Energy Retail Objective.

The focus needs to be returned to the small customer, the most important stakeholder.

Again thank you for this opportunity to provide feedback on this metering review.

Yours sincerely,

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¹ EWOSA 2022 Annual-Report 2021-2022, 'Systemic Issues', page 45
<https://ewosa.com.au/assets/volumes/general-downloads/annual-reports/EWOSA-Annual-Report-2021-2022.pdf>

² Consumer Policy Research Centre, 2020, Exploring regulatory approaches to consumer vulnerability - A report for the Australian Energy Regulator, page 34
https://www.aer.gov.au/system/files/CPRC%20-%20Exploring%20regulatory%20approaches%20to%20consumer%20vulnerability%20-%20AER%20-%20February%202020_0.pdf

³ AEMC, 2022, Review of the regulatory framework for metering services draft report, Summary, point 20, page IV, <https://www.aemc.gov.au/sites/default/files/2022-11/Draft%20report.pdf>

⁴ AEMC, Accessed 02/2023 <https://www.aemc.gov.au/regulation/neo#NERO>