

6 May 2016

Mr Ben Shafran
Director
Australian Energy Market Commission
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Dear Mr Shafran

**Submission on the Draft Rule Determination:
Meter Read and Billing Frequency Rule Change**

The Energy and Water Ombudsman (SA) Limited ("EWOSA") welcomes the opportunity to comment on the Australian Energy Market Commission's *Meter Read and Billing Frequency* Draft Rule Determination.

In this submission, the EWOSA primarily addresses matters that are specifically of interest to the EWOSA Scheme.

EWOSA is an independent Energy and Water Ombudsman Scheme in South Australia. It receives, investigates and facilitates the resolution of complaints by customers with regard to (*inter alia*) the connection, supply or sale of electricity, gas or water.

We cautiously support the Draft Rule Determination, which requires retailers to issue a bill to a small customer on a standard contract at least once every 100 days. It is important that the draft rule does not result in 100 days becoming the normal time frame for retailers to issue bills to small customers on a standard contract. This would weaken the important consumer protection of bill frequency.

We generally agree with the Australian Energy Market Commission (AEMC) that retailers, upon receiving a meter read, will be prompt in issuing a bill to a customer, for revenue and cash flow purposes. We believe this is likely to limit the incidence of bills being delayed to 100 days and will not result in 100 days becoming the normal time frame for retailers to issue bills to small customers on a standard contract. Hence our cautious support for the draft rule determination.

We support the proposed application of the draft rule to both electricity and gas retailers.

We agree with the AEMC that the draft rule is a preferable rule to the one proposed by the proponent. We also generally support the view that it "maintains a regular and frequent billing cycle" and that it provides a "clearer compliance obligation" for energy retailers and the Australian Energy Regulator.

Implementation of the draft rule is expected to result in more bills being based on meter reads and thus on actual consumption, which will help customers, rather than estimated consumption.

It is likely that the number of customers affected by estimated bills will fall as a result of the draft rule change. Also, the number of customers concerned with any delay in their bills – which will be no more than eight days – is likely to be less than this. Some customers would not notice a small delay in their bill. Thus the benefits of the draft rule change – more customers will have the knowledge of their actual consumption – will be likely to outweigh the costs, associated with the frustration for some customers of receiving delayed bills, as well as slightly higher bills if the delay does stretch to a week or so.

EWOSA therefore expects the draft rule change to lead to reduced complaints associated with estimated bills, but a higher number of complaints associated with delayed bills and higher bills.

We still have concerns about the possibility of a greater number of delayed bills and higher bills for vulnerable customers, who have significant budget constraints and may have difficulty in paying slightly less frequent and higher bills. This could lead to a higher number of credit management complaints being received by EWOSA.

However, these impacts may be mitigated by the fact that a number of these customers will be on hardship programs, in which they may already have payment plans that include a more frequent billing cycle, such as monthly, which provide for smaller bills. Also as part of the hardship program process, such customers may have been encouraged by their retailer to switch to a market contract with lower tariffs and the rule change will thus not affect them.

Indeed, one limitation of the Draft Rule Determination is that it does not apply to small customers on market contracts, some of whom also receive bills based on estimated consumption and subsequently direct complaints to EWOSA. However, we acknowledge that both the National Energy Retail Rules and the rule change process do not enable the draft rule to be applied to small customers on market contracts.

Should you require further information or have any enquiries in relation to this submission, please telephone me on (08) 8216 1851 or email me at antony.clarke@ewosa.com.au.

Yours faithfully



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