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25 January 2016

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

By email to: aemc@aemc.gov.au

Dear Sir/Madam,

National Energy Retail Amendment (Meter Read and Billing Frequency) Rule 2016

AGL is one of the leading electricity generators, gas suppliers and energy retailers in Australia, with over 3.7 million electricity and gas retail customers. Meter Reading and Billing Frequency adjustments resulting from poor distributor performance comprise a significant expense to AGL, and we welcome the opportunity to comment on the AEMO's National Energy Retail Amendment (Meter Read and Billing Frequency) Rule consultation.

In our submission on this consultation AGL is mindful of the need for a nationally consistent and principles-based approach to amending the retail rules. Our view is that the outcome of this is both maintaining a level playing field amongst all energy providers, and minimising costly changes to technology platforms.

There will however always be exceptions to this approach to national consistency. In our estimation the proposed amendment appears intended to tackle a uniquely Ergon problem; meter reading in a jurisdiction with no proposal to roll out alternate metering technologies to overcome the disparate and isolated nature of some of its customers. The rule change instead proposes to relax the requirement for a retailer to issue a bill to a small customer until it receives meter data from the Metering Data Provider.

AGL rejects this suggested approach on the following basis:

1. At AGL, our experience is that customers prefer estimated and more frequent billing over larger bills calculated over a longer billing period.
2. It is apparent to AGL that delays in the provision of meter data by distributors has remained a consistent problem because of the absence of sanctions or penalties that would provide the necessary incentives for networks to improve their performance.

Ergon's rule change request considers an alternative to its proposed rule would be to require the Metering Data Provider to collect meter data more frequently. Ergon considers that this would increase costs, ultimately resulting in consumers paying higher prices for their energy. However, Ergon does not quantify these additional costs. Ergon concludes, on behalf of Meter Data Providers we assume, that this is not an appropriate solution to the issue it identifies.

Ergon contends the issuance of estimated bills is not in the consumer interest. AGL rejects this view based on its direct experience of hundreds of thousands of customers on monthly billing.

Ergon Energy Retail is in a unique position. *Ergon Energy Retail is the only retailer that operates in regional Queensland, supplying most small customers. Under the National*



Energy Retail Law (Queensland) Act 2014, Ergon Energy Retail is prevented from offering market retail contracts to small customers. This means that most small customers in regional Queensland are supplied under a standard retail contract.¹

Given this unique position, AGL is of the view that the proposed rule change is unnecessary in a broader context than Ergon Distribution. Ergon Energy Retail may be better to consider:

1. The introduction of customer own reads where access or data reliability is an ongoing problem, and;
2. The introduction of stricter performance measures on Ergon Distribution relating to the reliability and accuracy of metering data, including incentives, sanctions and penalties, or;
3. A derogation for Ergon Distribution customers only that requires agreement with only the affected jurisdiction, and addresses their unique conditions.

In the non-Ergon jurisdiction, the significant rollout expense associated with improving the frequency and reliability of metering data collection has led to options for more reliable meter data, and more frequent customer billing. It is worth reflecting that Metering Competition is being invested in as a way of improving the reliability and accuracy of meter data available to consumers. In these non-Ergon jurisdictions improving meter data collection and quality is seen as an appropriate solution, and the more frequent collection of meter data is in the consumer's interest.

Similarly, market changes to establish the new role of Metering Coordinator and to introduce further competition in meter provision and meter data collection is firmly designed to improve current performance.

Should you have any questions in relation to this submission, please contact David Markham, Network Strategy and Regulation Adviser, at david.markham@agl.com.au or (03) 8633 6150.

Yours sincerely,

Jenny Baltatzidis
Network Strategy Manager
Network Strategy and Regulation

¹ National Energy Retail Amendment (Meter Read and Billing Frequency) Rule 2016 Consultation. AEMC January 2016

