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Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Reference: RRC0006

Lodged electronically: www.aemc.gov.au

Dear Mr Pierce

Consultation Paper: National Energy Retail Amendment -Meter Read and Billing Frequency Rule 2016

EnergyAustralia welcomes the opportunity to comment on the Australian Energy Market Commission's Consultation Paper on National Energy Retail Amendment (Meter Read and Billing Frequency) Rule 2016.

We are one of Australia's largest energy companies, with over 2.5 million household and business customer accounts in New South Wales, Victoria, Queensland, South Australia and the Australian Capital Territory. We also own and operate a multi-billion dollar portfolio of energy generation across Australia, including coal, gas and wind assets with control of over 4,500MW of generation in the National Electricity Market.

Our submission addresses matters raised in question 1, 3 and 4 of the consultation paper and our primary position is that changes to the National Energy Retail Rules will not in the long term, be an effective mechanism to address the issue Ergon Energy have raised.

Question 1: Nature of the issue identified

- *What proportion of consumers are likely to be affected by the issue identified by Ergon?*
- *Is the availability of meter reads an issue for retailers other than Ergon?*
- *To what extent will other developments, including the roll out of more advanced meters, address the issue identified by Ergon?*

The delivery of data to issue a bill based on actual readings is a matter that EnergyAustralia deals with for our customers on market and standard contracts. Whilst the obligation for frequency of bills applies to customers on a standard retail contract (who only make up a small proportion of the National Energy Market), accuracy and timeliness of energy bills is relevant to all customers despite what contract they have with their energy provider.

We agree that bills generated based on estimate reads are impetus for complaints and calls. Based on 2015 internal complaint data, 6% of our billing related complaints correlated to estimated reads. Issuing delayed bills was also a common prompt for customer calls and complaints (this was 6.3% of our billing related complaints), so we are mindful that Ergon Energy's proposal may inadvertently increase calls and complaints for delayed bills

Regardless, we agree that there is a disconnect between obligations on market participants as defined in industry instruments such as the National Energy Retail Rules (NERR), National Electricity Rules (NER) and metrology procedures. As such, there may be an opportunity to align obligations to promote accuracy in metering data to issue bills so that customers have improved confidence and experience within the energy market. However, it is our view the most effective instrument to change is the AEMO procedures so that they align with the intent of the NERR.

As discussed in the consultation paper, the rollout of advanced meters (as part of Competition in Metering rule change) needs to be considered as part of this rule change proposal. We have already seen with the smart meter rollout in Victoria, a reduction in the prevalence of estimated bills and complaints¹. With this in mind, and with advanced meters being installed as part of "Expanding Competition in Metering and Related Services final rule"², it would be reasonable to assume we will see this same trend across other jurisdictions. Ergon Energy is correct in commenting that it will still be years before smart/advanced meters are installed whereby it is expected that meter data delivery will be enhanced. However, a change to the NERR relating to bill frequency, that primarily impacts customers on standard retail contracts, does not specifically address the issue of meter read delivery for the majority of the industry.

¹ In Victoria, EWOV reported that Smart Meter Complaints have reduced by 50%. Refer to <https://www.ewov.com.au/publications-and-media/res-online-no.13-november-2015/latest-ewov-reports/quarterly-solar-and-smart-meter-report>

² AEMC 2015, Meter Read and Billing Frequency, Consultation Paper, 17 December 2015, Sydney

Question 3: Ergon's proposed solution

- *Do bills based on actual consumption enhance consumer experience and allow consumers to make more informed usage decisions compared to estimated bills?*
- *Would delays to the frequency of retail bills cause significant issues for small customers? If so, would a maximum timeframe limit on billing frequency, eg. four months, sufficiently manage those issues?*
- *Should the frequency of retail bills be considered a consumer protection?*

Based on our customer and call data, bills based on actual reads do enhance customer experience. Customers are increasingly frustrated and can be anxious when bills are based on estimated reads. As such, any proposal to provide consumers bills based on actual reads will be welcomed by EnergyAustralia and our customers.

The link between bill frequency, hardship and bill shock so that customers can better manage energy costs and usage is an emerging conundrum being explored in the retail energy market (e.g. ESC's initial hardship report). Issuing bills more frequently is seen as a mechanism that could alleviate this problem³. With this in mind, having a provision that allows bills to be issued up to 120 days, is not likely to be in the best interests of customers and would likely be a driver for increased delayed bill complaints and queries (as discussed previously, see page 2).

Additionally, this change would require changes to contract terms and conditions which is a cost that would need to be factored into the rollout of this change.

Given the relevant impact of the proposed rule change in that there are no significant consumer benefits, and the installation of advanced meters will address issues highlighted in the longer term, we recommend no change be made to the NERR. We would prefer to address the key cause of the problem which appears to be delayed delivery of metering data.

Question 4: Frequency of meter reading

- *Would more frequent meter reading by the Metering Data Provider provide an efficient solution to the issue identified by Ergon in its rule change request?*
- *Would more frequent meter reading impose additional costs on the Metering Data Provider? If so, how much are costs likely to increase?*
- *Where there is a choice between bills based on actual consumption issued at less frequency or issued at the same frequency but at greater cost, what better serves the consumer's long term interest and is compatible with consumer protections?*

³ In ESC initial Hardship Report an option for Retailers to move customers to monthly billing to assist with payment difficulties is suggested:
<http://www.esc.vic.gov.au/getattachment/47dd95c3-41f8-455a-bd13-bc77902a97bb/Energy-Hardship-Inquiry-Draft-Report.pdf>

We do not support more frequent reads being provided on a mandatory basis. Whilst this would increase bill timeliness and the number of bills based on actual reads, costs to operate would increase, which would be passed onto consumers. This cost is unnecessary given that smart meters will address meter read delivery issues in future. Furthermore, changing the NERR does not fix the problem of receiving data in time for a retailer to issue a bill.

A review of Ergon's comparison of obligations and rule change has revealed that the cause of issue was that reads were delivered post the Next Schedule Read Date (NSRD) (which is allowed as per the Service Level Procedure), if this is the case, rather than changing the NERR (which can be costly) minor changes to obligations as per AEMOs procedures could serve as an alternative and more cost effective way to deal with this issue.

Conclusion

We agree that creating a regulatory and operational framework that supports the delivery of customer bills on actual data is in the best interests of consumers and energy market participants.

The rollout of smart meters in Victoria and the improvement this has had on bill accuracy and frequency suggests the concerns raised by Ergon Energy will be addressed in the long term as advanced meters are installed throughout the NEM. We question that the proposed change to the NERR is in the best interest of consumers and the industry. This is particularly as the proposed rule change applies to customers on standard retail contracts (which do not make up a large proportion of customers in most jurisdictions), the rationale for a NERR rule change that does not address the issue for a majority of customers, is not necessarily the best way to address this issue. A better way to do this is to change to the metrology procedures and SLA's that applies to all jurisdictions.

If you have any questions regarding submission, please contact Karly Train on +61 3 8628 1716 or Karly.Train@energyaustralia.com.au.

Regards



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