

3 June 2016

Ms Lily Mitchell  
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Dear Ms Mitchell

**Submission on the Consultation Paper:  
Using Estimated Reads for Customer Transfers**

The Energy and Water Ombudsman (SA) Limited ("EWOSA") welcomes the opportunity to comment on the Australian Energy Market Commission's *Using Estimated Reads for Customer Transfers* Consultation Paper.

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.

There were 660 transfer-related complaints received by EWOSA in 2014-15. This accounted for just 5 per cent of all complaints and was down 56 per cent compared to 2013-14. The three largest areas of transfer-related complaints were: 'Delay in Transfer' (39 per cent), 'Never Requested Transfer' (32 per cent) and 'Transfer in Error' (20 per cent). Having their transfer delayed is thus a major concern for customers when transferring between retailers.

We support the assessment framework proposed by the Australian Energy Market Commission for analysing the *Using Estimated Reads for Customer Transfers* rule change request.

Given the data presented in Figure 2.1 of the Consultation Paper, it is clear that requiring a special meter read when transferring customers would cut the average time it takes for customers to transfer between retailers. Customers would also benefit from knowing their actual consumption. However, special meter reads come at a cost, which would usually be passed on to customers and may result in a disincentive to switch retailers, thereby reducing competition.

Allowing estimated meter reads when transferring customers, provided that the customer has given explicit informed consent for an estimated meter read and the customer's previous bill was based on an actual meter read, as proposed in the rule change request, appears to be a sound approach to reducing the average time it takes to transfer customers between retailers.

We also support the other proposed conditions on using an estimated meter read to transfer customers between retailers: that the customer is not changing their address and that the customer does not have a remotely read meter.

It should be noted that both the need for estimated meter reads and the cost of special meter reads should fall as advanced meters are adopted by a greater proportion of small customers.

One concern stemming from the data presented in Figure 2.1 of the Consultation Paper is the fact that no customers have been transferred between retailers on the basis of an estimated meter read over the past three years. If implemented, the rule change will result in some changes in practices by retailers and Metering Data Providers when a customer is being transferred between retailers. There may be teething problems which have negative consequences for customers.

One possibility was highlighted in the Consultation Paper: the use of an estimated meter read without consent. We believe there should not be any negative consequences for customers when a retailer uses an estimate without consent. We believe the transfer should go ahead, as requested by the customer, but that any costs in rectifying the problem associated with using an estimated meter read without consent, should be borne by the retailer(s). These costs might include obtaining a special meter read or other administrative costs, such as obtaining explicit informed consent after the event if the customer is subsequently happy to provide it.

The likelihood of the above occurring would be lower if the new retailer is required by the new rule to provide the old retailer with a copy of a transferring customer's explicit informed consent.

It is paramount that retailers make it clear to the transferring customer that an estimated meter read is an option – not mandatory – and that explicit informed consent is required for an estimated meter read to proceed. Retailers should also inform the customer of the cost of a special meter read, as well as the possibility of simply waiting for their next scheduled meter read, so the customer is given as broad a choice of meter reads as possible when transferring between retailers.

Regarding the methodology for calculating estimated meter reads that the Australian Energy Market Operator will be required to develop if the rule change goes ahead, some consideration should be given to not only using the previous actual meter read, but also to using the actual meter read from four quarters ago. Given the seasonal and peaky nature of electricity demand, especially in South Australia, such an approach would be likely to yield the most accurate estimated meter read and reduce the amount that either retailer involved in the transfer might effectively lose as a result of any overcharging or undercharging.

We support the use of customer meter reads as a basis for an estimate in customer transfers where appropriate, such as when access to the meter is restricted.

Overall, we believe the rule change request will reduce the average time it takes to transfer customers between retailers and result in more transfers occurring within the preferred timeframe of 30 days. It will also result in fewer complaints being directed to both retailers and Ombudsmen. It is likely that competition will be promoted as a result. In the interests of not imposing additional costs on retailers and other stakeholders, we do not believe that a new dispute resolution process for the use of estimated reads in customer transfers is required.

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](mailto:antony.clarke@ewosa.com.au).

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Antony Clarke', written in a cursive style.

Antony Clarke  
Policy and Research Officer  
Energy and Water Ombudsman SA