

12 May 2016

Ms Anne Pearson
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Ref: RRC0006

Dear Anne

Thank you for the opportunity to comment on the AEMC's draft rule determination *National Electricity Amendment (Meter Read and Billing Frequency) Rule 2016*.

The Energy & Water Ombudsman NSW investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers.

EWON believes that reducing the number of estimated bills is an important objective. Real bills play an important role in customers managing their energy consumption and, in particular, budgeting energy costs. Equally important in energy management is the receiving of regular bills so that viable and timely comparisons with previous consumption can be made. Delayed billing does not provide the timely information that customers need to manage their consumption and budgeting.

Billing Estimations

The vast majority of customers have no cause for complaint regarding their energy services. Energy is supplied to them with occasional, minor interruptions; they pay their bills and have little or no interaction with their retailer or distributor. For customers, getting an accurate, timely bill is the expected standard. The manner in which an estimated bill is managed by the utilities is therefore crucial.

Despite an overall decrease in complaints to EWON, there has been an increase in customers approaching EWON disputing estimated bills; complaints rose from 440 in the January – March quarter of 2015 to 602 complaints in the January – March quarter 2016. As a percentage of total issues raised with EWON, billing estimation complaints changed from 3.1% of total issues in the January – March quarter in 2015 to 5.2% of total issues in the January - March quarter 2016, a small increase but significant, as it is an increase in an environment of declining complaints about most other issues.

Customers clearly find it difficult to understand the complex process surrounding estimated bills. Clear information provided to the customer as to the reason for the estimation and the

methodology for estimating bills could reduce the need for customers to approach retailers or EWON. Even where an explanation is provided, estimations that are higher than a customer's previous bills are often the focus of a dispute.

The Rule Change

Ergon Energy identified a problem with the current rules which requires retailers to issue a bill at least every three months. However this requirement can clash with instances when there are short delays in the provision of metering data, resulting in estimated bills. The solution proposed by Ergon Energy had the potential to reduce billing frequency to less than quarterly.

The AEMC draft determination and the draft rule change addresses the important problem of estimated bills identified by Ergon Energy, and at the same time maintains the integrity of quarterly billing. By defining the period by which a retailer must issue a bill as one hundred days, the AEMC has addressed the key Ergon concern about estimated bills being issued when meter data is slightly delayed. EWON notes the expectation that this has the potential to lift bills issued based on real data from 80% to 99% given the information provided in the Ergon Energy rule change request.

In its draft determination the AEMC noted that the frequency of meter reads is set by AEMO's Service Level Procedures, and that there is no proposal to change these procedures. As such, this rule change is designed simply to address slight delays in gathering and transmitting metering data rather than changing the core customer protection of quarterly bills, which EWON would oppose. EWON believes that the policy position to provide a customer with quarterly billing is important, especially in regions with high variations in seasonal conditions. On this basis EWON supports the draft rule change.

If you would like to discuss this matter further, please contact me or Rory Campbell, Manager, Policy and Research, on (02) 8218 5266.

Yours sincerely



Janine Young
Ombudsman
Energy & Water Ombudsman NSW