

12 June 2014

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

By email: aemc@aemc.gov.au

Dear Mr Pierce

Consultation Paper for the Expanding Competition in Metering and Related Services Rule Change

The Consumer Utilities Advocacy Centre Ltd (CUAC) is a specialist consumer organisation established in 2002 to represent Victorian energy and water consumers in policy and regulatory processes. As Australia's only consumer organisation focused specifically on the energy and water sectors, CUAC has developed an in-depth knowledge of the interests, experiences and needs of energy and water consumers.

We have been actively involved in consultation processes with the Victorian government and the Essential Services Commission around the development of a comprehensive smart meter customer protection framework and communications strategy in relation to the Advanced Metering Infrastructure (AMI) rollout in Victoria. CUAC supports the submission made by the Alternative Technology Association (ATA) and other consumer organisations on the *Consultation paper for the Expanding Competition in Metering and Related Services Rule Change*. We have, however, expressed a different view with regard to 'roles and responsibilities' and provided further comment on consumer information and education below.

Roles and responsibilities

Explicit informed consent

We support the principle that explicit informed consent must be obtained when a change to a consumer's meter results in a change to the costs or services agreed to in the original contractual arrangement between the consumer and the retailer. The customer needs to opt in. Where there is no change in the costs or services agreed in the original contractual arrangement between the consumer and retailer, the retailer would only be required to inform the consumer of the proposed change. The customer would be able to opt-out if he/she so decides.

Third parties

CUAC had strongly supported the Victorian Minister for Energy and Resources' rule change request seeking a jurisdictional derogation in relation to meters installed under the AMI program in Victoria as

we were concerned that the introduction of metering contestability in January 2014 could potentially result in a number of detrimental impacts. In particular, the following:

- Loss of benefits anticipated to flow from the AMI rollout
- Absence of adequate consumer protections to support metering contestability
- Additional layer of complexity and likely confusion for consumers at a time where smart meters are still being installed, consumers are learning about new technology and other changes such as flexible pricing are being introduced.

Currently third parties are not covered by the Australian Energy Regulator (AER) framework for retailer authorisation or exemptions. With the increased complexity that additional meter providers and third parties bring to the energy market, with services to be derived from the implementation of smart meters, consumers need adequate protection in the form of the regulatory framework and adequate access to dispute resolution, specifically the jurisdictional energy ombudsman. In Victoria, consumers may approach Consumer Affairs Victoria (CAV) or the Victorian Civil and Administrative Tribunal (VCAT) for help with their dispute. However, there are limitations. Conciliation at CAV is voluntary and the third party cannot be compelled to participate. There are also costs associated with bringing a case before VCAT. Third party consumer protections need to be provided at the outset. Additional protections in a regulatory framework must clearly outline which business is responsible for or accountable to complaints about the meter.

ATA has submitted that it would be *'appropriate to allow the emerging metering and related services market to take some shape and begin to mature before finalising arrangements for [third parties] under the NECF, so that the nature of any arising issues, and required consumer protections [will] be better understood.'* ATA has suggested that in the interim, a code of conduct or similar instrument may be appropriate. We are concerned that a code of conduct, which is voluntary in nature, will not provide sufficient oversight or adequate consumer protections. In CUAC's experience, it is also unlikely that smaller businesses would necessarily support a code of conduct because of the cost of joining the scheme and compliance costs. The most effective voluntary schemes have authorisation from the Australian Competition and Consumer Commission (ACCC) and a compliance regime. Given this, we believe that the regulatory provisions regarding third party meter service provision should be addressed prior to giving third parties access to metering data and metering service provision. We would like to see the customer protection framework in place before the expiration of the derogation in Victoria.

Consumer information & education campaign

The introduction of, and transition towards, metering contestability needs to be complemented by an extensive consumer information and education campaign. Clear and simple messages must be the priority for government, retailers and distribution businesses. The introduction of contestability to the world of smart meters, flexible pricing and other new products and services, adds a further layer of complexity to the market for consumers, and the potential for information overload. Consumers need information on what they would look for in a meter since with contestability, the type of meter becomes a choice. Comparison sites and retailer product and price disclosures will also need to provide additional information on what a meter can do and its cost to ensure consumers can consider it fully in their decision making. The risk of misinformation, poor or incomplete information will result in complaints to government, retailers, distribution businesses, energy ombudsman, and regulators. This potentially could undermine consumer confidence in smart meters.

Over several years of involvement in smart meter issues, CUAC has been advocating for consumer information and education initiatives to accompany the rollout of smart metering technology and its

associated reforms. Lack of information contributes to poor consumer outcomes and impedes consumers from choosing offers which are appropriate for their households. By addressing the information imbalance, consumers can participate more effectively in the market. We have argued that the mere provision of information to general consumers is insufficient; the initiatives must also be targeted to meet the specific needs of vulnerable and disadvantaged consumers. We are pleased with developments such as the Victorian government's Switch On website and the Energy Information Fund (EIF) discussed below.

- The Switch on website provides a fact-based source of information for general consumers. It provides information, tips and tools to help consumers understand their energy use and costs, as well as flexible pricing.
- The EIF provides grants to not-for-profit organisations to adapt, develop, and/or deliver information to multicultural, disadvantaged and hard-to-reach consumers with a focus on flexible pricing, smart meters, choice and understanding energy. The Fund's objective is to educate and empower vulnerable consumers to make informed decisions about energy. CUAC has received funding to support implementation of the EIF. This includes development of the EnergyInfoHub website which provides a 'go to' resource for organisations that deliver direct services such as emergency relief, financial counselling and information and support.

These initiatives are part of the Victorian government's commitment to ensure that all consumers have access to the right information and tools to engage and participate in the retail energy market. We encourage other jurisdictions to consider similar initiatives to educate and inform consumers about energy issues. We ask the AEMC to give due regard to the needs of low income and vulnerable consumers so that they are able to genuinely participate and benefit in a contestable metering environment.

Thank you for the opportunity to provide this late submission. If you require further information on this submission, please do not hesitate to contact the undersigned on (03) 9639 7600.

Yours sincerely,



Jo Benvenuti
Executive Officer



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Research & Policy Advocate