



29 May 2014

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Thank you for the opportunity to comment on *AEMC 2014, Expanding competition in metering and related services in the National Electricity Market, Consultation Paper, 17 April 2014*.

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

We understand the AEMC received a rule change request from the Standing Council on Energy and Resources (SCER) that proposes arrangements to promote competition in the provision of metering and related services in the National Electricity Market (NEM).

The rule change request proposes to amend the National Electricity Rules and National Energy Retail Rules to establish a competitive regime that would enable widespread investment in advanced metering technology.

EWON notes that the framework discussed in the consultation paper is one that has developed over a long period and reflects a growing consensus as to the future of metering services in the energy industry.

Key Principles

The key principles EWON considers important in moving to expanded competition in metering are:

- consumers should not pay higher charges for smart meters
- as the 'end user', consumer acceptance and understanding is crucial to the realisation of the benefits of smart meters. Retailers and Government have a key role in promoting consumer acceptance and understanding.

Opt in or opt out for customers

Smart meters offer positive benefits to consumers, including a move to more frequent billing. This would assist many customers to better manage their budgets, avoid 'bill shock', and to receive more timely information about energy usage in their home.

Sufficient public awareness of the benefits of smart meters could result in a significant voluntary take-up. However, It may be that an opt-in model does not achieve the market penetration required to achieve some of the community-wide benefits expected from the



introduction of smart meters. There may be a significant number of consumers who would remain resistant or unengaged in the process.

An opt-out model, where the default is a smart meter but the customer can choose not to have one may be a more effective way to achieve higher penetration. We consider that this model would require additional consumer safeguards to ensure the customer was clearly advised of their right to opt out, and was provided with sufficient information on which to base this decision.

The regulatory framework and ombudsman jurisdiction

The current National Energy Customer Framework (NECF) is based on a tripartite view of the energy industry. The contractual arrangements are between customers, retailers and distributors. By removing the distributor monopoly on metering and introducing competition, a new participant is introduced into the energy market - the Metering Coordinator.

It is critical that this new participant is also bound by the current customer framework that ensures adequate consumer protection in the delivery of an essential service.

EWON's experience of customer complaints in NSW shows that variations in billing due to the introduction of solar arrays and the solar bonus scheme created challenges and some issues with the billing systems of retailers and in data transfers from networks. If this can be an issue in a standard centralised system, then a more complex and varied system with many more participants has the potential to generate significant transition problems and possibly customer detriment, confusion, and complaints.

Based on this experience EWON believes that consideration should be given to the new participant, the Metering Coordinator, being required to join and be bound by the jurisdictional Ombudsman in the same way as distributors. EWON recommends consultation with the various Energy Ombudsman Schemes about this issue of jurisdiction and external dispute resolution arrangements.

If you would like to discuss this matter further, please contact me or Emma Keene, General Manager Policy and Community Engagement, on 82185250.

Yours sincerely

Clare Petre

Energy & Water Ombudsman NSW