

24 September 2018



Ed Chan
Director
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235
Submitted via email

Dear Mr Chan,

Estimated meter reads draft rule determination

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact on people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to respond to the AEMC estimated meter reads draft rule determination. We welcome the draft determination but consider it does not go far enough. This rule change represents an important opportunity to address long-standing issues with the way that retail energy bills are formulated and presented to consumers, particularly for the significant proportion of consumers who are struggling to control and afford the cost of their energy usage.

Consumers' expectations are not being met

Consumers have an expectation that their retailer will accurately inform them of their energy usage, and bill them appropriately. This expectation is fundamental, not only to the role of energy retailers, but to the National Energy Retail Objective and its focus on promoting the long-term interest of consumers. In this context, PIAC supports the recognition in the draft determination that, as it stands, these consumer expectations are often not being met.

PIAC welcomes measures requiring retailers to facilitate consumers providing their own meter reads, and supports improvements to information provision, consumer protections and dispute resolution. PIAC contends that the draft determination does not go far enough in requiring retailers to fulfil their obligations, meet consumer expectations, and facilitate and communicate greater accuracy in their billing practices.

In a number of areas, the Commission has elected not to include more specific direction and requirements, which PIAC contends is likely to undermine the intent of the rule and significantly lessen its likely impact. This process is an important opportunity to significantly improve consumer confidence in the accuracy of the retail billing process by addressing long-standing issues at a time when the high cost of energy has undermined consumer trust.

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In particular, PIAC highlights the following issues where the final determination could provide stronger direction that would better meet the intent of the initial rule-change proposals.

Stronger incentive for retailers to undertake and facilitate actual reads

The rule change proposals all identified a need to improve requirements and incentives to undertake actual meter reads. However, while the draft rule proposes better mechanisms for identifying and replacing estimates, it does not address ongoing issues for some consumers (particularly gas consumers) receiving multiple, consecutive estimated bills. Multiple estimated bills increase the likelihood of a significant adjustment being required when a bill based upon an actual read is eventually available.

Further, in relying only on a requirement to accept 'self-reads', the draft rule potentially places the burden of ensuring accurate bills on consumers rather than on the retailer. Therefore, PIAC recommends:

- Changes to Rule 20(2) requiring retailers to ensure billing based upon actual reads as frequently as required in the rules (every 100 days), or at least no less than once every 6 months. This addition will help ensure that consumers do not receive any more than one quarterly bill based on an estimate, and will minimise the potential for accumulated bill-shock. It also strengthens the incentive for retailers to address any structural issues that may be a barrier to regular actual reads (such as entrenched meter access issues).
- An addition to Rule 20(2) that also requires retailers to implement measures, systems and processes to help actively address any on-going issues that may impede the use of actual reads, such as:
 - Including information on bills that are based upon an estimate that identifies the specific reason why an actual read could not be undertaken, and
 - including information on access to a service or facility that enables consumers to assist in addressing ongoing issues with obtaining actual reads (such as providing prior consent to enter a property, providing a meter location, or providing access information for a meter), or
 - Identifying consumers with structural metering issues as a priority for smart-meter upgrades, and
 - ensuring that contracting arrangements and other business processes include specific measures to help facilitate ongoing access for the purposes of meter-reading (such as requiring long-term contracting arrangements with building strata to specify the implementation of standard abloy locks, as recommended in the submission by Jemena Gas).
- Changes to Rule 21(3E)(3F) such that retailers' dispute resolution processes must explicitly include (and inform the customer of) the ability to request an actual meter read or meter data check, the cost of which they will be liable to reimburse if their dispute is not found to be legitimate (for instance, if the meter reading is not incorrect, the estimated basis for the bill is not unreasonable, or if the meter is functioning correctly).
- Changes to Rule 29(5) such that the up-front cost of any request for a meter reading or meter check by the consumer, is borne by the retailer. Further, that the retailer may only recoup the associated costs of the meter read or meter test if the meter is found to be functional, the meter read correct, or the customer found to be in error.

Facilitating accurate energy metering and billing is a fundamental retail role, and fulfillment of this role should not unreasonably burden consumers, who pay to cover retail costs. While an improved facility for enabling consumer provided reads is a crucial improvement, it cannot be

relied upon. Many consumers will not be able to utilise self-reads (either for technological, language, disability or other reasons) and PIAC contends that the final rule must address their needs, and ensure that retailers have a strengthened incentive to facilitate greater accuracy. PIAC disagrees that retailers have a 'strong incentive to ensure accuracy', and considers that the final rule must strengthen this incentive to reflect retailer responsibilities, and consumer expectations.

Stronger specifications around the calculation, use and consumer information of estimates

PIAC understands that for a range of practical reasons, bills based upon estimates may sometimes be a necessary practice. However, the use of estimates is poorly understood by consumers and is a major source of consumer frustration and complaint. While the draft determination goes some way to recognising and addressing this issue, PIAC recommends that the final rule include more specific direction to ensure that bills based upon estimates are clearly identified to consumers. Further, it should also include measures to improve consumer understanding regarding how estimates are calculated and used to generate bills. Specifically, PIAC recommends the final rule include changes to Rule 21 (1)(2)(3) to ensure that:

- Communication that a bill is based upon an estimate is required to be prominently displayed on the primary billing information (for instance, on the first page of a bill),
- a bill based upon an estimate is required to provide an explicit reason why an actual read of the meter could not be undertaken (for instance, that the meter could not be located),
- the reason that an estimate was required includes an explicit link or direction to a facility that enables the consumer to attempt to rectify the issue that prevented an actual read (for instance, to provide prior consent to enter the property, or provide information on the location of the meter),
- a bill based upon an estimate also includes direction to information explaining the basis of the estimate and how estimated bills are calculated (for instance, a link to a website or insert that explains the methods of estimation and how they are employed by the retailer). Meter Data Providers have clear requirements on how estimates can be generated, verified and explained, it is crucial that retail processes reflect the same level of rigour, and
- An estimated bill clearly provides information on the consumers right to submit their own reading of their meter as a basis for adjusting their bill, and provides access to clear information on how this may be done.

Prescriptions regarding the use of customer provided self-reads

PIAC contends that the provisions set out in Draft rule 21(3)(a)(b)(c) do not provide a sufficient level of direction to retailers, regarding the processes by which a customer may provide their own read of the meter as a basis for their bill. PIAC has consulted with Jemena Gas Networks NSW, and agrees that the final determination should include more specific direction to ensure the intent of the rule change is delivered, including:

- That there must be explicit requirements that retailer processes for customer provision of self-reads are accessible and not unnecessarily restricted or limited by prescription of the use of technology or format (for instance, processes should include the option to provide a read of the meter over the phone). As Jemena highlight in their submission, the draft rule would appear to leave room for retailers to specify a particular method (for instance the provision of a photo), or even the provision of a specific format (photo in pdf) that would undermine accessibility for a significant proportion of people (such as people without access to a smart phone or the internet),

- That the grounds on which a retailer may reject a customer-provided read are more clearly defined by including a list of reasonable grounds for rejection in the rule or as a footnote to the rule,
- That information on how to provide a self-read is required to include the specific reasons that may lead to a read being rejected, and
- That any rejection of a customer provided read must cite the specific reason for rejection, and include direction on how to rectify the issue. This information should also include direction to retail dispute resolution processes and the contact information for the relevant energy ombudsman.

Continued engagement

PIAC would welcome the opportunity to meet with the AEMC and other stakeholders to discuss these issues in more depth. Please do not hesitate to contact Douglas McCloskey on (02) 8898 6534 or dmccloskey@piac.asn.au

Yours sincerely,

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