

14 June 2018

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

Dear Anne

AEMC Reference ERC0241 – Estimated meter reads

Thank you for the opportunity to comment on the *“AEMC Consultation Paper –National Electricity Amendment (Estimated meter reads) Rule 2018”*.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity, gas and some water providers in NSW. Our comments are informed by our investigations into these complaints as well as via our Community Outreach Program. We have only responded to those questions that align with issues customers raise with EWON, supported by explanatory case studies in Attachment 1.

EWON supports the intention of the proposed rule change and notes that in making this voluntary industry practice a rule, the AEMC would introduce a level of transparency that will assist in strengthening customer confidence in the billing of their energy accounts.

5.1 The issues to be addressed

1. Do stakeholders agree with the characterisation of the issues with estimated meters to be addressed?

EWON believes the characterisation of the issues is detailed and accurate. Some retailers, both first and second tier, already offer to re-issue estimated bills, if their customer calls to dispute it. Some retailers use customer self-reads and this appears to work well for both the customer and retailer, thus highlighting the reasonableness of formalising this process.

In taking this approach, unexpected consequences need to be mitigated.

- a) For customers who have elected to be billed monthly (on a market contract and without a digital meter with remote communications), at best only one of the three bills they receive will be based on an actual read, with the other two being estimated, as illustrated by Case study 1. Accordingly, will customers now be able to provide self-reads each month to obtain a bill which accurately reflects their monthly usage and will retailers be required to remind them each month that a self-read is due?

EWON's position with respect to both questions is that self reads should be allowed and that retailers should remind customers when one is due.

- b) There are two ways customers may become aware that their consumption has been estimated. They will either receive a bill based on an estimate, or they will receive advice from their meter provider that their meter could not be read. Processes should be in place for customers to provide self reads in either scenario.

EWON's position is that meter providers should be required to leave a card behind when a meter reading could not be obtained detailing why a read was not possible, and providing information on how to perform and provide a self-read.

- c) As illustrated in Case study 2, some customers do not know their bills have been estimated until they receive a 'catch-up' bill based on an actual read in accordance with current rules. It is at this point they question the billing of their account as it is often a real source of 'bill shock'. Existing regulations do not specify the manner or form of advising customers their bill has been estimated, this means the notification can be located in a remote or obscure area of their bill.

If the purpose of the rule change is to avoid bill shock, further consideration should be given to the rules around notification (manner and form) of estimation. EWON's position is that that the notification of an estimate should be displayed prominently on a bill, along with the option to supply a self-read.

2. Are there any differences in the nature of the issues for gas customers' compared with electricity customers?

There are differences between gas and electricity customers when it comes to reading meters. The majority of gas meters at this time cannot be read remotely, a situation unlikely to change. Additionally, in many apartments/flats/units the gas meter is often located under the kitchen sink or behind a locked door where access to it cannot be easily provided, a situation that does occur for electricity meters but in EWON's experience is more common for gas meters. Those customers who have access to their meter, when the meter reader does not, will have the ability to provide self reads. However for those customers whose meter is located in locked rooms or is otherwise inaccessible, the problem of inaccurate estimated bills remains.

3. Are there any shortfalls in the way the existing provisions on the NERR protect customers from the impacts of inaccurate estimates.

- a) Do the rules sufficiently protect customers from over and under charging?

The rules in their present form do not protect a customer from inaccurate reads. EWON consistently receives complaints from customers who have received under-estimated bills for long periods that cause significant bill shock when an actual read is finally obtained, as illustrated in Case study 3.

Customers who are overcharged in estimated bills can also experience bill shock.

- b) Does rule 29 provide adequate recourse for a customer to dispute a bill based on an inaccurate estimate?

Rule 29 in its current form does not provide an explicit avenue for customers to dispute a bill that is based on an inaccurate estimate. In practice some retailers, following a customer complaint about an estimated bill will re-calculate and re-issue an estimated bill. The proposed rule change formalises what is now a voluntary approach.

EWON supports this proposed change as it will benefit all customers, given retailers will have to accept self-reads and issue adjusted bills.

5.2 Prohibiting estimated reads

1. What are the costs and benefits of requiring that all customer bills must be based on actual meter reads? Should this option be considered further?

There are many variables that impact a meter provider's ability to obtain actual reads. These include:

- meter failure;
- access to the meter whether restricted by a locked door, overgrown by vegetation, or the presence of dogs; and
- major weather events that prevent a meter reader from taking a meter read on the scheduled dates.

EWON's position is that a functioning meter and access to it are essential for an actual read to be obtained. As meters do become faulty and access cannot be guaranteed, it does not appear reasonable to consider this aspect of the proposed rule change further.

5.4 Requiring the retailer to accept a customer self-read

1. To what extent does the option address the issues with estimated meter reads? What are the benefits?

The requirement for retailers to accept self-reads from customers addresses, to some extent, issues with inaccurate estimated reads. However, as previously discussed, it does not address circumstances where a customer does not have access to their gas or electricity meter and the ability to provide a self-read is limited.

EWON believes that this rule change provides an opportunity for meter data providers to pro-actively identify sites with chronic meter access issues and take remedial steps.

2. How would the option be implemented by industry and what are the costs involved?

As previously discussed, potentially there will be two scenarios where a customer might perform a self-read: either when on receipt of an estimated bill, or when receiving a card advising that an actual read was not possible.

In both circumstances, EWON's position is that customers should be provided with information on how and when to perform a self-read. Where an actual read was not possible, the customer should

be advised that, in the absence of a self-read, an estimated read will be issued. The customer should also be advised of the reason the actual read could not be obtained, allowing the customer an opportunity to redress any access issue. A customer cannot correct a problem they do not know exists.

3. Are there any types of metering or tariff arrangements that would make it difficult for a customer to provide a self-read?

There are a variety of electricity and gas meters in the market place, utilising different technologies. Some allow customers to read their meter while others do not. Digital meters generally do not allow a customer to easily read their meter and most are read remotely by their retailer. However there are customers in regional or remote areas where mobile reception is poor whose digital meters do not have remote access. Customers in this circumstance may not have the option to provide a self-read.

EWON believes that, in these circumstances, retailers should work proactively with customers to ensure actual meter reads take place and provide customers with the means to perform a self-read if necessary.

4. What are the appropriate timeframes in which a customer should provide a self-read to a retailer to inform a bill?

The proposal recommends a customer provide a self-read to their retailer within seven days. EWON believes that this should provide customers with enough time to provide a self-read.

5. What arrangements should apply if the retailer rejects a customer self-read? For example, should the retailer be required to provide reasons to the customer and allow the customer to rectify the self-read?

Where a retailer rejects a customer's self-read, a reason should be provided. This would allow the customer to rectify the issue. Allowing the customer to rectify the self-read would seem reasonable but the AEMC will need to be mindful of the impact that the time taken for the self-read process has on the billing cycle. This is further explored below.

5.5 Adjustments to estimated bills

1. To what extent does the option address the issues with estimated meter reads? What are the benefits?

Existing regulations do not require a retailer to either accept a self-read from their customer or re-bill based on that self-read. This leads to customers for whom their meter is either faulty, has chronic access issues, or who have changed their consumption pattern, receiving a bill that is not an accurate reflection of their consumption.

Requiring retailers to adjust bills where a customer has provided a self-read will pro-actively engage customers in the management of their account and increase their overall confidence in the accuracy of the bills they receive. It may also motivate customers to pay bills which would otherwise be disputed – thus reducing debt for both consumers and retailers.

2. How would the option be implemented by industry and what are the costs involved?

There are some retailers who undertake this process on a voluntary basis. How retailers accept and use self-reads to revise and re-issue bills differs with each retailer. Some retailers who accept self-reads request dated photographic evidence, still others accept self-reads via an on-line portal and others use a mobile phone app. It is important to note that not all processes will be suitable for all customers.

The key part of the proposed rule change is that it will require all retailers to offer a self-read option, which includes notification that the option is available, to their customers.

3. What are the implications of an adjusted estimated meter read and how should these be addressed? For example, are there implications on the billing cycle?

There can be implications for customers who request an adjusted bill based on their self-read. Presently, there are no uniform guidelines in place for the process of re-issuing a customer's bill resulting in each retailer managing the process differently. This can affect a customer's billing cycle. Some retailers will revise a customer's bill where the submitted self-meter reading is pro-rated to match the bill date on the previously estimated bill, thereby not affecting the billing cycle. Others will cancel the bill and re-issue a new bill based on the self-read. This does affect the billing cycle for those customers and the next bill they receive may be for a shorter period of time. These issues can be addressed by providing guidelines for retailers to follow when a customer requests an adjusted bill based on a self-read.

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

Attachment 1 – Case studies

Case study 1: This customer was unaware that only every third bill would be based on actual read

A customer received an electricity bill for the period 31 January 2018 to 28 February 2018 for \$122.37. He considered this was high as he had been away from 22 January 2018 to 23 February 2018 and had switched the electricity off. The customer is billed monthly but when he spoke to his retailer on 14 March 2018 it confirmed a meter reading was only performed every three months. This was news to him. He was advised the first two monthly bills in each quarter were estimations and the bill for the third month was based on an actual meter read, if possible. He noted however that he had not received a bill based on an actual meter read since June 2017.

This matter was referred to the retailer at a higher level with the customer's agreement, knowing he could re-contact EWON if necessary.

Case study 2: The customer received a catch-up bill following estimated bills

The customer advised he received a final bill, based on an actual read, for over \$3,200. He said he was shocked by the bill and considered it to be high. He checked his billing history and noted he had received estimated and actual reads. He says his average bills per quarter were about \$800 based on actual and estimated reads. His previous bill was based on an estimate so this meant that he was now receiving a very high catch up bill. He contacted his retailer who advised that the bill was correct and must be paid. He was not confident the bill was correct.

This matter was referred to the retailer at a higher level with the customer's agreement, knowing he could re-contact EWON if necessary.

Case study 3: A series of under-estimated bills leads to bill shock

A customer advised that he had recently received an electricity bill from his retailer for about \$2,000, which he considered to be very high. When he enquired about the bill he was advised that the meter had not been read for the past 12 months and that this was a catch up bill. He considered this unreasonable as there was clear and unhindered access to the meter for reads to take place.

After some investigation no record was found of any access issue or reason for the lack of a read, except a note from four years ago which was no longer valid. It was considered possible that this caused meter readers to avoid the site and a customer service gesture of \$250 was offered. The customer declined this as he considered it insufficient. He was aware, and accepted, that retailers can estimate bills if they are unable to obtain meter data. However, he considered the lack of read attempts unreasonable.

The customer's rights and responsibilities were explained to him and the matter was referred to the retailer at a higher level with the customer's agreement, knowing he could re-contact EWON if necessary.