

15 June 2018

Jenessa Rabone
Australia Energy Markets Commission (AEMC)
via online submission

Dear Jenessa

Rule Change Consultation paper:

- **National Electricity Amendment (Estimated meter reads) Rule 2018**
- **National Gas Amendment (Estimated meter reads) Rule 2018**
- **National Energy Retail Amendment (Estimated meter reads) Rule 2018**

Thank you for the opportunity to comment on the AEMC's Rule Change consultation paper addressing various rule change requests related to estimated meter reads.

Australian Gas Infrastructure Group (AGIG) is one of Australia's largest gas infrastructure businesses. Our assets include gas distribution networks¹, gas transmission pipelines and gas storage facilities located in most states and territories in Australia. AGIG has around 2 million customers across every mainland state and the Northern Territory.

The rule change proposals address a number of important issues, only some of which affect gas distribution networks and meter reads. Our comments are limited to those options with implications for gas distribution networks. After briefly discussing approaches to meter reading at AGIG, we will respond to some of the specific options outlined in section 5.2 of the consultation paper.

Meter reading at AGIG

Meter reading is a key part of AGIG's activities, particularly for our distribution networks in Victoria, South Australia, Queensland and New South Wales. Through our network operators and contractors, we read well over 7 million meters each year.

In general terms, when physical meter reads are not able to be undertaken, AGIG network customers receive a card noting the meter reader was not able to access the meter, giving customers the option of providing a customer read that can be supported with a photo of the meter. Alternatively, an estimate is calculated using the procedures stipulated by the Australian Energy Market Operator (AEMO) Retail Market Procedures for the respective state.

As the AEMC makes clear in the consultation paper, the specific obligations for meter reading in terms of responsibilities, billing, frequency and the calculation of estimates varies from state to state, and this needs to be taken into account in any final proposed rule change. We believe most of the proposed changes required for gas distribution and retail businesses will require amendments to AEMO Retail Market Procedures and other state based Codes and Licences. For example, the use of reasonable endeavours to carry out meter reads is specified in the Retail Market Procedures.

¹ Australian Gas Networks (AGN) and Multinet Gas Networks

Options raised by rule proponents

Overall, we believe estimated meter reads should remain in place as their availability delivers a lower cost solution to customers, and therefore better promotes the National Gas Objective. We do however also support options to improve the ability for customer self-reads.

Estimated meter reads serve a useful purpose when actual reads are not able to be undertaken, and where a photo of the meter may not be provided by a customer. Estimates can help customers avoid bill shock and help owners and operators maintain efficient costs by minimising the number of repeated site visits.

Increasing the frequency of site visits for actual reads would increase costs as a gas read requires the physical presence of a meter reader. Remote reads for gas are largely not available through smart meters unlike for electricity. Therefore, it is important to maintain flexibility within the rules and procedures, whether in the form of calculated estimates or meter reads provided by customer photos via email.

Overall, we are broadly supportive of the rule change request as proposed by the Minister for Environment and Energy the Hon Josh Frydenberg MP. This proposal in many respects is consistent with the approach in place at AGIG and our network operators.

Regarding the other rule change requests we have a number of concerns.

- *Prohibiting estimated reads:* we agree with the AEMC that estimated reads have an important role to play in providing flexibility to customers and operators, and in addressing cases where actual reads are not possible. This is particularly important to maintain the safety of our employees and contractors. We therefore would not support a prohibition on estimated reads;
- *Customer self-reads:* we support efforts to encourage customer self-reads. As noted above, we currently make extensive efforts to allow customers to provide self-reads. Our understanding of the rule change as drafted by the Minister is this would impose an obligation on retailers to accept customer reads through photos and emails, where currently this is only an option. It should be noted that the AEMO Retail Market Procedures in Queensland, Victoria and New South Wales² all have a clause where retailers are required to use reasonable endeavours to provide a customer self-read to a network operator if they are provided with that self-read. We support the intent of the proposed change to ensure this is available to all customers through their retailer;
- *Strengthening the requirements to carry out actual meter reads:* as noted above, the individual requirements for meter reads vary from state to state based on AEMO Retail Market Procedures. The Retail Market Procedures in South Australia and the Gas System Distribution Code in Victoria already require at least one meter reading that is based on an actual meter read in any 12-month period. Increased frequency of actual reads will lead to increased costs for all customers. This view is also supported by the Commission's conclusion on more frequent meter reads as part of the rule change on Meter Read and Billing Frequency. The Commission stated in the Final Determination:

".....on balance, this option would not meet the NERO. This is because the costs of more frequent meter reads would be borne by all consumers, regardless of whether they receive more bills that are based on actual consumption than they would have done otherwise."³

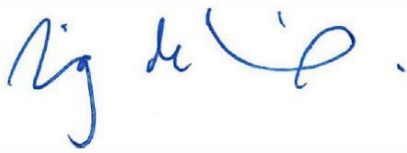
² Queensland – Clause 2.2.4, Victoria Clause 2.2.3 and New South Wales Clause 3.1.3

³ AEMC 2016, Final Rule Determination National Electricity Amendment (Meter Read and Billing Frequency) Rule 2016, page 29

We believe the issues that this option attempts to address—avoiding bill shock for customers—would largely be resolved by allowing customer self-reads as described above.

Once again we would like to thank the AEMC for the opportunity to comment on the estimated meter reads rule change request and consultation paper. Should you require any additional information please contact Drew Pearman, Manager Policy and Government Relations on 08 9223 4341 or email drew.pearman@aqig.com.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Craig de Laine', with a stylized flourish at the end.

Craig de Laine
General Manager People and Strategy