

18 June 2018

Ms Jenessa Rabone
Australian Energy Market Commission
By email: submissions@aemc.gov.au

Dear Ms Rabone,

Submission to Estimated Meter Reads – Rule Change Proposal – REF ERC0241

Aurora Energy welcomes the opportunity to provide comment on the Estimated Meter Reads – Rule Change Proposal issued by the Australian Energy Market Commission (AEMC). As a stand-alone retailer for 279,636 Tasmanian residential and business customers, Aurora Energy's core focus is to generate value for its customers and the broader Tasmanian community.

Aurora Energy is highly committed to assisting customers avoid instances of bill shock that may be created through the application of estimated meter readings. However, Aurora Energy does not support the proposed Estimated Meter Reads rule change, on the grounds that:

- it represents high implementation and on-going operating costs for retailers, with significant investment required in systems and retailer billing and settlement processes;
- the current retailer obligations and solutions available to limit customer bill shock form an adequate and balanced level of consumer protection; and
- it limits the realisation of benefits from the Power of Choice rule changes and removes the incentives on market participants responsible for meter data management to provide innovative solutions for estimated reads.

Aurora Energy does not have established systems to manage, review and substitute meter data as this has remained the responsibility of the Local Network Service Provider (LNSP) for Type 6 meters. Following the commencement of the Power of Choice rule changes on 1 December 2017, meter data is the responsibility of the Meter Data Provider MDP, as appointed by Aurora Energy's Metering Coordinator, for small customers with a Type 4 meter installed.

Introducing the use of customer provided meter data on which to base a retail bill creates misalignment between what is billed to a customer and what is billed to Aurora Energy by the LNSP, MDP and the Australian Energy Market Operator. Retailers would need to invest in additional systems and process to manage:

- customer provided meter data (for example, a meter data portal for customers); and
- the new reconciliation process for billing and settlement in the form of additional resources to manage this risk.

These implementation and on-going costs represent a significant impact to a low-cost retailer such as Aurora Energy.

There are a number of protections available to customers to mitigate the risk of bill shock based on estimated meter reads. Smoothed bill payments, payment by instalments through direct debit arrangements as well as customer over and under charging provisions all serve as well tested consumer protection measures. Through receiving actual meter readings and reviewing customer history, Aurora Energy is able to resolve estimated meter read issues by providing one or more of the above services. Finally, it is important to note that Aurora Energy works closely with its LNSP and MDP to limit the instances of estimated meter readings. Ongoing refinement of the estimation processes from both the LNSP and MDP may provide a more efficient level of consumer protection to mitigate the impact of estimated meter reads.

Looking forward, it is Aurora Energy's view that customers with access issues can be prioritised to receive a communications enabled Type 4 meter in place of their Type 6 meter. While the intent of the Power of Choice rule changes was to minimise the occurrence of Type 4a metering (where the meters do not have remote communications), in cases where a Type 4a meter is installed, there is a strong incentive for MDPs to provide innovative solutions to secure actual meter data from customers. Aurora Energy is aware of potential technologies arising that may allow MDPs to secure actual meter reading data from customers using alternative methods.

Given their current market responsibilities, it is Aurora Energy's view that LNSPs and MDPs continue to be the most appropriate participants to be responsible for meter data, including if necessary, capturing customer provided self-read. In its consideration of the proposed rule change, Aurora Energy recommends the AEMC takes in to account:

- the significant additional implementation and on-going costs for retailers to manage customer provided meter reads; and
- alternative options and incentives in metering data provision, in particular for MDPs, who are currently responsible for meter data in the market.

Aurora Energy looks forward to continuing to engage with the AEMC with regards to the rule change Estimated Meter Reads – Rule Change Proposal. If you have any questions regarding this submission please contact Hayden Moore at hayden.moore@auroraenergy.com.au

Yours sincerely



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