

14 June 2018

Australian Energy Market Commission  
PO BOX A2449  
SYDNEY SOUTH NSW 1235

By email to [submissions@aemc.gov.au](mailto:submissions@aemc.gov.au)

Dear Sir/Madam

***Re: AEMC 2018, Estimated meter reads, Consultation Paper, 17 May 2018***

Thank you for the opportunity to comment on the National Electricity Amendment (Estimated meter reads) Rule 2018, National Gas Amendment (Estimated meter reads) Rule 2018, and National Energy Retail Amendment (Estimated meter reads) Rule 2018 Consultation Paper.

The Energy and Water Ombudsman (Victoria) (EWOV) is an independent industry-based external dispute resolution scheme. We help Victorian energy and water customers by receiving, investigating and resolving complaints about their company. We resolve complaints on a 'fair and reasonable' basis and are guided by the principles in the Commonwealth Government's Benchmarks for Industry-based Customer Dispute Resolution<sup>1</sup>

While the proposed rule change will not be applicable in Victoria in the short term, EWOV makes this submission in anticipation of the Essential Services Commission (ESC) considering whether to harmonise the Energy Retail Code with the proposed rules.

EWOV welcomes the proposed rule change to require retailers to accept meter reads provided by customers as the basis for an estimated bill. We also support the requirement proposed by the rule requiring retailers to adjust a customer's bill that is based on an inaccurate estimate, by allowing the customer to submit a self-read. Our data and case handling experience indicate that there is still a high level of complaints about inaccurate estimated meter reads despite the completion of the smart meter rollout for electricity customers in Victoria in 2015. In some cases, the inaccurate estimate reads have exposed customers to unusually high bills. In other cases, receiving bills based on inaccurate estimate reads over an extended period made it difficult for some customers to manage their energy usage and control the levels of their energy bills. In this submission, we share and analyse relevant EWOV case data, explain the common complaint issues where customers may have been affected by inaccurate estimated meter reads, and provide some case studies to illustrate customer experiences.

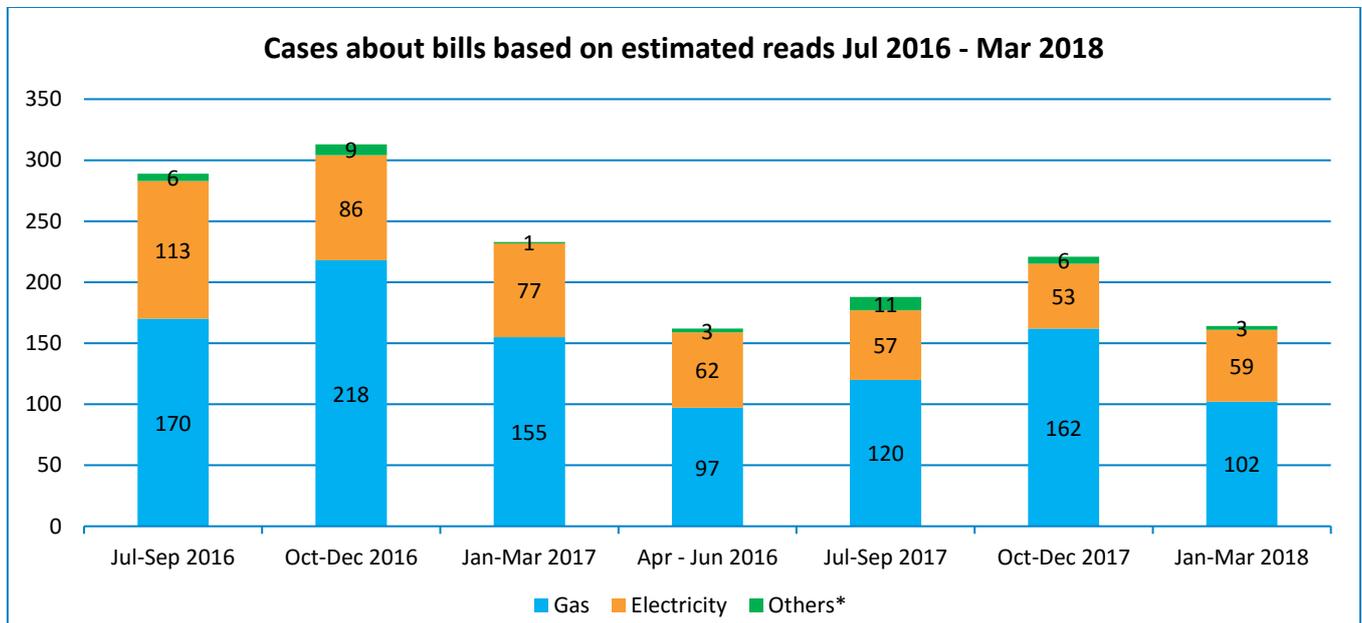
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<sup>1</sup> EWOV Charter, [https://www.ewov.com.au/files/ewov\\_charter\\_140318.pdf](https://www.ewov.com.au/files/ewov_charter_140318.pdf)

## Cases about charges generated based on estimated meter reads

EWOV receives complaints from Victorian energy customers about bills based on estimated meter reads. These customers typically make a complaint after noticing unusually high charges resulting from estimated reads, or were concerned that they continually received bills based on estimated reads. We categorise these types of complaints under the issues group Billing > Estimation.

The graph below shows the number of EWOV cases received each quarter since 1 July 2016, where customers contacted us because they were concerned about bills based on estimated meter reads. Between 1 July 2017 and 31 March 2018, EWOV received 573 cases of this category. Positively, this represents a reduction of 31.4% in comparison to the same period in 2016-17. To add context to this trend, EWOV’s overall case volumes across the same period increased by 3.8%.



*\*including water and dual fuel cases*

## EWOV case handling experience

The following case studies provide an overview of common issues reported to EWOV by customers who were concerned about bills based on estimated meter reads. The case studies underline customers’ confusion when the estimated reads used to calculate their charges did not correspond with their usage pattern and the potential issue of “bill shock” when retailers used estimated reads to generate bills over an extended period of time. We also presented a case study where a retailer’s offer to accept customer self-reads contributed to an efficient complaint resolution and an improved engagement between the two parties.

### **CASE STUDY 1 – 2018/5760**

In October 2016, the customer signed a contract with his current gas retailer, believing that it would offer him better rates than his previous retailer. After several billing cycles, he realised that his monthly charges were fluctuating despite his relatively consistent usage pattern. He spoke to his retailer multiple times about this issue, including in December 2017, after receiving a bill of \$1,800 for the billing period July-September 2017. At that time, the retailer offered to reduce the charges to \$800, which he agreed to pay. However, a couple of days later he had to call the retailer again after receiving another bill of \$1,400. During this call, the retailer told him that his meter had not been read for seven months and it would look into his complaint further. A few weeks later, he received another bill for \$3,700 for the billing period November 2017–January 2018. Confused and frustrated with the lack of progress in his discussion with his retailer, he contacted EWOV to register a complaint in March 2018. The retailer was unable to obtain the required usage information from the distributor to resolve the complaint during the Assisted Referral period. EWOV decided to investigate the case further.

During the early stage of our Investigation, we confirmed that the retailer used estimate meter reads to generate the customer's bills between November 2016 and July 2017. We also found that the retailer cancelled and reissued multiple bills as it attempted to deal with the complaint while waiting for an updated read from the distributor. This concurred with the customer's statement to us that he had received around 20 bills within a year after he opened his gas account. Further information supplied to us during the Investigation indicated that the distributor sent an actual meter read in May 2017; however, the retailer did not enter it into its billing system. The distributor also indicated that it installed a new meter in November 2017 and that it reported another actual read to the retailer in January 2018. To help the retailer resolve the complaint, the distributor submitted another actual read in March 2018.

At the end of the Investigation in April 2018, the retailer recalculated all charges in the account, taking into consideration the recent actual meter reads and all the relevant pay-on-time discounts during the period. The retailer confirmed that the customer had been overcharged by more than \$1,200 since his account was opened. The amount was refunded to the customer's bank account. The customer accepted the outcome and agreed for EWOV to close the case.

### **CASE STUDY 2 – 2017/19179**

The customer had been operating a storage business from a small commercial property in an outer suburb of Melbourne for six years. Since she moved into the property in 2011, her electricity distributor had not taken a "start read" from the meter at the property. She repeatedly contacted her retailer and distributor about this but received no response from them. Nevertheless, she continued to pay her bills of around \$800 per month, which were generated based on estimates. In September 2017, she received a bill of around \$18,000, based on the first actual read taken in August 2017. She disputed the charges with her retailer, but agreed to pay around \$6,000 towards the bill. Dissatisfied with her retailer's response, she contacted EWOV to register a complaint a few days later. EWOV commenced an Investigation, as the retailer was unable to resolve the complaint within the Assisted Referral period.

During the Investigation, the retailer recalculated the outstanding charges based on another actual meter read recently taken by the distributor. Based on the recalculation, it was established that the customer was overcharged by close to \$14,000. The amount was credited into the customer's account, which put the account in credit by \$1,800. The retailer refunded \$1,800 to the customer's bank account in October 2017. EWOV closed the case after confirming that the customer was satisfied with the outcome of the Investigation.

### **CASE STUDY 3 – 2017/13453**

The customer received an electricity bill of \$500 in June 2017 based on an estimated meter read for the previous three months. She believed that she had a smart meter in her property and did not understand why her retailer had to use an estimated read to calculate her charges. The customer attempted to resolve the dispute with her retailer, but had difficulties getting in touch with the contact person assigned to her case. A few weeks later, she reported the case to EWOV and we raised an Attempted Referral. As the retailer was unable to provide further information to resolve the complaint, the customer asked EWOV to investigate the matter further.

During the Investigation, the retailer confirmed that the customer had a basic meter. It also advised us that the distributor had not been able to access the meter at the customer's property due to a locked gate. As a result, the last two bills were generated based on estimates from the previous billing periods. The retailer agreed to adjust the charges on the current bill if the customer could provide it with a self-read. In addition, the retailer offered to generate subsequent bills based on customer self-reads if she could submit them regularly until a smart meter was installed at the property. The customer was satisfied with the outcome and agreed to submit her quarterly reading to the retailer.

### **Proposed rule change on advance notice of price changes**

EWOV welcomes the proposed rule change to require retailers to accept meter reads provided by customers. Our data and case handling experience indicate that inaccurate estimate meter reads could expose customers to a higher risk of "bill shock" in addition to creating more confusion and misunderstanding between retailers and customers. As shown in one of our case studies, allowing customers to provide their own meter reads could encourage better engagement with the retailers and provide opportunities for them to have a more accurate understanding of their energy usage. This initiative would also build trust between the two parties and in due course could reduce complaints to our office.

We trust the above comments are helpful. Should you require further information or have any queries, please contact Roni Parlindungan, Senior Research and Communications Officer, on (03) 8672 4245 or [ronibasa.parlindungan@ewov.com.au](mailto:ronibasa.parlindungan@ewov.com.au).

Yours sincerely



**Cynthia Gebert**  
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