

Our Ref: 64316
Your Ref: ERC0241
Contact Officer: Jacqui Thorpe
Contact Phone: 03 9290 1994

GPO Box 520
Melbourne VIC 3001
Telephone: (03) 9290 1444
Facsimile: (03) 9290 1457
www.aer.gov.au

19 September 2018

Mr John Pierce
Chair
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submitted online at: www.aemc.gov.au

Dear Mr Pierce

Submission on estimated meter reads draft determination

Thank you for the opportunity to comment on the AEMC's draft determination on estimated meter reads. We support the proposed new requirements on retailers to use a customer's self-read of their meter as the basis for the customer's bill and consider this will reduce the impact on customers of bills based on inaccurate estimates. While the current National Energy Retail Rules (Retail Rules) allow for retailers to produce a bill based on a customer's reading of their meter, we consider the draft rule provides welcome clarity on the situations in which a retailer *must* do this.

Our following comments are primarily concerned with the rule drafting. Specifically, we would benefit from clarification on the rule drafting as to whether it meets the intent of aspects of the rule change. We also provide our views on the enforceability of the rules as currently drafted which are informed by our experience enforcing compliance with the Retail Rules.

Points of clarification sought on draft rule

Retail Rule 21

- **Hierarchy of information as basis of estimation:** we note subrule 21(2) provides the three bases for estimating a customer's bill. We consider the drafting should make clearer that a retailer *must* use a the customer read estimate or a customer's historical metering data as a basis for estimation, and may *only* use the average usage of energy by a comparable customer if the customer's historical metering data is not available. Clarifying the hierarchy of bases for estimated bills will, we expect, reduce the occurrence of customers receiving bills based on inaccurate estimates, which can be caused by an estimate being based on a comparable customer's usage through subrule 21(2)(c).

- **Retailer rejection of customer read estimate:** we are concerned there may be ambiguity in the draft rule as to the processes a retailer must follow to inform the customer about the status of the bill once a customer has requested an adjustment to the bill through subrule 21(3C). We suggest clarifying the interaction of rules 21 and 29 (see below) may resolve this ambiguity.

We consider the final rule should clarify that retailers are required to inform the customer that they do not need to pay the bill if they have requested an adjustment to it through the circumstances in 21(3A). The draft rule does not do this, which could see a customer unsure as to the status of the initial bill, and concerned about repercussions if the due date for payment of that bill has passed.

The final rule should similarly clarify retailer processes in the situation where the customer has requested an adjustment to a bill, the bill's due date has passed and the retailer rejects the customer read estimate. In particular, the customer should be assured that this would not be considered a non-payment of bill by the pay-by date for the purposes of Part 6 of the Retail Rules.

- **Timeframes for provision of customer read estimate:** there are inconsistencies in the current drafting in relation to the timing of the estimated reads. Subrule 21(3A)(a) refers to a customer providing the read estimate before the due date for payment of the bill while subrules 21(3C)(a)-(b) refers to the retailer receiving the customer read estimate before the due date. To ensure the timings are aligned we consider both rules should reference the customer providing the customer read estimate before the due date for the payment of the bill.

We consider there are benefits in customers being required to provide the customer read estimate before the due date for payment of a bill – this is likely to minimise any time lag between the customer providing the customer read estimate and the retailer receiving it and will provide greater certainty about the process.

Interaction of Retail Rules 21 and 29

The draft rule appears unclear as to whether a customer requesting an adjustment to a bill based on an estimate through subrule 21(3C) would be considered a request for a retailer to review a bill for the purposes of subrule 29(1). While we do think this is the case, for the avoidance of doubt we suggest the interaction between these two subrules is clarified.

Retail Rule 29

We note the current drafting of subrule 29(5)(b) states that the “customer must pay” for the cost of a meter data check or meter test if it is found that the meter data is not incorrect or the meter is not faulty. Our view is that it is appropriate for the customer to pay in these circumstances. However, we consider the rules could provide flexibility for the retailer to not impose customer payment if, for example, the meter test or meter data checking results in low or no costs being incurred by the retailer. We therefore suggest that the retailer be given discretion as to whether to impose a requirement to pay on the customer.

Enforceability of draft rule

- **Subrule 21(3C)(c):** we consider the words “reasonably considers” and “promptly” are subjective and can be difficult to enforce. In the case of “promptly” we would prefer an actionable timeframe that sets out a clear time frame for the retailer to action. In terms of what might constitute a prompt time frame we consider no later than 10 business days

from submission or receipt of the customer estimated read would provide customers certainty as to timings and process.

- **Subrule 21(3D)(b)**: we make the same comments regarding the use of “reasonably consider” and “promptly” in this subrule as for subrule 21(3C)(c).

Conclusion

We welcome the opportunity to discuss these matters further. Please call Jacqui Thorpe on 03 9290 1994 if you have any queries about this submission.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'P. Conboy', with a stylized flourish at the end.

Paula W. Conboy
Chair