

25 September 2018

Ms Jess Boddington
Australian Energy Market Commission
By email: submissions@aemc.gov.au

Dear Ms Boddington,

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

Aurora Energy welcomes the opportunity to provide comment on the Draft Determination for the Estimated Meter Reads – Rule Change Proposal issued by the Australian Energy Market Commission (AEMC) on 18 June 2018.

Aurora Energy acknowledges that the Draft Determination, if finalised, would allow customers to be billed based on a 'self-read' in response to an estimated bill. The AEMC has proposed this rule with the aim of protecting customers against the impact of estimated bills, including associated bill shock. Aurora Energy does not support the proposed rule change on the basis that:

- meter self-reads provided by customers are an indirect and inefficient mechanism to limit customer bill shock;
- customers reading, recording and providing retailers advanced meter data is a complex and confusing process that degrades a customers' experience; and
- it would require significant investment in systems and processes to receive, maintain and bill using customer self-reads, as well as managing the associated increase in settlement risk.

It is Aurora Energy's view that the AEMC's proposed customer self-read rule change is an unnecessary regulatory intervention that will incur significant costs without improving the customer experience. Aurora Energy strongly suggests AEMC consider alternatives to the proposal and reconsider the alternative mechanisms to limit bill shock.

Proposed model will not directly improve customer bill shock

As noted in its initial correspondence, Aurora Energy is highly committed to assisting customers avoid instances of bill shock that may be created through the application of estimated meter readings. An inherent characteristic of a quarterly billing cycle is that an electricity bill can be a significant proportion of a customer's household budget when it is received. This is the case regardless of whether a customer receives an actual or estimated meter reading.

It is Aurora Energy's view that there are more direct and efficient measures to avoiding or managing bill shock, being to:

- mitigate the quarterly billing cycle through either monthly direct debit or bill smoothing arrangements, or to move to monthly billing;
- leverage remotely-read advanced meters or to use related technology to provide a customer solution; or

- better engage with customers regarding their energy usage in order for them to understand the outcomes of their energy choices.

Aurora Energy observes that customers will always find it difficult to compare their bills to their meter reading. The difference in energy usage between a meter reading and a customer opening their bill may be up to a week (or longer). As such, a bill can appear incorrect when it is otherwise based on a market compliant estimate.

Critically, it is possible for customers that provide a self-read to receive a larger bill than the one first issued based on the additional days usage between the initial estimated reading and the customer self-reading. This will act to reinforce customer dissatisfaction with the billing process.

Customer self-reads create confusion and degrade the customer experience

Aurora Energy does not agree with the Draft Determination finding that the challenges to customers conducting self-reads are considered surmountable. The reading of advanced meters by customers, especially those in complex arrangements such as multiple tariffs and/or solar generation, is inherently complex and likely to lead to greater customer confusion. Customers will be required to cycle through multiple screens on a meter, correlate these to the individual tariffs on their bills and then transpose to the retailer in a form that is auditable.

It is Aurora Energy's view that in the interests of safety and convenience, customers should avoid physical interaction with their electricity meter. Aurora Energy notes the general customer expectation that technology be used to avoid this occurring. In this context, the proposed rule change is a retrograde step for the customer experience.

Given the propensity for complex metering installation arrangements, Aurora Energy strongly supports the position that the AEMC should provide retailers discretion to determine the types of meters to be included in a customer self-read framework.

The proposed model materially increases risks for retailers

Consistent with its submission to the Consultation Paper, Aurora Energy is highly concerned that the proposed rule change creates misalignment between what is billed to a customer and what is billed to Aurora Energy by the Local Network Services Provider (LNSP), Meter Data Provider (MDP) and the Australian Energy Market Operator. In this case, retailers will need to make a significant investment in additional systems and process to manage:

- the receipt and use of customer self-read meter data (for example, a meter data portal for customers); and
- a new reconciliation process for billing and settlement, which would require system change and additional resources to appropriately manage this risk.

Within the Draft Determination, the AEMC demonstrate the importance of meter readings as the basis for market settlements. However, under the self-read rule change proposal, it will be common for customers to utilise self-reads over multiple billing periods and therefore full revisions to market settlements may not be achieved. As such, the proposal undermines the integrity of existing market and network settlements frameworks.

Customers should not be incentivised to request a meter test

Regarding the AEMC proposal to have retailers as the party that initially pays for a meter check test, Aurora Energy notes this creates a risk of increased costs for customers. It is Aurora Energy's view that the Australian standards for electricity meters and the testing regime required under the National Electricity Rules are appropriate and effective measures. Based on this, there is a very low

failure rate in modern meters. As such, ordering a test of a meter from the metering provider is considered an ultimate last resort option when working with customers querying their bill.

In the vast majority of cases where a customer request a meter test they end up paying for this due to the low meter failure rate. Customers are best served by being incentivised to first engage with their retailer and critically examine their energy consumption to ensure they have considered all elements of their usage and its effect on their bill.

Should the rule change proceed as proposed in the Draft Determination

In the event that the AEMC proceeds with the Draft Determination as proposed, Aurora Energy urges the AEMC acknowledge the distinct circumstances of all retailers. With no self-reading systems or processes established, Aurora Energy will need an extended timeframe to prepare. This preparation is also being conducted within an environment already subject to significant regulatory change.

A long lead time for implementation will assist retailer preparedness through not only provision of adequate system development time, but also allowing a greater period of time in which advanced meters can be rolled out to target customers.

To ensure the proposed rule change is applied consistent with the National Electricity Retail Rules (NERR), Aurora Energy recommends that customers be limited to no more than three consecutive customer-provided meter readings. Under the NERR, customers are required to provide access to meters. It is important that any self-read rule change does not supplant other obligations. By limiting customers to three consecutive customer provided meter readings retailers will have the opportunity to effect an actual meter reading and align a customers' account as close as possible to market data.

Conclusion

As drafted, the proposed rule change will require significant investment by Aurora Energy without customer benefit. It is Aurora Energy's view that the rule change is a retrograde step for the customer experience and does not address the underlying problem of customer bill shock. In fact, it is possible that the rule change will lead to an increase in instances of customer bill shock by extending the billing days over which a bill is based.

Aurora Energy strongly reiterates its previously stated position that the current solutions available to address bill shock are adequate. In addition, the roll-out of advanced meters should be allowed to progress and resolve the majority of customer meter read estimations. Aurora Energy urges the AEMC to consider alternative approaches to managing issues associated with bill estimations that may represent a more efficient outcome compared to the proposed rule change.

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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