

17 September 2018

Ms Anne Pearson
Chief Executive
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

AEMC Reference ERC0241 – Estimated Meter Reads

Dear Anne

Thank you for the opportunity to comment on the draft rule determination - Estimated Meter Reads.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers. Our comments are informed by these complaints and also from our community outreach and stakeholder engagement activities.

The AEMC's draft determination

The case for a rule change

Inaccurate estimations cause significant detriment to consumers. Customer complaints about billing estimations have been persistently high and the numbers of customers complaining has varied little over the last three years.

Table 1 Billing Estimation Complaints July 2015 – June 2018

Year	July - September	October - December	January - March	April - June	Total
2015-16	723	666	745	754	2,888
2016-17	725	686	755	671	2,837
2017-18	761	717	721	715	2,914

Requiring retailers to adjust a bill based on an estimate

The AEMC's approach to make a rule which enables customers to request an adjustment if they consider the estimation to be inaccurate is a significant improvement to current customer protections. The mechanism of the customer providing a self-read, the additional requirements of notification of that right, along with instructions on how such a read is to be provided clearly meets the intentions of the proposed amendment. This proposed rule change will therefore address many of the customer complaints about estimated billing will be addressed.

The Draft Determination proposes that draft rules apply to both gas and electricity meters. Many gas meters are within apartments and the opportunity for these customers to provide self reads is, until metering technology is upgraded, the only practical way to ensure that there is greater billing accuracy.

The AEMC’s draft determination gives the customer the right to request the adjustment prior to the due date for payment of the bill.

EWON supports this position.

An outstanding question not currently covered by the proposed rule change relates to customers on pay on time discounts. It should be made explicit that if a customer’s self-read leads to an adjustment of the bill, then the pay on time discount should apply to the adjusted bill.

Informing customers of their right to request an adjusted bill

The draft rule is clear as to how the process of addressing estimated bills is to occur. It adds several new provisions to Rule 21 of the NERR. The requirement on a retailer to notify a customer that an adjustment can be requested if the bill is estimated is a significant improvement on the current situation. (Please refer to case study 1 in the attachment). Customers often come to EWON unaware that their previous bills have been estimated. The additional notice that they have received an estimated bill and can ask for an adjustment will increase customer’s awareness of estimated bills and reduce bill shock when a catch up bill is issued.

The second part of the draft rule requires retailers to have available at no charge guidance on how a customer can read their own meter, what information is required and how a customer can lodge the information. The AEMC approach is not specific and allows retailers to develop flexible mechanisms.

EWON agrees with this approach. A prescriptive approach would not be able to take into account the many and varied metering configurations and differing customer capacities.

The final part of the changes to Rule 21 deals with the situation where a retailer decides not to accept the customer’s read or where the read is received after the due date for payment. The requirement on retailers to provide reasons for rejecting the read and notifying customers of the dispute procedure, including lodging a dispute with an energy ombudsman, significantly increases the transparency which is currently lacking in this area.

EWON supports this approach.

Additional measures to strengthen customer protections

Customers disputing high bills including estimated bills are currently required to pay in advance for special meter reads and meter testing. If an error is identified, the fee is refunded. As networks moved to cost reflective pricing the costs of such services has increased. The current costs in NSW are listed in Table 2.

Table 2 Electricity Network Fees 2018-19

	Ausgrid	Endeavour Energy	Essential Energy
Special Meter Read	\$12	\$41	\$87
Meter Test	\$677	\$481	\$495

Having to pay in advance is a significant disincentive for customers seeking to challenge a high bill, especially where the customer is in financial hardship. The proposed change to Rule 29 of the NERR which only requires the customer to pay if the meter or the data is found not to be faulty will provide customers with a greater ability to challenge unusually high bills. (Please refer to case studies 2 and 3 in the attachment).

The proposed rule changes also strengthen Rule 21 by making it more definitive. EWON especially welcomes the proposed requirement that, where an estimated bill is based upon a customer read, it is identified as “based on the customer’s reading of the relevant meter.”

Outstanding Issue

The AEMC is proposing that retailers be required to provide notice in writing that a customer can request an adjusted bill. This notice could be improved by requiring a retailer to include the reason that the bill is an estimate. Such information is readily available and should be provided to the customer. Equally, the notice should also identify clearly on what basis the estimate has been made.

A further change to the proposed rule requiring the reason for the estimation and the basis of the estimation would dramatically improve transparency and potentially reduce customer anger associated with estimated billing. (Please refer to case studies 4 and 5 in the attachment).

If you would like to discuss this matter further, please contact me or Rory Campbell, Manager Policy and Research, on (02) 8218 5266.

Yours sincerely



Janine Young
Ombudsman
Energy & Water Ombudsman NSW

Attachment – Case Studies

Case Study 1: No meter read for two years

A customer received a high bill and rang his retailer to dispute it. He was advised that the bill was a catch up as his meter had not been read for two years. The retailer indicated that the bill was based upon a real read and that it was payable. The customer came to EWON as he objected to not being given time to pay the bill and he was angry that the meter wasn't read. He indicated that there was unhindered access to the meter. This complaint was referred back to the retailer for resolution at a higher level. The customer then returned to EWON as the retailer still held that the bill was payable, although it had offered a payment arrangement. The customer requested that EWON identify why the meter had not been read.

When EWON contacted the retailer it said that the reason for the estimated bills was a locked gate. The customer denied that there was a gate at the property. The retailer, in accepting this position, then offered the customer a credit of \$1,500. The customer accepted this resolution and agreed to pay the remaining \$1, 211 outstanding on the account

Case Study 2: Special Meter Read Fee

A customer advised EWON that he had received an estimated bill from his retailer. He said he contacted the retailer which agreed to re-issue the bill, however that bill was identical to the estimated bill. When he recontacted the retailer it advised that he could pay for a special meter read. The customer refused this as there were no access issues with his meter and, in his view, the retailer should be billing on an actual read and he did not believe he should have to pay a fee for this. The customer was seeking a bill based on an actual meter read.

EWON referred this matter to the retailer at a higher level for resolution with the customer knowing he could return to EWON if his complaint was not resolved.

Case Study 3: Special Meter Read Fee

A customer had an account with her retailer for many years. She then received two consecutive estimated reads which saw her charged over \$7,000 for six months consumption. When she contacted her retailer it agreed that the estimates looked high but that she would have to pay in advance to have a special meter read. The customer wanted to be billed in line with her historical usage.

EWON referred this matter to the retailer at a higher level for resolution with the customer knowing she could return to EWON if her complaint was not resolved.

Case Study 4: Lack of information about estimated bill

A customer received a high bill of \$3,086 and, as her normal bill was around \$1,300, she rang her retailer to question the amount. It informed her that the previous two bills had been estimated. The customer told EWON that in the previous 19 years she had never received an estimated bill. The retailer also told her that the previous bills stated that they were estimated, but the customer said that she had checked the bills and there was no indication that they were estimated. She also said that the current bill had no information indicating that it was a catch-up bill. The retailer told her that she had to pay and she did so in four instalments. The customer wanted EWON to review the billing for accuracy.

EWON referred this matter to the retailer at a higher level for resolution with the customer knowing she could return to EWON if her complaint was not resolved.

Case Study 5: Wrong explanation for estimated read

The customer told EWON that he had begun receiving high electricity bills. He contacted his retailer and was told that the bills were estimated because of access problems. He did not understand how that could be because he lives in a freestanding house with the meter on the side with no fence or obstruction. The customer said that he had then contacted the distributor who told him that it had never provided estimations for his meter. The customer wanted his bills reviewed for accuracy.

EWON referred this matter to the retailer at a higher level for resolution with the customer knowing he could return to EWON if his complaint was not resolved.