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25 September 2018

Mr Ed Chan
Senior Director
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submitted electronically

Dear Mr Chan

Re: Draft Rule Determination - Estimated meter reads

Red Energy (Red) and Lumo Energy (Lumo) welcome the opportunity to provide a submission to the Draft Rule Determination (draft determination) published by the Australian Energy Market Commission (the Commission) regarding estimated meter reads.

The draft determination sets out a balanced approach between obligations on retailers and customers. We consider that customer self reads provide a more customer focussed approach when a customer receives an estimated bill. It provides a cost effective solution for both the customer and the retailer as it avoids fees associated with special reads.

We support the draft rule, however, we consider that there are some opportunities to improve the workability of the rule. In particular, we question the applicability of the rule where there have been multiple estimates, and seek to include a right for the retailer to investigate why estimate reads continue to occur. Additionally, there are some implementation matters that we outline below.

The Commission in the draft determination have suggested that this rule should be subject to a civil penalty provision. We strongly oppose this, as a civil penalty is disproportionate to the impact of non-compliance.

Civil Penalty

Red and Lumo strongly oppose the application of civil penalty provisions to the rule. The Commission has not provided strong evidence to support further regulatory intervention in estimated billing practices.

Civil penalty provisions should only be used in serious contraventions of the Rules, perhaps where there is significant consumer harm or industry malpractice. This is not applicable in this scenario.

Operational and implementation matters

Estimates over a 12 month period

In reviewing the draft rule, it is unclear how this amended rule works in conjunction with rule 20(2) which requires retailers to use reasonable endeavours to obtain an actual read and rule 24(1) which requires retailers to issue bills at least every 100 days. In our experience, estimated bills provide retailers the ability to have a conversation with customers, and where relevant investigate the reason that the estimated metering read was obtained in the first instance.

It is important for retailers continue to have the opportunity to investigate the reason that a manual read could not be obtained and work with the customer to overcome the problem with the relevant meter. For example, it could be that a meter is faulty or that a meter reader is unable to obtain access. In these situations, retailers should have the ability to organise a meter exchange, whether to a smart meter or with the distributor for a new gas meter.

We recommend that the Commission consider whether there should be a limit placed on how many customer self reads can occur.

Network and wholesale bill recalculation

Retailers under the draft rule will correctly have an obligation to change the customer's bill, however that should also be reflected in the network and wholesale markets, and be reflected in the metering data files that are used for settlement.

Given the Commission have decided that a customer self read is of a higher standard than an estimate read, it should also have a higher precedence in the rules and the metering data files. Implementation should not be too onerous as there are already existing transactions in place in most markets to allow retailers to pass customer self reads to distribution businesses.

We consider that this will become a bigger issue as customers request data under the consumer data right, and there will be a mismatch between their energy bill and the metering data they receive (should they request it from the distributor, meter data provider or AEMO).

Implementation

Many terms and conditions between customers and retailers must need to be amended to reflect the new rules. As such, we request that the Commission provides retailers with adequate time to make the required changes to systems, terms and conditions, collateral and potentially bill design that need to be taken into account.

We consider that as a minimum it may be prudent to allow a minimum of 9 months for implementation, which may need to be more depending on the extent of the changes made to the draft rules.

About Red and Lumo

Red and Lumo are 100% Australian owned subsidiaries of Snowy Hydro Limited. Collectively, we retail gas and electricity in Victoria, South Australia, New South Wales and Queensland to approximately 1.1 million customers.

Should the Commission have any enquiries regarding this submission, please call Con Noutso, Regulatory Manager on 0481 013 988.

Yours sincerely

A handwritten signature in black ink, appearing to be "Ramy Soussou". The signature is stylized with loops and a long horizontal stroke at the end.

Ramy Soussou
General Manager Regulatory Affairs & Stakeholder Relations
Red Energy Pty Ltd
Lumo Energy (Australia) Pty Ltd