Energy & Water Ombudsman NSW
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12 February 2021

Mr Benn Barr
Chief Executive
Australian Energy Market Commission (AEMC)
PO Box A2449
Sydney South NSW 1235

Dear Mr Barr

EMO0040 – AEMC Review of the regulatory framework for metering services

Thank you for the opportunity to comment on this consultation paper.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers. EWON receives and responds to complaints from customers on metering work and electricity supply interruption issues relating to retailer and distributor activities. Our comments are informed by our investigations into these complaints, and through our community outreach and stakeholder engagement activities.

We have only responded to those questions in the consultation paper that align with issues customers raise with EWON, or with our organisation's operations that are relevant.

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

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AEMC Review of the regulatory framework for metering services

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers. EWON receives and responds to complaints from customers about metering work and electricity supply interruption issues relating to retailer and distributor activities. Our comments are informed by our investigations into these complaints, and through our community outreach and stakeholder engagement activities.

We have only responded to those questions in the consultation paper that align with issues customers raise with EWON, or with our organisation's operations that are relevant.

Smart meters are essential for transitioning to the energy market of the future. EWON strongly supports regulatory change that promotes an efficient and effective smart meter rollout. As more and more customers receive smart meters, the costs for maintaining and reading old meters will be high, providing an incentive for retailers to complete a timely rollout. However, many customers are yet to recognise or realise any benefits that arise from smart metering – these and other barriers to an effective and timely rollout of smart metering need to be addressed.

Q.1. Consideration of other market reforms and related work

The Energy Security Board's work on a proposed data strategy is a positive step towards data management, which will become more important as smart meter penetration continues across the NEM.

Conflicting reforms should be considered

The AER's network tariff reforms may create barriers that prevent retailers from offering tariff options that are tailored to the varying needs of customers. This is especially an issue for customers with very low consumption who will not benefit from cost reflective tariffs. More information about tariffs is provided in our response to Question 11.

Q.2. Assessment framework

An end date is needed

The AEMC assessment framework does not include a timeframe for completion of the rollout. An end date will ensure that the bulk of the rollout occurs within a reasonable timeframe and it will also enable monitoring progress of the rollout.

Q.3. Expectations of meter rollout

A practical yet strong meter rollout will drive improvements and the realisation of benefits for customers. While regulatory changes to installation timeframes have had a positive impact, the smart meter rollout has been slow, perhaps more recently impacted by COVID-19. Digital services, such as not having to wait for manual meter reads for switching retailers and monthly billing, have also been slow to come into effect and customers are yet to experience these benefits. EWON's interactions with customers show that industry is not giving them the information they need to understand the benefits and implications of having a smart meter.

Remote smart meter services may lead to emerging challenges for customers

The benefits of smart meters for customers (remote services for meter reads, disconnections, reconnections) are paralleled with potential challenges. Retailers will be able ti remotely disconnect and reconnect meters much more quickly than via on-site visits, however Retailer ability to meet NSW Government safety obligations (e.g. on-site safety risk assessment) is still untested. As of 25

January 2021, no retailer in NSW has had a safety management plan accepted by NSW Fair Trading and therefore remote disconnection / reconnection is yet to occur.to be able to remotely disconnect or remotely reconnect meters.

As a result, emerging issues associated with these services have yet to occur.

Q.4. Are incentives in the right place?

Incentives need to be examined to improve market penetration
The AEMC notes that generally, the penetration rate is approximately 20%, a figure that seems to be very low after three years of the rollout. EWON's complaint data suggests that smart meters are mainly being installed for solar and new connections. It is not clear what, if any, incentives are in place for customers, Incentives therefore for both retailers and customers, need to be examined closely and addressed to improve market penetration.

Q.5. Drivers of smart meter rollouts

The rollouts have been slow, and retailers should be more proactive
Retailers pushed for reform, and the expectation was that the smart meter rollout would be proactively led by them. Retailers have not lived up to the responsibility of the rollout that they lobbied heavily for. Australian Energy Regulator (AER) data shows a very slow rollout, with a minimal increase in installations from 2019 to 2020. In January to March 2019 there were 40,719 installations and July to September 2020 there were 58,313.

EWON receives very few complaints from customers who have requested a smart meter about the request being denied by the retailer. This indicates that retailers are responding to customer requests, however awareness and promotion of smart meter availability is insufficient and improvement in this area may assist the slow uptake.

EWON's data shows most complaints about smart meters are about issues following solar installations and other behind the meter products. These complaints often involve meter providers. In EWON's experience retailers often don't take responsibility for the actions of the meter providers they have contracted to act on their behalf. Refer to attached Case study 4.

Communication about smart meter benefits is needed
Our complaint data suggests that better communication (from retailers and others) outlining the costs and benefits of smart meters will increase customer uptake. Customers are unaware of potential costs (upgrades to meter boards) and benefits (quicker switching of retailers; the power being on when they move into a new house; no more estimated bills; and a move to monthly billing). Without appropriate promotion and communications, customers are not aware that other options exist for them and cannot therefore make informed decisions about moving to a smart meter.

Q.6. Customer experience

EWON data shows customers experience a range of smart meter issues
Smart meter complaints received by EWON have fluctuated since the rollout began:

- January to March 2019 quarter there were 1,280 complaints
- October to December 2019 quarter there were 402 complaints
- April to June 2020 quarter there were 228 complaints
- July to September 2020 quarter there were in 355 complaints.

Customers have experienced different complaint issues over time, sometimes influenced by changes in regulation, i.e. introduction of timeframes for installation:

- January to March 2019 quarter the main issues were installation delay (927 complaints), installation problem (242 complaints), cost (40 complaints), data (37 complaints), disconnection (30 complaints) and privacy (4 complaints)
- July to September 2020 quarter, the main issues were installation problem (180 complaints), installation delay (90 complaints), data (49 complaints), cost (28 complaints), disconnection (4 complaints) and privacy (4 complaints).

This data is set out in **Attachment 2**, Table 1.

Once the timeframe for installation was set by the AEMC, complaints changed from being mostly about installation delays to installers switching on inverters before digital meters were installed; inaccurate data on apps; faulty meters; billing based on estimate reads; and needing to engage a private contractor to complete works to install a digital meter.

Poor service, poor communication and incurring private installation costs

Customers have experienced poor customer service (refer to Question 6 above) and poor communication from retailers (refer to Question 5 above).

Another barrier for customers is the cost of works for private installation which varies depending on the requirements to prepare for meter installation. This includes isolation switches; creating room in the meter box for the meter; and removing asbestos. Information about these potential costs should be provided to customers via awareness campaigns, or at their first enquiry.

Real time data is not always available

The AEMC notes that there are issues with access to data – preventing customer access to potential benefits. EWON's complaint data shows that real time data is not always available to customers through online applications (apps). Real time data is an important smart meter benefit because it allows customers to monitor consumption. Retailers need to take action to improve this technology, enabling customers to access this data/benefit.

Attachment 1 includes case studies that set out customer experiences:

- Case study 1 illustrates the difficulties customers have with apps that do not provide real time data. (While apps are not considered to fall within the scope of sale of energy, EWON receives complaints about billing that involve apps).
- Case study 2 illustrates the additional installation costs that customers may incur
- Case study 3 illustrates meter exchange delays and the need for a customer to install an isolation switch
- Case study 4 shows the cost impact of private installation, and double billing when a smart meter is installed, and a master/subtractive arrangement is in place. It also sets out the difficulties in retailers not taking responsibility for its meter data provider
- Case study 5 illustrates the impact of confusion about meter requirements and delays in resolving the complaint leading to extended customer frustration
- Case study 6 shows poor customer service and poor communication by the retailer that did not provide clear and accurate information to the customer/advocate. In addition, this case study shows the complexity involved when remote reads are unavailable.

Q.7. Industry cooperation

Cooperation between parties is needed

The 2018 Independent Pricing and Regulatory Tribunal of New South Wales (IPART) review of metering services identified that increased cooperation between parties is needed. Cooperation between parties and clear communication from relevant parties is crucial for an effective smart meter rollout across the NEM.

Retailers must accept responsibility for the actions of their meter providers

EWON complaint data strongly supports that co-operation is critical for ensuring that consumer complaints are prevented, or when raised, resolved efficiently and effectively.

In the past, complaints to EWON about electricity bills that involved metering services and data provided by the local network were addressed by energy retailers including when necessary, discussions with the network company. EWON could also engage directly with the network company to verify data as it was also a member of EWON.

Under the power of choice reforms, the entity providing the metering services/data is not required to be a member of EWON, and instead is an agent, and acting on behalf, of an energy retailer - the member of EWON that the complaint is registered against for us to investigate these complaints.

We have received complaints from customers about meter installation delays and lack of application of solar credits to billing where the retailer refused to take responsibility for its agent (the meter provider). When investigating these complaints, EWON relies on retailers to obtain all relevant information from their agents, review it and respond to EWON accordingly. Too often retailers are advising EWON that the meter providers are responsible for any delay, lack of availability of data, and the time taken to resolve complaints expands.

Retailers need to take responsibility and be accountable for the actions of the meter providers they engage to act on their behalf.

Networks and retailers need to work together

EWON complaints data strongly supports the need for retailers and networks to cooperate better with each other to resolve issues efficiently. EWON sees many complaints involving metering faults on properties with multiple meters, sometimes in a parent/child relationship, usually in regional and rural areas. When investigating these complaints, EWON often finds that the communications between the retailer and distributor has been inadequate, resulting in delays and customer frustration. There are often delays because networks fail to provide relevant information to retailers within a reasonable timeframe. Similarly, retailers fail to proactively request all the information needed and do not follow up with networks about missing information or delays. Another difficulty occurs when the retailer or network are unsure about how to resolve a particular metering problem (refer to attached Case study 5).

Q.8. Expectations of metering services

Customer expectations of metering services have not been met

Limited metering services are being provided. Customers are complaining to us that that they do not have access to online data and are unable to reconcile online data with the meter reads on their bills. This is a failure to meet customer expectations about the basic benefits of a smart meter.

A key benefit for customers from smart meters is accurate monthly bills, enabling better household budgeting and limiting bill shock. Instead, we are only continuing to see evidence of monthly billing, from those retailers which offer monthly bills, where two out of three bills are based on estimated meter reads with a 'true-up' on the third bill based on the actual manual meter read. Retailers need to improve processes for accessing actual meter reads and issuing monthly bills to customers.

Q.9. Collection and use of metering data

Privacy protections for customers are needed

Data requirements and privacy protections for customers need to be fully considered. The introduction of the Consumer Data Right (CDR) to the energy sector in late 2022 will see new participants in the energy market that are authorised to deal with customer data. Stakeholders with access to customer data will need to meet, and be seen to meet, their privacy obligations.

Q.10. Future metering services

See the response to Question 11.

Q.11. Penetration of smart meters required

Barriers need to be overcome for effective penetration of smart meters

EWON supports smart meter rollouts that promote a strong and practical penetration rate. Smart meter take up should drive improvements in the energy sector and will enable customers to realise associated benefits. Retailers needs to address the barriers to accessing digital meters (e.g. installation delays and costs) for customers. In addition, consumer protections must be addressed. Refer also to responses to Questions 5 & 6 related to communications.

Installation delays

Since metering reform, there have been regulatory changes to the National Electricity Rules that set out installation timeframes. In general, the timeframe is fifteen business days for a smart meter exchange, and six business days for new meter installations. These regulatory changes have gone some way to address installation delays, but retailers need to ensure they have methods of monitoring the timely performance of their metering agents and taking rectification action when required.

Associated costs

Costs, both direct and indirect, can be high and unexpected costs pose significant issues for customers. The associated costs of a smart meter installation can be substantial for some customers. These include metering installation costs, in addition to indirect costs such as meter board upgrades, asbestos removal, and unexpected tariff changes. AER tariff reforms require networks to have cost reflective tariffs, such as time of use meters and demand-based tariffs. These tariffs can be disadvantageous for some customers who have low level consumption or have limited discretion about the time that energy is used. The energy sector needs to address this issue and provide solutions for customers, including the allocation of costs, incentives, and support with payments.

Customers with type 4 meters in areas without mobile reception (typically remote and regional) must have the meters manually read. Manual meter read costs can substantially add to energy costs for these customers. There is no regulation to limit these costs and consumer protections are therefore needed for manual meter reads and connection services.

Promotion of smart meters
The industry could take more action to promote the benefits of smart meters for consumers, and to explain cost implications for customers. Customers need access to information about associated costs to ensure that they can make informed decisions and do not incur unexpected costs. Refer also to responses to Questions 5 & 6, and this Question 11, related to communications and barriers to take up.

Stakeholder communication
EWON strongly supports regulatory changes to improve communication channels amongst stakeholders, as this will lead to better outcomes for customers and the energy sector. Effective communication of the benefits of smart meter rollout is paramount. Refer responses to Questions 5 & 6.

Q.12. Encouraging the adoption of smart meters and future services

Change is needed to increase adoption of smart meters
The low rate of penetration indicates that a change in approach is required. An end date for the meter rollout is needed (refer response to Question 3). There also needs to be industry wide communication, such as a campaign for moving to a smart meter (refer responses to Questions 5 & 6), with ongoing monitoring and increased marketing. Once other barriers to smart meters such as costs are addressed, the timing of the communication will be critical to obtain a high level of uptake.

New technologies will require smart meters
New technologies require the use of smart meters. It is evident from EWON's complaint data that the most significant driver of smart meter installation complaints is the installation of solar and other behind the meter services. All sectors of the energy industry need to work collectively and communicate effectively to achieve a better understanding of metering requirements and associated complexities.

Q.13. Barriers to realising the benefits of smart meters

Education and effective communication are crucial
Education and communicating effectively with customers is crucial in addressing barriers to realising the benefits of smart meters (refer responses to Questions 5 and 6). Industry needs to increase promotion of smart meters for all, given its initial push to commence rollout.

Embedded networks have different barriers
Customers of embedded networks have different barriers to realising the benefits of smart meters. As the AEMC is aware, these customers do not have practical access to retail competition.

Metering services are largely free (or 'invisible') for most retail energy customers due to competition between retailers. Because embedded network customers do not have access to retail competition, it is more likely they will be asked to pay directly for metering services by their retailer (supported by EWON's complaints receipt for customers installing rooftop solar systems who have been charged full price for a new digital meter). This does not happen for on-market customers because they are able to switch to a retailer that offers them a better deal for a new meter.

The AER *Exempt Selling Guideline* is unclear about whether small customers can be charged for meter replacements. The AER should take action to address these inequities immediately to ensure that customers of embedded networks are not disadvantaged.

Enquiries about this submission should be directed to Janine Young, Ombudsman on (02) 8218 5256 or Rory Campbell, Manager Policy and Research, on (02) 8218 5266.

Case studies

Case study 1

Applications (app) missing real time data

EWON received a complaint from a customer who initially raised concerns about a discrepancy between her retailer's bills and its online app that monitors electricity usage. She said that her usage was usually $8.00 to $10.00 per day and at one point the usage displayed on the app was $95.00 per day.

EWON made a referral at higher level to the retailer. Following the referral, the customer returned to us and said that the retailer had applied a credit to the account however had not addressed her concerns about the data and usage on the app not matching the billing. She was concerned that the app did not state whether the usage was actual or estimated and she could not work out her usage habits. She said that she requested a smart meter to benefit from the app, however the retailer declined to install one.

EWON advised the customer that the app displays projected usage prior to an actual reading due to the type of meter she has. Further, she should wait until a meter read has been taken before referring to the information contained in the app. We noted that Page 2 of her bill states when her next meter reading will be. The retailer offered to apply a customer service credit of $250.00 to the balance on her account for the inconvenience she experienced.

Case study 2

Cost of installation works

EWON received a complaint from a customer who said that after solar panels were installed, digital meter installation had been delayed for more than six months. He said that the retailer initially advised that he needed to arrange an electrician and the retailer would pay for the costs, then the retailer said he had to pay. He was concerned that he had not received solar credits due to the billing because of the delay.

In EWON's investigation, the retailer advised that the metering provider confirmed a technician had attended the site and was unable to complete the meter exchange as asbestos was present and needed to be removed professionally before the meter exchange could be completed. EWON provided this information to the customer in writing, and advised that he would need to engage a private contractor who specialises in removing asbestos before the works can be completed. We also advised the customer that the meter board, fuses and wiring of the meter board are fixtures of the premises and are the property owner's responsibility to maintain and repair. Provision of initial misinformation to the customer and then failure of advice to the customer by the retailer and its metering agent about the customer's responsibility to address onsite issues resulted on unexpected expenses and delayed commissioning of the solar installation which could have been avoided.

Case study 3

Meter exchange delay

EWON received a complaint from a customer who said that in September 2017 he had solar panels installed and a solar compatible meter was installed. Following a lightning strike, the meter

stopped functioning and needed to be exchanged. He said the meter was not exchanged until October 2019. He also disputed the billing. EWON made a referral at higher level to the retailer.

Following the referral, the customer returned to EWON. He advised that the retailer offered a refund of some of the late fees and an additional amount for solar feed-in credits totalling $400.00, but he considered that the amount was insufficient. EWON reviewed information provided by the retailer and the customer, and identified the following actions: on 17 April 2018 the distributor sent a meter fault notification to the retailer; between April and August 2018 the meter could not be replaced because of access issues or the inability to contact the customer; on 6 February 2019 the retailer raised a service order for a meter exchange; on 13 June 2019, the meter provider informed the retailer that the meter could not be replaced because the installation was non-compliant (an isolation switch was required); and on 23 October 2019 the meter was exchanged.

EWON advised the customer in writing that the retailer's offer to apply a credit of $411.44 was reasonable because the estimations were in line with previous and subsequent consumption. Further, the offer acknowledged the meter replacement delay that was due to a combination of factors.

Case study 4

Master/subtractive meter arrangement

A customer advised EWON that he had a master/subtractive metering arrangement at his property. In October 2018, the distributor issued a defect order as there was high consumption being used at the site and both meters were exchanged for smart meters. Following the meter exchange, the smart meters were still operating as a master/subtractive setup, which led to the customer being double billed because the consumption was registered on both the master and subtractive meters and both meters transmitted data for billing. The customer said that he had been advised that when the meters were exchanged the subtractive meter should have been removed. He said that he was not given this information when the service order was raised for the meters to be exchanged.

During EWON's investigation, the retailer advised that it relies on information from the meter data provider because the retailer does not have visibility of the same information. EWON asked the retailer to liaise with the meter data provider to review and adjust the meter data. The retailer initially provided some incorrect information about the meter to EWON. This appeared to be because the retailer had not reviewed or evaluated the information from the meter data provider. Following the meter data provider's adjustment to the meter data, the retailer applied a credit of $20,214.83 to the customer's account.

Case study 5

Confusion about meter requirements

An advocate said that he was an electrician making a complaint to EWON on behalf of the customer. He said that four weeks prior, he contacted the retailer to have a new meter installed to replace the existing meter because an upgrade to a three phase meter was needed. He submitted the forms to the retailer. He said that the retailer asked for a property rates notice which he provided. He said that the retailer then advised that he would have to start the process again, because there was an existing National Meter Identifier (NMI) at the property. He said that he thought the retailer initiated a request for a new connection instead of a meter

replacement/upgrade. He said that this was unreasonable because the customer did not have electricity supply at the property because of the delay. He said that he was not satisfied with the customer service from the retailer.

During EWON's investigation, the retailer liaised with the network. The retailer advised that the customer's paperwork submitted to them on 27 October 2020 was incomplete and the network could not find the customer's address. The retailer then sent the paperwork back on 30 October 2020. The retailer advised EWON that after the paperwork was corrected, initial installation attempts failed because the network was confused about what works were required for the meter to be installed. The requested three phase meter was installed at the site on 2 December 2020. The retailer applied a $150 goodwill credit to the account in recognition of the meter installation delay and the customer service issues.

Case study 6

Poor customer service, poor communication and remote reads unavailable

EWON received a complaint from an advocate who said that she had switched a business account to a new retailer, which advised her that her existing time of use plan would continue. She said that two meters had been removed by a level 2 electrician who then informed the distributor about it. She advised she had also informed the retailer that the meters had been disconnected, however the retailer continued to issue bills for those meters. She said she had not received a satisfactory resolution from the retailer which had just advised that it was looking into the issue. She said that the retailer had advised that the disputed bills had been placed on hold, though she subsequently received a disconnection notice.

EWON made a referral at higher level to the retailer. An advocate then returned to EWON and advised the business was a dairy farm and that there was currently one National Meter Identifier (NMI) on site with 12 meters registered under that NMI. She considered that the retailer had estimated usage for one meter which was faulty. She said that she could not transfer to another retailer because it would not accept the meter configuration. She said some meters are configured as small business and that one meter was attached to a pump which had not been used for a long time because of drought and had been estimated since the account was opened. She said that the retailer then classified the business as large consumer, which she said was incorrect. She said that the bills were currently $38,000 per month but previous bills were $15,000 per month. She said that the retailer advised it could replace all of the meters which would cost $1,800 per meter. She considered that the retailer had delayed the meter replacement on multiple occasions. She said that multiple meters were located on spots that do not have mobile reception.

After reviewing the information available and contacting the retailer, EWON advised the advocate in writing that the distributor had deemed one meter to be faulty because the meter read did not appear and it had to be replaced. We advised that because there was no remote communication available at the site, limited types of meters could be installed. We advised that the meter would need to be exchanged for a digital meter that does not carry the communications function, and a meter reader would need to attend the premises to download the meter data, however there should be no charge for this. The retailer raised a service order to replace the meter , after which it would examine the high bills. The case was then closed with the customer's agreement knowing she could come back to EWON should there be further problems with either the metering or billing.

Tables

Table 1: Smart meter complaints by issue

Quarter	Installation problem	Installation delay	Disconnection	Data	Privacy	Cost	Total
Jan - Mar 2019	242	927	30	37	4	40	**1,280**
Apr - Jun 2019	192	557	2	56	4	43	**854**
Jul -Sep 2019	145	149	3	81	2	19	**399**
Oct – Dec 2019	117	197	2	65	3	18	**402**
Jan - Mar 2020	100	146	4	36	2	14	**302**
Apr - Jun 2020	75	80	0	33	3	18	**228**
Jul - Sep 2020	180	90	4	49	4	28	**355**