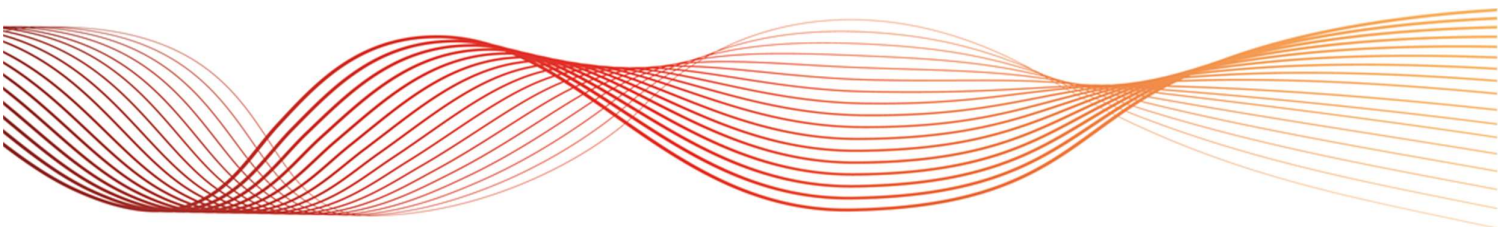


ESTIMATED METER READS

SUBMISSION IN RESPONSE TO THE AEMC CONSULTATION
PAPER DATED 17 MAY 2018

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SUMMARY

Substitution of metering data¹ plays a key role in energy settlement and network and retail billing processes. There are established procedures in place defining when and how Metering Data Providers (MDPs) are able to substitute metering data in place of actual meter readings. The substitution processes provide value to customers, the billing retailer and the market settlement process.

In response to the AEMC issues paper, AEMO agrees with the issues raised and sees the key elements regarding estimations of metering data as well summarised. Market conditions and arrangements, such as the use of readings in various forms are well covered, and are accurate in our view.

AEMO sees value in the introduction of customer self-reads into metering data and retail billing procedures. As a process employed in many comparable systems around the world, including the United Kingdom (UK) and New Zealand, self-reads allow customers to provide retailers with information which may be superior to substituted data, or in some cases an inaccurate reading taken by an MDP, for use in retail billing.

While AEMO does not consider metering data processes and retailer billing processes to have been conflated in the AEMC's consultation paper, it is important to note that there are distinct differences between these two processes and they should be considered independent from one another for the purposes of the examination of this issue.

THE ISSUES TO BE ADDRESSED

1. Do stakeholders agree with the characterisation of the issues with estimated meter reads to be addressed?
2. Are there any differences in the nature of the issue for gas customers compared with electricity customers?
3. Are there any shortfalls in the way the existing provisions in the NERR protect customers from the impacts of inaccurate estimates: (a) Do the rules sufficiently protect customers from over and under charging? (b) Does rule 29 provide adequate recourse for a customer to dispute a bill based on an inaccurate estimate?

Refer to comments in the summary.

PROHIBITING ESTIMATED READS

1. What are the costs and benefits of requiring that all customer bills must be based on actual meter reads? Should this option be considered further?

AEMO believes that estimated meter readings are valuable from a consumer standpoint and should be retained as an industry practice.

There are several key reasons as to why this is the case. Firstly, readings that are significantly higher than actual usage can be provided due to inaccurate readings being taken, transcription errors, etc. Such a reading may not have been identified or amended by the MDP or the retailer prior to the bill being issued. A bill produced on such a meter reading could negatively impact the consumer, including what is typically understood as 'bill shock'. An estimated bill could be used to avoid negative flow-on effects from inaccurate data provision.

¹ For the purposes of this paper, the term 'substitute' and 'substitution' are used to describe the process undertaken by an MDP for the provision of a metering reading to AEMO and Market Participants that is not a validated actual meter reading obtained from a metering installation. The term 'estimate' and 'estimation' are used to describe the process undertaken by a retailer to bill a customer as an alternative, or in the absence of obtaining a validated actual meter reading from an MDP.



Secondly, there are a variety of reasons why an actual meter reading may not be possible, such as dangerous animals preventing access, customers refusing access, locked gates, or the physical inaccessibility of a meter for a variety of reasons. Using an estimated reading for the production of a bill in such an instance avoids customers accumulating a debt to their retailer. There are over 70 recognised codes used in the National Electricity Market (NEM) to identify the reason for substitution of data by an MDP; these are provided in Appendix E of the AEMO Procedure: Metering Data File Format Specification NEM12 and NEM13².

REQUIRING THE RETAILER TO ACCEPT A CUSTOMER SELF-READ

1. To what extent does the option address the issues with estimated meter reads? What are the benefits?
2. How would the option be implemented by industry and what are the costs involved?
3. Are there any types of metering or tariff arrangements that would make it difficult for a customer to provide a self-read?
4. What are the appropriate timeframes in which a customer should provide a self-read to a retailer to inform a bill?
5. What arrangements should apply if the retailer rejects a customer self-read? For example, should the retailer be required to provide reasons to the customer and allow the customer to rectify the self-read?

AEMO is in favour of retailers accepting customer self-readings, as there are a number of benefits across the system, and it is likely to result in improved outcomes and lower costs for all parties. Of note, the use of customer self-reads is currently facilitated in AEMO procedures³.

The use of customer self-reads is well established and successfully practiced in various other markets around the world that have similar frameworks and levels of retail competition to the NEM. They are commonplace in both New Zealand and the UK. The example of their use in these markets shows that the concept is practically possible and for many customers and retailers, desirable. The UK and New Zealand markets have a very similar set of metering devices to those installed in the NEM, and variety of reading methods for these devices has not prevented successful adoption of customer self-reads.

To facilitate the use of customer self-reads, retailers could publish guidelines of how to read various types of metering installations, likely via their websites and postal mail-outs. This would both assist their customers in reading their meters, and the retailer in maximising the receipt of self-reads that are accurate and timely. For reference, the websites of electricity retailers in the New Zealand market provide supporting information on how to read the various metering types and how to submit the readings online (see Genesis Energy⁴ and Mercury⁵ as examples). Examples for the UK include instructional videos in some cases (see E.ON⁶, Ecotricity⁷, Spark⁸, nPower⁹ as examples).

The types of metering installations covered and information provided in the NEM should include both mechanical and electronic metering such as:

- Clock-dial meters

² http://www.aemo.com.au/-/media/Files/Electricity/NEM/Retail_and_Metering/Metering-Procedures/2018/MDFF-Specification-NEM12--NEM13-v106.pdf

³ http://aemo.com.au/-/media/Files/Electricity/NEM/Retail_and_Metering/Load_Tables/Metrology-Procedure-Part-B-v60.pdf

⁴ <https://www.genesisenergy.co.nz/services/metering>

⁵ <https://www.mercury.co.nz/Help/FAQ/Meters-FAQs>

⁶ <https://www.eonenergy.com/for-your-home/your-account/meter-readings-non-css/How-to-read-your-meter>

⁷ <https://www.ecotricity.co.uk/customer-service/give-us-a-meter-reading/how-to-read-your-meter>

⁸ <https://sparkenergy.co.uk/meter-readings>

⁹ <https://www.npower.com/home/help-and-support/meter-readings/reading-your-meter/gas/>



- Dial-based meters, and
- Electronic and advanced meters

In the interests of consistency, it may be beneficial for a framework to be established around how customer self-reads are used. AEMO recommends that the AEMC considers whether the lack of use of customer self-reads is due to impediments or barriers which are preventing retailers from doing so, rather than a determination not to do so by retailers. AEMO understands that the provision of customer own readings in the UK and NZ markets is retailer driven rather than through a regulated process.

A peculiarity in the NEM compared to other markets is the provision of manually read interval metering, known in the industry as either type 5 or type 4A metering installations. Whilst the metering data collected from these metering installations is typically based on 30-minute intervals, it is highly likely that small customers who have this type of metering installation will still be billed based on an accumulation reading(s). These readings are displayed on the metering device(s) and there is no impediment to the inclusion of customers with these metering installation types from this rule change proposal.

Importantly, the acceptance of a customer own read should not lead to an adjustment to a substituted reading provided to the retailer, AEMO and other market participants, by an MDP. The MDP's substituted metering data, which for type 4A or 5 metering installations as an example would be in 30-minute intervals, would still be used for market settlement regardless of the billing arrangements between a retailer and their customer.

AEMO considers it of critical importance for the process of retail billing and estimation be treated separately from MDP processes for substitution of metering data for market settlement. Settlement calculation is currently based on thirty-minute intervals of energy, and as a result of recent rule changes will soon be based on five-minute intervals. If used by a retailer, a customer self-read will be for a period of retailer billing which is less than the six-monthly settlement revision cycle and will be based on an accumulation, rather than interval meter reading. If customer self-reads were required to be used by MDPs to adjust data provided for settlement, amongst other changes, market procedures and MDP process and systems would need to accommodate a method for back-calculating substituted interval metering data based on a customer self-read. AEMO considers that such a change would be onerous on the affected parties and of little intrinsic value, particularly as the metering data is likely to be overwritten by actual interval data prior to the final settlement revision.

STRENGTHENING THE REQUIREMENTS TO CARRY OUT ACTUAL METER READS

1. To what extent do these options address the issues with estimated meter reads? What are the benefits?
2. How would the options be implemented by industry and what are the costs involved?
3. What would be the most effective way to strengthen the requirements to carry out actual meter reads (if any)?

AEMO does not consider it necessary to strengthen current procedures related to the substitution of metering data. AEMO procedures¹⁰ are currently very clear on why, when and how substitutions can be performed and how they are identified to market participants. The management of estimated meter readings and customer self-reads is an issue which should not be conflated with market requirements for substitution of metering data.

¹⁰ https://www.aemo.com.au/-/media/Files/Electricity/NEM/Retail_and_Metering/Load_Tables/Metrology-Procedure-Part-B-v60.pdf



MORE ACCURATE CALCULATION OF ESTIMATED USAGE

1. To what extent does Dr Dodt's proposal address the issues with estimated meter reads? What are the costs and benefits of the proposal?
2. What other solutions would improve the accuracy of estimates where a premises has significantly changed its usage? Would the Minister's proposals in section 5.2.3 (customer self-reads) or 5.2.4 (adjustments to estimated bills) effectively address situations where energy usage has changed significantly?

In light of the changes to the NER which became effective on 1 December 2017 regarding competition in metering, NER section 7.8.3 requires that all new metering installations are provided with remotely read advanced metering¹¹. As a result, AEMO does not consider that the issues highlighted by Dr Dodt will be sustained in the market.

Where there is a material change in the consumption at a connection point, AEMO considers that access to a customer self-read would be one pathway by which a resulting discrepancy in retail billing could be resolved.

¹¹ Whilst there are exceptions considered in NER section 7.8.4, type 4A metering installations are small in number and solar installations would comprise a sub-set of overall 4A installations. As a result, AEMO does not consider that 4A metering installations are sufficient to warrant the establishment of new market processes for solar generation substitution.