QCOSS Queensland Council of Social Service

19 May 2016

Mr Ben Shafran
Director
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Dear Mr Shafran,

Re: Submission to draft rule on meter reading and bill frequency

The Queensland Council of Social Service (QCOSS) is pleased to make a short submission in response to the Australian Energy Market Commission's (AEMC) draft rule determination with respect to the *National Electricity Amendment (Meter Read and Billing Frequency) Rule 2016.* Specifically, the draft rule is in response to a rule change request by Ergon Energy to amend the National Energy Retail Rules (NERR) to enable retailers to delay issuing a bill to a small standing offer customer until there is an actual meter read from the metering data provider.

QCOSS is well placed to comment on this proposed rule change and to provide the consumers' perspective, especially on behalf of low income and vulnerable customers in regional Queensland. Our work is informed by ongoing feedback from community-based organisations across the state, including those who participated in our online survey and energy workshops this year. QCOSS has directly engaged over 300 community workers in regional Queensland through our energy workshops, webinars and online survey since February 2015.

While QCOSS acknowledges that customers prefer actual bills to estimated bills, we also note that billing frequency is a key issue contributing to financial hardship. As identified by retailers, consumers and other stakeholders at the National Energy Affordability Roundtable in April 2013 there is *"support (for) more regular billing and flexible payment options for customers experiencing financial hardship to prevent 'bill shock'. The Roundtable noted that more regular billing, such as monthly billing, can assist consumers better understand their consumption and help manage their bills."*[1]

Extending the billing period by any length is likely to be problematic for many households, especially over the summer period in regional areas where usage can be very high. This places vulnerable and low income households at greater risk of bill shock, potentially increasing the risk of growing debt and ultimately disconnection for non-payment. These are legitimate concerns, particularly given disconnections for non-payment of electricity bills in Queensland reached a record high of 29,642 households in the 2014-15 financial year, noting that around 13,000 (or 44 per cent) of these disconnected households are Ergon Energy's customers.

[1] National Energy Affordability Roundtable Report to the Standing Council on Energy and Resources, May 2013, p9.

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The AEMC's assessment concludes that customers are better off if they receive less estimated bills, and while we do not disagree, this has to be tempered by also taking into account the potential for negative impacts for customers for whom more frequent billing, even if it is estimated, is likely to benefit. QCOSS believes a rule change should not be made until consumers have been engaged and consulted in a more comprehensive investigation to identify alternative solutions that take into account the needs and preferences of Ergon Energy's customers.

Additionally, QCOSS is concerned that the 100 day timeframe proposed in the draft rule will become the new default billing period over time for a growing proportion of customers. While the AEMC states, "*it is highly unlikely that, if a retailer received metering data for a small customer before day 100, it would wait until day 100 to issue a bill to that customer*", the Draft Rule does not address how the Meter Data Provider, who only has the discipline of "*reasonable endeavours*", will behave following the rule change.

QCOSS's preferred position would be to retain the status quo and continue to provide bills (actual or estimated) every 92 days. Alternative arrangements could be made by obtaining explicit informed consent from customers who would like to extend their billing period length to 100 days in order to receive an actual bill. However, should the AEMC maintain its draft rule change as proposed, QCOSS recommends that at a minimum retailers must be required to report to the Australian Energy Regulator (AER) on the proportion of bills sent within 92 days compared to those sent within 100 days. We consider that the AER should benchmark and publicly monitor this activity to ensure the 100 day timeframe does not become the new 'default' for a growing number of customers.

Finally, we note that this rule change is likely to have most impact in regional Queensland where the vast majority of residential customers are on standing offers and there is effectively no retail competition. Without retail competition, it is unknown how quickly uptake of advanced meters will occur and whether regional Queensland customers will have access to the benefits of remote meter reading and real-time monthly billing in the near future. We consider it would be a poor outcome should this rule change widen gap between the outcomes for regional Queensland customers and customers in South East Queensland and other competitive markets across the National Electricity Market.

We appreciate the opportunity to provide our perspective on this proposed rule change by Ergon Energy. Please contact Carly Hyde, Manager of Essential Services team at QCOSS on 07 3004 6909 if you would like to discuss this submission in any more detail.

Yours sincerely,

Mark Henley
Chief Executive Officer