

22 May 2015

Australian Energy Market Commission

Level6 201 Elizabeth St

Sydney NSW 2000

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RE: Expanding competition in metering and related services (ERCO169)

Introduction

Thank you for the opportunity to comment on the AEMC's draft determination and associated rule changes related to the provision of metering and related services in the National Electricity Market.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers. Under the *Electricity Supply Act 1995 s95B and s96D* and the *Electricity Supply Regulation 2014 s11* EWON also has jurisdiction over exempt energy sellers in NSW.

The draft determination and associated rule changes go a long way towards implementing the changes proposed in the AEMC's *Power of Choice* Review. EWON notes the primary objective of these reforms is to provide consumers with the tools and information to make informed choices about how they use electricity. Key to achieving this reform is the installation of advanced meters to allow innovation in energy prices and services.

The draft determination allows for a market-led and consumer driven approach to the rollout of the new metering technology. This is in contrast to the Government mandated rollout undertaken in Victoria. By developing a framework to allow competition in metering service provision the draft determination provides a framework that should ensure the benefits of new technology in metering flows through with consumer involvement.

The approach of a retailer appointing the Metering Coordinator for small customers is one which EWON endorses. The alternative of customers being able to appoint their own metering coordinator would have added a level of complexity for little consumer benefit. The process of the consumer relating to the metering coordinator through their retailer should minimise customer confusion over these changes

EWON also supports the specification of minimum services for new meters to allow for flexibility and innovation in the provision of new energy services.

EWON provides the following specific comments on three key issues: the opt-out provisions, remote disconnection / reconnection processes, and access to meter data.

Key issues for consideration

Opt-out provisions for meter deployment

The approach of allowing customers to opt-out of a retailer deployment of advanced meters has been chosen over an opt-in approach. In EWON's previous submission to the consultation we argued

An opt-out model, where the default is a smart meter but the customer can choose not to have one may be a more effective way to achieve higher penetration. We consider that this model would require additional consumer safeguards to ensure the customer was clearly advised of their right to opt-out, and was provided with sufficient information on which to base this decision.¹

When examining the proposed rule change to the National Energy Retail Rules (NERR) the proposed clause 59A details the notice to be given and the information to be provided in an opt out regime. The provisions provide the necessary time frame and information to enable a customer to opt-out of a retailer led deployment of an advanced meter.

The provisions outlined are comprehensive however EWON would like to propose an addition. As well as two written notices to the customer EWON suggests that a retailer should be required to use its best endeavours to contact the customer, just as they are required to use best endeavours at personal contact before disconnecting a customer's supply - NERR 111 (1) (e). These attempts at personal contact would ensure that customers who have not opened or read the two written notices would still have the opportunity to opt-out of the meter deployment.

Remote disconnection / reconnection of electricity supply

EWON notes the potential safety risks associated with remote disconnection and reconnection identified in the draft determination. EWON welcomes the draft rules for the registration of life

¹ EWON submission to AEMC 2014, *Expanding competition in metering and related services in the National Electricity Market, Consultation Paper* May 2014, Page 2

support customers and the improved arrangements for those customers as a result of the rule changes. EWON also notes that jurisdictional safety regulations (*Electricity Supply (Safety and Network Management) Regulation 2014*) may need to be reviewed/improved to take into account of remote reconnection.

For further protection around remote re-energisation EWON also suggests that an additional clause be added to Division 4 of the NERR (Re-energisation of premises) which would require that when there is to be a remote re-energisation of a premises that the relevant party be required to use their best endeavours to ensure that there is personal contact with the customer prior to re-energisation.

Access to data for dispute resolution by energy ombudsmen

Access to relevant meter data is essential for EWON in investigating a range of customer disputes especially complaints about high bills and back-billing issues. EWON welcomes Clause 7.15.5 of the draft rule that allows AEMO to provide the energy ombudsman with *metering data* from a metering installation, the metering database or the metering register. This clause appears to address the jurisdictional concerns EWON raised in the context of the new participant, the metering coordinator, and access to key data². For most investigations we would expect that the relevant retailer would provide EWON with the metering data and that the metering coordinator would also provide data to the retailer to pass on to EWON to assist with an investigation.

General issues for consideration

One of EWON's concerns raised during the Power of Choice review and through this current AEMC process is the issue of forcing customers on a flat tariff onto a time of use tariff whether or not such a change was beneficial for them. The draft determination states:

Depending on what price structures are offered by retailers, a consumer with an advanced meter could choose to remain on a flat-rate retail price³

By failing to make the provision of a flat tariff option mandatory the draft rule changes leave customers unprotected around this issue. EWON's preference is for retailers to be required to

² EWON submission to AEMC 2014, *Expanding competition in metering and related services in the National Electricity Market, Consultation Paper* May 2014, Page 2

³ AEMC 2015, *Expanding competition in metering and related services, Draft Rule Determination*, 26 March 2015, Sydney, Page viii

offer a flat tariff option to customers, as well as a time of use tariff. EWON notes that Clause 22(1a) of the National Electricity Retail Law allows for jurisdictions to require retailers to offer a specific tariff structure. This however will require separate regulatory action in each jurisdiction. EWON would have preferred not to have such a requirement as a jurisdictional option.

There are many customers who could benefit from the advantages of an advanced meter (such as monthly billing to assist better manage budgets and avoid quarterly bill shock) and who would also benefit from remaining on a flat tariff, because of their consumption patterns. To allow this option to be at the discretion of a retailer or the willingness of a jurisdiction to regulate is a weakness in the current proposal.

A retailer led roll out of advanced metering and competition in the provision of metering services should result in significant benefits to both industry and consumers such as reduced costs associated with meter reading and disconnection. It does however mean that the benefits will take time to accumulate in comparison to a mandated roll out as it is likely that the provision of advanced metering services will at least initially be targeted at high value customers and specific geographic areas. It is possible that disadvantaged and vulnerable customers with energy affordability issues who might benefit from the new technology may end up at the tail end of the roll out process. EWON sees value in considering an option for consumers in financial difficulty or part of a hardship program to be upgraded to an advanced meter if there are benefits to be gained.

If you would like to discuss this matter further, please contact me or Emma Keene, General Manager Policy and Community Engagement, on 8218 5250.

Yours sincerely



Janine Young

Ombudsman

Energy & Water Ombudsman NSW