Endeavour Energy

25 January 2016

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Mr Pierce,

RE: AEMC Consultation Paper – *National Electricity Amendment (Meter Read and Billing Frequency) Rule 2016* (Reference RRC0006)

Endeavour Energy welcomes the opportunity to provide feedback on the AEMC's Consultation Paper regarding the *National Electricity Amendment (Meter Read and Billing Frequency)* proposed rule.

The AEMC's consultation paper followed the submission of a rule change request by Ergon Energy Retail (Ergon) designed to improve the accuracy of electricity bills by reducing the extent to which estimations are relied upon. Ergon considers the obligations on retailers under the NERR and Metering Data Providers (MDP) under AEMO's procedures are misaligned and that bills based on actual consumption will enhance consumer experience and allow for more informed usage decisions.

The AEMC identifies three potential solutions to the issue identified, the first of which was proposed by Ergon, as follows:

1. Amend the rules to allow retailers to delay issuing a bill to a small customer supplied under a standing offer until it receives meter data from the MDP;
2. Recommend to AEMO that it amend its Service Level Procedure to require MDPs to read meters more frequently; or
3. Maintain the current arrangements in which some small customers may receive estimated bills.

Endeavour Energy appreciates the issues raised by Ergon and considers it desirable that regulatory requirements are aligned where feasible. It may therefore be appropriate to amend the requirement for retailers to use "reasonable endeavours" to issue a bill once every three months rather than "must". This would avoid the scenario where retailers are required to issue an estimated bill and then re-issue this bill when the actual read is received shortly thereafter. To protect against any significant delays under this approach "reasonable endeavours" could be further clarified or a potential maximum timeframe could be specified. For instance, a maximum time limit of 105 days for retailers to issue a bill would cater for reasonable delays an MDP may experience and significantly reduce the need for the retailer to issue an estimated bill. This solution would resemble the first option listed above.

The third option listed above would also be acceptable to Endeavour Energy, particularly as no changes to existing arrangements would be required. Whilst we appreciate the issue identified we do not consider it to be material in the broader context of the NEM. As noted by the AEMC, the metering competition rule change will lead to the deployment of more advanced meters which can be read more frequently via a telecommunications network. We consider this will further reduce the already small percentage of bill estimation that occurs.

In regards to this option the consultation paper raises the question of whether the MDP should be required to provide an estimate upon request from a retailer where an actual read is not available. We consider the existing processes and arrangements are suitable and retailers have sufficient information available and expertise in forecasting and modelling to generate reasonable estimates. Imposing a new obligation on MDPs would require system changes and new processes which would increase costs for both MDPs and retailers. This change may also further complicate the dispute process if a customer disputes an MDPs substitution. It is therefore unlikely that customers would be better off than existing arrangements as these additional costs would outweigh any benefits passed through.

Endeavour Energy would not be supportive of the second option or any other option which mandates more frequent meter reads by MDPs. Whilst actual data is ideal, there is no evidence to suggest that estimated meter reads are materially inaccurate or impede efficient investment and consumption decisions. Increasing the frequency of meter reads would result in more site visits to read our existing type 5 and 6 populations which would increase costs. We do not consider such a solution would be proportional to the issue identified as it only relates to customers supplied under a standing offer and the costs are likely to outweigh the benefits.

We consider that where a customer strongly values accurate or more frequent meter reads they can elect to upgrade their metering technology or request special meter reads which are an AER approved Ancillary Network Service. In situations where it is impractical to obtain an actual read (due to remoteness, access limitations, unavailability of telecommunications etc.) we consider it is important to allow the continued use of estimated reads.

In summary a solution which imposes costs on the wider customer base would not be preferable to existing arrangements. We consider that the existing arrangements satisfy the NEO and amendments would not be materially preferable. Should the AEMC form an alternate view, we consider the first option, or some variant of that option, would be the most appropriate and proportional solution.

If you have any queries or wish to discuss this matter further please contact Jon Hocking, Manager of Network Regulation at Endeavour Energy on (02) 9583 4386 or alternatively via email at jon.hocking@endeavourenergy.com.au.

Yours sincerely,

Rod Howard
Acting Chief Executive Officer
Endeavour Energy