



Ethnic Communities' Council of NSW Inc.

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Responses to the AEMC Consultation Paper, National Energy Retail Amendment (Meter Read and Billing Frequency) Rule 2016

The Ethnic Communities Council of NSW (ECC NSW) welcomes the opportunity to provide input into the AEMC Consultation Paper on the Rule Change proposal by Ergon Energy Queensland concerning meter reading and billing frequency.

Since its formation 40 years ago the ECC NSW has been the peak body for culturally and linguistically diverse (CALD) community members and representative organisations in NSW. The Ethnic Communities' Council of NSW main activities are advocacy, education and community development. It is a member of the Federation of Ethnic Communities Councils of Australia (FECCA) and the Energy Advocacy role represents FECCA in the NEM.

The ECC NSW thanks the Australian Energy Market Commission (AEMC) for the opportunity to contribute to the discussion on its rule change proposal. The consultation paper put several questions in the consultation paper which the ECC NSW wish to address, namely:

Question 1: Nature of the issue identified

- (a) *What proportion of consumers are likely to be affected by the issue identified by Ergon?*

While they make up approximately one quarter of the Australian population there would not appear to be any reliable statistics for CALD energy consumers on standing market offers, either by Government agencies, community organisations or energy businesses. Research undertaken by ECC NSW indicates that CALD energy literacy, bill reading capacity and substantial engagement in the competitive retail energy market are all below wider community levels. Statistics on consumers who are 'language other than English' (LOTE) speakers are not generally collected by organisations such as energy and water ombudsmen or by government agencies and energy businesses.

(b) *Is the availability of meter reads an issue for retailers other than Ergon?*

It would be reasonable to expect that it was, especially for those retailers with high levels of regional, rural and remote communities.

(c) *To what extent will other developments, including the roll out of more advanced meters, address the issue identified by Ergon?*

The provision of remote meter reading and subsequent billing along with half-hour reads using advanced metering should alleviate some of the issues. While this process has been initiated in NSW and other States, it is unlikely it will happen quickly, given the 'opt-in' nature of the roll out of smart metering in States other than Victoria. Rural, regional and remote communities without appropriate communications infrastructure and access will present specific challenges.

Question 2: Potential solutions to the issue identified

1. *How should the AEMC consult with consumers and consumer groups on their preferences with respect to the trade-offs between the frequency of bills, the accuracy of bills and the costs of billing?*

There are major issues with respect to CALD consumer consultation if current consultation processes are used.¹ ECC NSW research² indicates that CALD consumers have low utilisation levels of the internet for a variety of reasons and have considerable difficulty responding to phone-based surveys in a second language. While no relevant statistics have been collected by AEMC in its Competition Review to date,³ ECC NSW research and anecdotal evidence points to a lack of engagement in the competitive energy market by CALD consumers in general.

With respect to CALD consumer groups, our energy advocate is the representative for CALD communities across Australia. As a State-wide peak body and National body both ECC NSW and FECCA have access to a wide cross-section of multicultural community membership across Australia.

Question 3: Ergon's proposed solution

1. *Do bills based on actual consumption enhance consumer experience and allow consumers to make more informed usage decisions compared to estimated bills?*

The value of actual, rather than estimated, energy bills and the advantages of more frequent billing cycles to tie recent usage to bill size, are well recognised by consumer advocates and representatives, especially for vulnerable consumers. Ombudsman organisations across all jurisdictions regularly have to intervene and assist consumers who have large catch-up bills after a bill estimation process.

¹ Landline-based and on-line surveys, although increasingly web-based surveying methods

² ECC NSW, *Experiences of energy consumption for CALD communities*, 2012 and current (unpublished as yet) follow-up research in CALD community engagement in the energy market

³ Provision has been made for questions about first language spoken at home, and targeted focus group participation by CALD consumers as part of the 2016 AEMC Competition Review

2. *Would delays to the frequency of retail bills cause significant issues for small customers? If so, would a maximum timeframe limit on billing frequency, eg four months, sufficiently manage those issues?*

For the long term interest of consumers, there would appear to be no reason to extend the billing cycle time period (but rather the opposite). Given that there is an expectation under AEMO Service Level Procedures⁴ that ‘reasonable endeavours’ are used by Metering Data Providers to provide a meter reading every 3 months, these procedures should be amended to specify that readings are made *at least* every three months. Given that there is an expectation that ‘reasonable endeavours’ include actually undertaking the reading each 3 month period, the resulting outcome should be little or no increase in costs of meter reads. In order to address those (hopefully infrequent) cases where meters cannot be read at all, or within the 3 month timeframe, a set of special provisions would need to be identified and detailed in the AEMO Provisions.

Extending the allowable period to 4 months will have the potential for this to become the new ‘default’ timeframe, and the billing process could be unofficially extended to 4 months from the current 3 month cycle.

3. *Should the frequency of retail bills be considered a consumer protection?*

ECC NSW research⁵ has indicated that CALD consumers exercise an ongoing loyalty to their energy network providers, and do not engage fully in the competitive energy market. For those CALD consumers who are accessing a standing retail offer this will mean that they will not choose to change retailers or the type of energy contract. A distinct lack of energy literacy amongst newly arrived and refugee communities, coupled with a lack of understanding or engagement with the energy industry exacerbates difficulties these communities experience with energy consumer protections.

While there does not appear to be firm statistical support, anecdotal evidence points to a greater proportion of vulnerable consumers utilising standing market offers than other sections of the community. Greater frequency of the bill cycle has been identified as a positive factor in supporting vulnerable consumers.⁶

There is provision under Rule 24(2) of the National Energy Retail Rules (NERR)⁷ for a variation in the bill frequency timeframe given ‘explicit informed consent’ by the consumer. ‘Explicit informed consent’ is a difficult concept when the challenges of English as a second (or third or fourth) language are included; adequate protections need to be in place for CALD consumers if billing frequency is to be adjusted through negotiation with consumers.

⁴ AEMO Service Level Procedure: Metering Data Provider Services, Clause 6.4.1(c)

⁵ ECC NSW, *Experiences of energy consumption for CALD communities*, 2012 op cit

⁶ For example, SACOSS, *Affordability Conference* April 2015; Energy Networks Australia and Networks NSW, *Supporting Vulnerable Energy Customers Seminar*, September 2015; SACOSS *Better Practice Guideline for Energy Retailers*, March 2015; Essential Services Commission of Victoria, *Supporting Customers, Avoiding Labels*, September 2015 among many others

⁷ National Energy Retail Rules, Rule 24(2)

Question 4: Frequency of meter reading

1. *Would more frequent meter reading by the Metering Data Provider provide an efficient solution to the issue identified by Ergon in its rule change request?*

There is already a requirement under the NERR that a bill is issued to a small customer on a market standing offer every 3 months⁸ – what remains is to have the 3 months period explicitly detailed in AEMO procedures for Metering Data Providers legislation so that retailers can rely on timely data provision to issue actual bills. More frequent reading of bills, especially for those difficult to access customers in regional/rural/remote areas will certainly boost costs and this would not be efficient or in the long term interests of consumers, as these costs will be passed on and spread across all consumers in the network.

2. *Would more frequent meter reading impose additional costs on the Metering Data Provider? If so, how much are costs likely to increase?*

If billing frequency is kept at 3 monthly periods, there would be no need to increase billing frequency. All that would be required would be to ensure that it happens within each quarter, so that there would be little or no increase in Metering Data Provider costs.

3. *Where there is a choice between bills based on actual consumption issued at less frequency or issued at the same frequency but at greater cost, what better serves the consumer's long term interest and is compatible with consumer protections?*

It is not at all clear why there should be ongoing issues with Metering Data Providers sending correct data to retailers, given what is currently required of them under AEMO provisions. If there are anomalies or unclear expectations within AEMO's Service Level Procedure, then these need to be amended/reviewed and altered. Costs for meter reads are already allocated under the revenue cap and should be borne by the Metering Data Provider; additional costs should not be passed on to consumers.

Question 5: Billing on the basis of estimates

1. *Where there is a choice between estimated bills issued on a regular recurrent basis or less frequent bills based on actual consumption, what better serves the consumers long term interest and is compatible with consumer protections?*

Actual and frequent meter reads for vulnerable and hardship customers are a preferred position, but any increase in costs would not be in the long term interest of consumers, particularly vulnerable consumers. Given what is currently expected of retailers and Metering Data Providers, quarterly bills are the default position for which there is funding under the revenue cap. This is in the long term interest of consumers and protects their interests.

2. *Are there any barriers to retailers accepting a customer's reading of its meter as a basis for an estimate?*

⁸ ibid Rule 24(1)

In general, there would seem to be little difficulty in accepting a customer's reading of their meter as a basis for a (more) accurate estimation of a bill. While they are not insurmountable, there are some issues with respect to CALD consumers, especially to do with language difficulties, bill read and energy literacy and with any requirement to use the internet to report a meter read. Other issues may exist with respect to non-engaged customers (especially vulnerable or hardship consumers), or those in regional/rural/remote areas.

3. *How much are Metering Data Provider costs likely to increase if Metering Data Providers were required to generate estimates of small customers' consumption? Would the increase in the Metering Data Providers' costs be offset by a reduction in retailers' costs?*

It is not obvious why estimates should have to be made regularly under current provisions. In the event that an estimate is required from Metering Data Providers, they should be in the best position to give an accurate estimation quickly and so their costs should be lower than retailers' costs for the same service. Hence retailer costs should be offset and lower.

Question 6: Gas

1. *Do the issues identified by Ergon in its rule change request apply to standing offers for the supply of gas?*

Quite a few of the issues related to meter reading, billing frequency and consumer protections apply to the gas network as well. Advanced metering is not yet applicable to gas meters as far as we are aware, and some of the particular issues relating to remote, regional and rural electricity networks will not apply to gas services as these communities will not be served by reticulated gas supply.

2. *Should the same solution developed for standing offers for the supply of electricity be applied to standing offers for the supply of gas?*

Certainly, the process of working out a solution to this rule change could inform how mechanisms for standing offers for gas supply could be established.

If you require additional information please contact Iain Maitland, Energy Advocate on 02 9319 0288 or email energy2@eccnsw.org.au.

Sincerely yours,



Mary Karras
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