27 April 2016

Mr John Pierce
Chair
Australian Energy Market Commission,
SYDNEY NSW 2000

By email: john.pierce@aemc.gov.au

AEMC Draft Determination: Meter Read and Billing Frequency

Dear Mr Pierce

The Energy Networks Association welcomes the opportunity to make a brief submission on the Australian Energy Market Commission (AEMC) draft determination on meter read and billing frequency. ENA has appreciated the commitment by the AEMC to open and extensive consultation on proposals to reform the national rules relating to electricity.

The rule change proposal put forward by Ergon Energy Retail sought to improve services to customers by increasing the ability of retailers to provide billing based on actual electricity usage, rather than based upon estimated usage that may require later correction. The proposal entailed enabling retailers to delay slightly the strict billing cycles imposed by the Australian Energy Regulator (AER) for customers on standard retail contracts. Ergon Energy Retail indicated that a slight delay to billing frequency would increase the number of its small customers that receive bills based on actual metering data rather than on estimated data from approximately 80 per cent to 99 per cent[1].

In its assessment, the AEMC noted that the benefits to customers of delaying billing to increase availability of actual read data need to be balanced against the need for reasonable billing cycles, so that bills are predictable and less likely to accumulate large, unexpected increases due to delays in meter reads and bill issuing. ENA fully endorses this assessment.

As noted by the AEMC, retailers, customer representatives and Energy Ombudsmen have identified estimated energy use as a significant cause of complaints by customers[2].

In submissions to the AEMC consultation on this topic in January 2015 ENA and members proposed resolving the issue of balancing these customer requirements by defining the period for which retailers need to issue bills to their customers as not exceeding 100 days and this advice is referenced by AEMC in the draft determination[3]. This definition provides a marginal increase over the 92 days that the AER applied to check compliance against retailers billing customers 'at least every three months' whilst maintaining reasonable frequency and predictability of billing.

ENA is pleased to note that the AEMC has acknowledged our advice and adopted this sensible approach. As noted by the AEMC in its draft determination,

[1] AEMC, Draft rule determination: National Electricity Amendment (Meter Read and Billing Frequency) Rule 2016, 31 March 2016, p. i
[2] ibid, pp. 15-17
[3] ibid, p. 25

""This draft rule determination sets out a draft change to the National Energy Retail Rules that aims to provide retailers with more opportunity to issue small customers on a standard retail contract with bills based on their actual consumption. It does so through requiring retailers to issue a bill to small customers on a standard retail offer at least once every 100 days, replacing an existing requirement that a bill is issued at least once every three months. …

The draft rule recognises the importance of both accurate and frequent energy bills. It broadly maintains the frequency of billing provided for by the existing three month obligation under the National Energy Retail Rules. At the same time, it provides retailers with an increased window to receive an actual meter read from a Metering Data Provider (for gas, distribution businesses provide meter reads), which is likely to enable retailers to issue more accurate bills. For example, all else being equal, data provided by the rule change proponent indicates that this would increase the number of its small customers that receive bills based on actual metering data rather than on estimated data from approximately 80 per cent to 99 per cent.""[4]s

Application to gas customers

The AEMC seeks to extend the application of these requirements to both electricity and gas customers. Regarding gas customers, the AEMC notes that meter read obligations differ substantially between jurisdictions as noted below:

in New South Wales, meters must be read either daily, monthly (31 days plus or minus two business days), bi-monthly (61 days plus or minus one business day) or quarterly (91 days plus or minus 2 business days);

in Victoria, meters must be read at either a one month or two month interval;

in South Australia, meters must be read annually; and

in Queensland, meters must be read at either a one month or three month interval[5]*.*

The Commission notes that, as the rule change relates only to the definition of 'at least three months' to be 'at least one hundred days', it will have little impact for gas customers other than providing retailers with an increased window in which to receive metering data and generate a bill based on actual consumption in relation to gas customers who have their meters read quarterly.

ENA endorses the draft determination by the AEMC on meter read frequency and billing. We consider the proposed rule change to be a simple and sensible solution that balances the interests of customers relating to billing frequency and accuracy by improving the opportunities for retailers to provide bills based on actual energy usage.

Yours sincerely

John Bradley
Chief Executive Officer

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[4] ibid, p. i
[5] ibid, pp. 27-28