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National Smart Meter Consumer Protection and Safety Review

Thank you for the opportunity to comment on the Consultation Paper: *National Energy Retail Rules Amendment Rule 2013*.

The Energy & Water Ombudsman NSW investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers.

In NSW, interval meters are now widespread in Ausgrid's distribution area, and are also typically installed throughout NSW whenever solar arrays are connected to the grid. While these meters do not fully meet the definition of 'smart meters' they share many of the same characteristics, especially the use of time of use tariffs and the provision of half hourly data. EWON has had several years' experience in dealing with customer complaints relating to interval meters, and we have used this experience to inform our comments.

We have provided our comments on the main topics raised in the Consultation Paper on the following pages.

If you would like to discuss this matter further, please contact me or Emma Keene, Manager Policy, on 8218 5225.

Yours sincerely

A handwritten signature in black ink that reads "Clare Petre".

Clare Petre
Energy & Water Ombudsman NSW



Response to Consultation Paper National Energy Retail Rules Amendment Rule 2013

Supply Capacity Control (SCC)

SCC offered by distributors as part of a connection contract

The situation when a new occupant moves into a property where the previous occupant had a SCC agreement with a distributor has the potential to give rise to complaints from the new occupant who finds their supply constrained without their consent.

It is not clear from the current legislation what the obligations of the customer, the retailer and the distributor are to communicate when a change of occupant takes place, and we suggest that this needs clarifying. If the original occupant does not advise the distributor when they move out, the distributor may not know that the SCC agreement is at an end. The new occupant may be considerably inconvenienced by this.

Restrictions on SCC for hardship customers

We note that draft clause 72B protects customers from retailers making SCC a condition of entering into payment plan, though this does not prevent those customers who voluntarily request it in an effort to manage their usage. Similarly we note that draft clause 46B prevents retailers from using SCC for credit management purposes, but does not necessarily prevent a customer from voluntarily requesting this.

When assessing compliance with these rules in the course of a future complaint to EWON, it may be potentially difficult to determine whether the customer requested SCC independently, particularly if this decision took place after previous discussions with the retailer.



Direct Load Control (DLC)

64 (1A)

If:

- (a) *a market retail contract provides for the retailer to temporarily switch off, or otherwise alter the operation of, an appliance within a customer's premises on the occurrence of an event or circumstance; and*
- (b) *the premises is registered, or is eligible for registration, under Part 7 as having life support equipment; or*
- (c) *a medical practitioner has certified that the customer or person residing at the customer's premises is reliant on air-conditioning to manage his or her body temperature in order to avoid aggravating a chronic medical condition,*

the required information also includes information relating to the possible impact of providing the service to the customer, including the potential risks that arise from adopting the service.

Draft clause 64 (1A) seeks to provide protection to customers on life support or with a chronic medical condition that is reliant on air-conditioning to regulate their body temperature.

These precautions are appropriate, but would appear to only apply to the particular life support equipment, or to the air-conditioner respectively. They would appear unnecessary if the appliance the customer is seeking to limit is a high energy using one such as a pool pump.



Customer Billing – index reads

EWON supports the proposed amendment inserting sub-rule 25 (1) (j):

(1) A retailer must prepare a bill so that a small customer can easily verify that the bill conforms to their customer retail contract and must include the following particulars in a bill for a small customer:

- (j) in the case of:*
 - (i) meters (other than interval meters) —the values of meter readings (or, if applicable, estimations) at the start and end of the billing period;*
 - (ii) interval meters—the index read values at the start and end of the billing period;*

The absence of a start and end read on electricity bills for customers with interval meters in NSW has given rise to numerous complaints from customers who find they have no quick and objective way to reconcile the read on their bill with the read they can see on their meter.

We appreciate that smart meters have the potential to provide customers with additional energy consumption data via web portals, however the start and end read on the bill supplies customers with a quick method of satisfying themselves whether the read on the bill is likely to be correct.

Customers with accumulation meters have no problem accepting that due to the time lag, the read on the bill which may have been taken several days previously will not exactly match the read on their meter when they check it. It is still a very useful ‘ball park’ check, and can help reduce customer concerns about the accuracy of their bills. Similarly, the time lag would not be expected to be a problem for customers with interval meters.



Start and end index reads have been a requirement under the Victorian Retail Code since 1 July 2012, and we understand that all retailers are close to becoming compliant with this. As these retailers operate nationally, we would expect that applying the same information to NSW customers' bills may not be too onerous.

We note however that for retailers to satisfactorily comply with this requirement, they are dependent on the provision of this information to them by the distributor. It may be reasonable that an equivalent obligation is placed on distributors to supply index reads to all retailers.

Time-frame for application of sub-rule 25 (1) (j) (ii)

8 *Application of start and end meter reads on small customer bills*

(1) If a small customer has an interval meter, the requirements of subrule 25(1)(j)(ii) do not apply unless the required index read values are reasonably available.

(2) This rule ceases to have application on 12 months from the date of commencement of the National Energy Retail Rules Amendment Rule 2013.

We consider the proposed clause 8 (2) in Schedule 3, Part 4, which places an expiry date of 12 months on the transitional provision in Schedule 3, Part 4 Rule 8 is reasonable in the circumstances. This would require inclusion of this information on NSW electricity bills by 1 July 2014.

We acknowledge however that this may require qualification, depending on any technical constraints which may prevent the three NSW distributors providing the required data to the retailers by this deadline.



Customer Billing – local time

EWON supports the proposed amendment inserting sub-rule 25 (1A):

If a tariff on the bill applies during a particular time, the time must be expressed in the local time for the customer's premises.

If customers are billed on time based tariffs, it must be clear to them whether AEST or daylight saving is applied. Customers responding to the price signals by using some appliances during the cheaper off-peak period can be disadvantaged if the actual start and end times of these periods are different from local time.

The proposed rule does not necessarily require that any adjustment is made to either the time clocks or the data, but can be satisfied by clear information on the bill saying what time periods apply in both AEST and daylight saving time.

Customer Billing – estimations

EWON supports the definition of the estimation threshold as 1/45th of the total hours, noting that this equates to 2%, which was the previous margin for accuracy under the NSW *Electricity Supply (General) Regulation 2001*.

The customer is entitled to be notified when over 2 % of their bill is not based on actual data, bearing in mind that any estimates may be replaced with actual reads when they become available. However being informed when as little as one half hour in a 3 month billing period is estimated can lead to unnecessary concern for very little benefit.

EWON considers that the general provisions relating to estimations in Rule 21 provide sufficient consumer protection on this topic.

EWON supports the proposed sub-rule 46 (5) requiring market retail contracts to specify that this threshold will be applied when an interval meter has been used to prepare a bill, and the equivalent clause in the standard retail contract.



We note the advice provided by AEMO referred to in the *Official's Report November 2012*, which supported the conclusion that the incidence of lost intervals of data requiring estimation or substitution is very low. In the interest of continued monitoring of this, we support the proposed requirement in Rule 167 (j) requiring that the Retail Market Activities Report also includes the extent to which estimations based on substituted metering data are used to prepare bills for customers with an interval meter.

AER Monitoring

Proposed Rule 167 (1) (h)

(1) A retail market activities report in a retail market performance report must include information and statistics on the following activities of regulated entities:

- (h) in relation to electricity, the tariff structures chosen by the following:*
 - (i) hardship customers;*
 - (ii) energy concession customers;*

EWON seeks further clarification on what is meant by “tariff structure” in the proposed Rule 167 (1) (h). We would support this monitoring if it referred to broad tariff choices (eg flat rate or time of use), as this could provide useful data which could support policy development. If it refers to every possible tariff offering, it would appear to be too onerous for questionable gain.

There can be significant overlap between the categories of “hardship customer” and “concession customer” but we appreciate that these categories have the benefit of being objective measures. It may be necessary to clarify whether NSW customers receiving the Family Energy Rebate qualify as concession customers for this purpose. The main qualification for this rebate is that they receive the Family Tax Benefit A or B.



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Remote Energisation

The proposed sub-rule 46A requires market retail contracts to alert customers that their premises may be de-energised or re-energised remotely, with an equivalent provision for standard retail contracts.

In addition to this, EWON considers that this alert should also be included in the Disconnection Warning Notice.