



13 September 2019

Energy, Climate Change and Sustainability Directorate
Department of Planning, Industry and Environment and
NSW Fair Trading
Department of Customer Service

By email: energy@planning.nsw.gov.au

Dear Sir/Madam

Digital Metering: Improving Service Delivery in NSW

Thank you for the opportunity to comment on the *Digital Metering: Improving Service Delivery in NSW Public Consultation Paper August 2019*.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers. EWON also receives and responds to complaints from customers who live in embedded networks about exempt sellers.

These entities have been required to become members of EWON since March 2018. Our comments are informed by these complaints and also from our community outreach and stakeholder engagement activities.

There are a range of consumer benefits that flow from advanced digital meters. These include greater consumer control of consumption through access to data. It could in time facilitate access to a wider range of energy services such as battery and solar technology and demand control products. A specific key benefit is remote de-energisation and re-energisation. Enabling this service will significantly improve the experience of consumers who move home. Remote de-energisation and re-energisation will significantly reduce costs for retailers by reducing site visits by field technicians, and this should place downward pressure on bills.

The Consultation Paper looks at remote de-energisation and re-energisation as well as the issue of installation delays and in particular delays due to problems in isolating customers' electricity supply. EWON's submission addresses remote de-energisation/re-energisation and installation issues based upon our complaint data and our direct customer engagement.

De-energisation and vulnerable customers

In 2017-18 credit related electricity de-energisations reached 32,315, approximately 620 per week. Available figures for the first three quarters of 2018-19 show current de-energisations at 24,023¹.

For customers who are de-energised, disconnection and reconnection fees add considerably to unpaid arrears. For example, in the Ausgrid region such fees can range from \$170 to \$291². These

¹ [AER Retail energy market performance update Quarter 3, 2018-19](#)

² These numbers taken from Energy Made Easy offers on 02/09/19

unregulated fees should drop significantly with the introduction of remote de-energisation and re-energisation. This will be a significant benefit for vulnerable customers.

The benefit of personal contact

Many vulnerable customers are balancing different financial commitments and de-energisation can often be the first point of engagement with a retailer. In our complaint experience, many service orders for de-energisation raised by retailers do not occur because of the interaction between the field officer who arrives to perform a disconnection and the customer (see Case Studies 1 to 3). The introduction of remote de-energisation could see a significant rise in total numbers being disconnected as this personal contact is removed.³ As well as credit related de-energisation, engagement with the field officer can also assist in avoiding disconnections that occur through transfers in error, where a retailer has incorrectly taken a site, or cross metering (see Case Studies 4 and 5).

A changing regulatory landscape

There are three obligations placed on retailers, relevant to this review:

1. Clause 47 of the National Energy Retail Law states:
A retailer must give effect to the general principle that de-energisation (or disconnection) of premises of a hardship customer due to inability to pay energy bills should be a last resort option.
2. A key reform arising from the AER's recently developed Customer Hardship Policy Guideline is retailers' responsibility for identification of vulnerable customers and to subsequently place the customer in touch with the retailer's affordability (hardship) program.

The Guideline requires retailers to recommend a customer speak to a staff member to help a customer join the affordability program if the customer has:

- *a history of late payments*
- *broken payment plans*
- *requested payment extensions*
- *received a disconnection warning notice*
- *been disconnected for non-payment.*⁴

3. Rule 111 (1) (e) of the National Energy Retail Rules requires that before disconnection:
the retailer has, after giving the disconnection warning notice, used its best endeavours to contact the customer, in connection with the failure to pay, or to agree to the offer or to adhere to the payment plan or instalment arrangement [...] in one of the following ways:
(i) in person;
(ii) by telephone (in which case contact is, if the telephone is unanswered, taken to have occurred only if the customer acknowledges receipt of a message)
(iii) by facsimile or other electronic means (in which case contact is taken to have occurred only if the customer acknowledges receipt of the message)

These three obligations suggest that personal contact with customers facing a disconnection can, or needs to, play a much stronger role. The required personal contact under Rule 111 (1) (e) should be

³ While EWON does not have visibility of the number of non-completed de-energisation service orders, both retailers and distributors should have accurate statistics on this.

⁴ AER Customer Hardship Policy Guideline – version 1 – March 2019, p21

seen by retailers as an opportunity to meet their requirements under the Guideline, while at the same time addressing the needs for remote de-energisation safety.

If this is the approach taken by retailers, then customers will have a 'last chance' to avoid de-energisation that may actually be stronger than the current ad hoc approach that is provided by a field officer visit. This would require retailer staff undertaking this personal contact to be fully trained in dealing with vulnerable customers and with safety issues related to remote de-energisation. The staff would also need to have the authority to cancel or suspend disconnection service orders.

Wrongful disconnection payments

Not all de-energisations are compliant (see Case Studies 6 to 8) and EWON regularly reports breaches of the relevant rules to the AER. Retailers also self report and can then be fined by the AER. The Consultation paper raises the question of wrongful disconnection payments. EWON welcomes any effective measures that reduce the risk of customers being disconnected.

If purely measured by disconnection numbers, there is a question about the effectiveness of a wrongful disconnection payment. The introduction in December 2004 of the payment scheme in Victoria resulted in an initial drop in disconnection complaints to EWOV. Subsequent years saw a steady rise until the disconnection numbers in 2008/2009 were comparable to 2003/2004.⁵ The number of payments made to customers or referred to the Essential Services Commission rose steadily from 116 in 2006/2007 to a high of 933 in 2014/2015. Recent years have seen a decline to 541 in 2017-18.⁶ However, this may be reflective of the overall drop in complaints over that time from 50,437 to 34,524.⁷ The efficacy of wrongful disconnection payments in lowering wrongful disconnection rates is therefore hard to measure.

This is not to argue that consideration of a wrongful payment should not occur. Rather consideration should include analysis of its effectiveness. Further careful thought should be given to its administration, with special emphasis on responsibility for monitoring and enforcement. This is not the role of an energy ombudsman

Safety for remote re-energisation

The Australian Energy Council (AEC) has developed a voluntary Remote Services Code, which contains a requirement for customer contact where remote de-energisation is to occur. This is to ensure that the de-energisation can take place safely and that the retailer has taken reasonable measures to mitigate any hazards including ensuring that there is no planned electrical work underway.⁸

The high level principled approach taken by the AEC's Remote Services Code encompasses all of the necessary requirements to ensure safe re-energisation. These start with customer informed consent, then impose an obligation on the retailer to assess risks and to establish that a customer can take measures to mitigate such risks.

However, this Code is voluntary and not all retailers are members of the AEC. It is important all retailers meet the minimum standards to ensure safe de-energisation and re-energisation. EWON sees the Code as an excellent base that needs to become mandatory.

⁵ EWOV annual report 2006-07, p25 and EWOV annual report 2008-09, p19

⁶ EWOV annual report 2014-15, p29 and EWOV annual report 2017-18, p35

⁷ EWOV annual report 2017-18, p3

⁸ AEC Remote Services Code May 2018, p5

An expansion of the current Safety Management Plans is one mechanism to ensure that the principles of the Code are mandatory for all retailers. There are other mechanisms including inclusion of the necessary processes into the National Energy Retail Rules or NSW regulations. Whichever path is chosen, it will be monitoring and enforcement that provides the necessary assurances for comprehensive customer safety.

Isolating a customer's energy supply

The consultation paper identifies issues with meter providers isolating customers supply when installing digital meters. The NSW Independent Pricing and Regulatory Tribunal (IPART) final report on *Retailers' meter installation practices in NSW* identified a number of problems relating to this.

EWON contributed to IPART's considerations and indicated that any improvements to the installation processes should not come at the cost of safety. Where delay issues are caused by regulations that need updating, then all appropriate measures to reduce delay should be undertaken.

It is important to note that there are a range of other circumstance which cause installation delay. These include where a landlord refuses to pay for a necessary switchboard upgrade or where a customer simply cannot afford the costs of such an upgrade. In the first year of retailer responsibility for meter installation, the majority of new meter installations were at the customer's request. Now retailers are beginning to replace end of life meters and EWON has begun receiving complaints where a customer is facing costs associated with installing a meter they did not ask for, but which needs replacing (see Case Studies 9 and 10).

EWON commented on the *Regulatory Impact Statement – Residential Tenancies Regulation 2019 July 2019*. In our submission we called for any costs associated with an electricity meter replacement to be clearly specified in Regulation 13 as landlord responsibility. Unless this is done, tenants will be left in a situation where a malfunctioning meter could not be replaced.

Other issues causing installation delays that EWON has identified are where meter providers and retailers do not provide full information about what changes are required to be undertaken or where wrong information is provided to the customer about required changes. These issues are related to customer service and can be solved through better training and processes rather than regulation (see Case Studies 11 and 12).

If you would like to discuss this matter further, please contact me or Rory Campbell, Manager Policy and Research, on (02) 8218 5266.

Yours sincerely



Janine Young
Ombudsman
Energy & Water Ombudsman NSW

Attachment 1 – Case studies

Case Study 1 Field officer delays disconnection for one day to allow payment arrangement to be put in place

A customer contacted EWON after a field officer attended to disconnect his electricity. The field officer informed the customer that he would return the following day and that the customer should contact EWON. The customer said that he had arrears of \$1600.

EWON contacted the retailer and had the disconnection service order cancelled. A hold was placed upon the account for three weeks to allow the customer to negotiate a payment plan with the retailer. EWON also referred the customer for emergency assistance, financial counselling and energy saving resources.

Case Study 2 Field officer delays disconnection which allowed the customer to contact the retailer and be placed upon the hardship program.

A field officer arrived at a customer's home to disconnect the electricity supply. Upon hearing from the customer that he had missed his payment plan while he was in hospital, the field officer advised the customer to contact his retailer and explain what had happened and to arrange another payment plan. The supply was not disconnected and the customer also contacted EWON.

When EWON contacted the retailer, it explained that the customer had also contacted it and that the disconnection had been cancelled. The customer had been placed on the retailer's hardship program and also on an affordable payment plan. EWON also sent the customer information about emergency assistance.

Case Study 3 Field officer delay on disconnection allows customer to reinstate her payment plan

A customer said that when a field officer came to disconnect her electricity supply, she showed him her Centrepay details and explained that she had missed payments because her benefits had been suspended. She contacted EWON and said that her Centrelink payments had been restored and that she could pay \$149 per fortnight through Centrepay.

EWON contacted the retailer who suspended the disconnection and took the customer into its hardship program on a new payment plan. EWON also established that the customer had not received any EAPA assistance and provided an EAPA contact referral to the customer.

Case Study 4 Field officer does not disconnect after customer explains that he has an open complaint with retailer

A customer called EWON to explain that a field officer had come to disconnect his electricity. The customer explained that he had an open complaint with his retailer and the field officer did not disconnect.

EWON contacted the retailer and it suspended the disconnection for one month to allow its new connections team to resolve the compensation claim that the customer had made over a digital meter installation delay.

Case Study 5 Field officer does not disconnect where the disconnection was requested in error

A field officer came to disconnect the customer. She explained to him that she had successfully transferred to another retailer. He did not disconnect her, and she came to EWON seeking assistance.

The retailer explained that it had believed that the customer was moving out, rather than transferring to another retailer, and had mistakenly requested disconnection. It agreed to withdraw the disconnection service order and not charge the customer a disconnection fee. The customer was satisfied with this explanation.

Case Study 6 A breach of NERR Rule 115 Notice must be given before disconnecting a move in customer

After moving into her house, a customer opened an account with her preferred retailer and paid her first bill. She then received a bill from a different retailer addressed to 'Energy Consumer' with a due by date of 30 May 2019. She was disconnected on 21 May 2019 and sought EWON's assistance to be reconnected.

EWON requested that a reconnection order be raised and sought information on how the retailer had acquired the customer's account. The retailer confirmed there had been a transfer in error and arranged a retrospective transfer. Further the retailer provided a customer service payment of \$250 to the customer as no disconnection warning notice had been sent and the disconnection had occurred before the due by date.

Case Study 7 A breach of NERR Rule 111 (1) (e) No attempt at personal contact

After being disconnected a customer rang EWON. He said he had not received notification of the disconnection and that the retailer was requiring \$528 for reconnection, however he could not afford this as he was not in work. He was seeking reconnection and an affordable payment arrangement.

When EWON contacted the retailer, it said that the account had been opened since October 2018 and there had been no payments. When EWON checked the disconnection schedule, the relevant notices had been sent but there were no recorded attempts at personal contact. The retailer then agreed to reconnect and waive all associated fees. EWON then contacted the customer and informed him he needed to contact his retailer and arrange a payment plan and referral to its affordability/hardship program. He was also informed that if he did not do this he could be disconnected again.

Case Study 8 NERR Rule 57 After a transfer in error a customer should be returned to their original contract

A customer had an account with his preferred retailer, however in January 2018 his account was transferred in error to his neighbour. The retailer identified this error and corrected the transfer but rather than reinstating the customer's account it opened an anonymous 'energy consumer' account. The customer contacted the retailer, but it required him to open a new account. The customer explained he had an account which had been mistakenly put into someone else's name. The customer then received a disconnection notice in January 2019. He again contacted the retailer and was advised the matter would be rectified and that he would not be disconnected, but was then disconnected in February 2019.

EWON contacted the retailer and confirmed that a reconnection had already been requested and completed. It said the account had remained an 'energy consumer' account as the customer had not completed the move in details for opening a new account. EWON examined the web chat transcript

record where the customer provided the NMI and referred to previous promises to fix the issue. The retailer offered to treat the customer as a move in account from when the customer opened an account and agreed to waive the arrears on the energy consumer account and pay a \$250 customer service gesture.

Case Study 9 Tenant receiving estimated bills because of non-functioning meter where landlord was not prepared to repair switchboard

A tenant noticed that the meter was not functioning and reported this to his retailer. It sent a meter provider to replace the meter. This could not occur because the technician identified that a new mains switch was needed. The landlord was delaying the repair and the tenant was receiving estimated bills.

EWON advised the tenant to contact NSW Fair Trading about the issue with his landlord. He expressed concern about this as he felt his tenancy could be jeopardised. EWON reassured him that seeking advice was not making a complaint. We also pointed out that if the switch board was not upgraded then he would continue to receive estimated bills. EWON also provided him with a referral to his retailer to discuss how the estimated bills were calculated and how they related to his actual usage. We encouraged him to return to EWON if the retailer did not provide an adequate explanation.

Case Study 10 Customer cannot afford cost of switchboard upgrade

EWON was contacted by an advocate concerning a customer who had been informed that his meter needed to be upgraded. After the meter provider attended the site, the customer was informed that the meter board had asbestos and that the wiring needed replacing. The advocate was concerned because the customer was in financial hardship and could not cover these costs. Unfortunately, EWON could only advise that the cost of bringing the meter box up to standard was the responsibility of the customer and that currently there was no specific program to assist with these costs.

Case Study 11 Customer given wrong information about required changes to switchboard

A customer approached EWON as he had been told that he needed to make changes to his meter box before a digital meter could be installed however he did not know the specific requirements. He was seeking a report from his retailer which he could give his electrician. This matter was referred to the retailer at a higher level for resolution. The customer returned to EWON as the retailer had not provided a written report but had informed him that he needed an isolation switch or otherwise supply would be cut for all of the units in the block. He had employed an electrician who had told him that there was already an isolation switch. He even provided a diagram of the existing wiring to the retailer.

When EWON investigated, initially the retailer indicated that it had received the diagram and was waiting for a response from the metering provider. Then the retailer indicated that it was not a problem with isolation of supply, but it was the positioning of the meter board. EWON contacted the customer to inform him of this and he was able to arrange for the work to be done. The customer then informed EWON that the installer had contacted him and was due to install the meter the next day and later confirmed that this had been done successfully. The customer indicated that he would be following up with the retailer seeking compensation for the delay in installation and the unnecessary electrician's time.

Case Study 12 No information given about necessary repairs

A customer had experienced extensive delay in getting a digital meter installed. She said that there had been six installation dates cancelled as a result of the meter provider cancelling the service order. Her retailer could not provide an explanation and had suggested that she contact EWON as it had exhausted its internal processes.

An EWON investigation established that a meter protection device was required before the installation could proceed. The retailer offered to arrange the exchange of meters once the device was installed. It also offered to do a review and back date to the date of the original installation appointment any owed solar generation. It also provided a \$200 credit immediately in recognition of poor customer service.