

30 March 2020

Changes to the back-billing rules 2020
Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne, Victoria 3000

To whom it may concern,

RE: Changing the back-billing rules for retail energy customers 2020

Australian Gas Infrastructure Group (AGIG)¹ welcomes the opportunity to make this submission to the Essential Service Commission (Commission) on changing the back-billing rules for retail energy customers. We note that the Commission commenced consultation with retailers and consumer organisation on amendments to the Energy Retail Code in December 2019. It was not until late February 2020 with the publishing of the Draft Decision were distributors consulted on the proposed changes.

As a national business operating across South Australia, Queensland, New South Wales, Northern Territory and Victoria we support the Commission using the National Gas Rules (NGR) and National Energy Retail Rules (NERR) to guide the proposed amendments to the Gas Distribution System Code (Code). We note that the existing Energy Retail Code² aligns with the NERR for the following matters relating to undercharging:

- If a customer is undercharged that they will not be charged interest on the undercharged amount;
- That customers are offered time to pay the undercharged amount in instalments over the same period of time during which they were undercharged; and
- The maximum amount that can be recovered from customers is limited to the amount that has been undercharged in the nine months before customers have been notified, unless the undercharge is the customer fault, or results from the customers' unlawful act or omission.

We support the intent of reducing customer back-billing, while maintaining regulatory consistency across all jurisdiction.

We would like to highlight the following matters raised in submissions in response to the Commission's Draft Decision: Ensuring contracts are clear and fair, which are relevant to customer back-billing:

- Meter reading is a key part of our activities. During 2019 on the AGN and MGN Victorian networks we conducted over 8.3 million meter reads with only 5% unable to be completed (approximately 446,000 meter reads) resulting in estimates being provided to retailers.
- Gas meters are manually read approximately every 60 days whereas electricity meters are generally read remotely via smart meters.

¹ AGIG is one of the Australian leading gas infrastructure company which consists of three gas businesses including two gas distribution companies Multinet Gas Networks (MGN) and Australian Gas Networks (AGN) as well as a gas transmission company Dampier Bunbury Pipeline (DBP).

² Version 15, 2 February 2020.

- There are a number of reasons why a gas meter cannot be read and largely these are due to no safe access to the meter on the customer's property.
- In general terms, when physical meter reads are not able to be undertaken, the customer receives a card noting the meter reader was not able to access the meter and to make contact to arrange access. Alternatively, we can give customers the option of providing a customer read that can be supported with a photo of the meter. If an actual read or self-customer read cannot be obtained, an estimate is calculated using the procedures stipulated by the Australian Energy Market Operator (AEMO) Retail Market Procedures (Victoria)³.
- We are required to perform at least one actual meter read per year in accordance with the Code. Where a meter is not able to be read we advise the retailer of the reason we are unable to obtain an actual meter read. We also advise retailers of their customers where an actual meter read has not been able to be achieved in the preceding nine months for follow up/contact with the customer to obtain an actual read. It should be noted that in Victoria, there are no deemed contracts between gas distributors and customers. As such gas distributors do not generally have contact details for customers and without these details contact to arrange access, requires the involvement of retailers to facilitate in most cases.
- We have found that customers are unaware of their obligations to provide safe and unhindered access to gas meters at all time. We have also found that customers are confused with their relationship with retailers and gas distributors, which is also contributing to the frustration on the part of customers regarding who they should contact. We would support further clear communications to customers to educate them on their responsibilities to provide site access which will see a further reduction in back-billing for customers as a result of no access to meters.
- While we acknowledge that back-billing impacts customers, we feel it is important to understand the extent of the issue before changing regulator instruments. From the Energy and Water Ombudsman Victoria 2018-19 Annual Report⁴ there were 435 complaints for gas back billing out of 10,198 total gas complaints, this represents only 4.3% of total complaints. From the 2017-18 Annual Report⁵ there were 445 complaints for gas back billing out of 11,075 total gas complaints. As at 30 June 2018 there were more than 2,062,708 gas customers in Victoria. The number of back-billing complaints each year represents approximately 0.02% of gas customers in Victoria. There were in fact no back-billing complaints to our Victorian AGN or Multinet gas distribution networks in either 2017/18 or 2018/19.
- We also support the request from a number of retailers⁶ that the Commission define "customer fault act or omission". We agree that customer obligations should be clearly defined and communicated to all parties.
- A number of retailers⁷ highlighted in their submissions that they had concerns with the implementation timeframe of 1 July 2020. We note that in the Draft Decision the Commission is now proposing a commencement date of 1 January 2021. We would also like to raise our concerns with the implementation of system changes in this unprecedented period as a result of the COVID-19 pandemic. We believe that all parties in the energy supply chain are focusing on delivering for customers in these challenging times.

³ AEMO 2018 - Retail Market Procedures (Victoria) version 14 - Effective 28 September 2018

⁴ EWOV 2019 - Annual Report 2019 page 64

⁵ EWOV 2018 - Annual Report 2018 page 55

⁶ Origin 2020 - Ensuring energy contracts are clear and fair and Energy Australia 2020 - Draft decision - Ensuring energy contracts are clear and fair – 10 December 2019

⁷ Origin 2020 - Ensuring energy contracts are clear and fair, Energy Australia 2020 - Draft decision - Ensuring energy contracts are clear and fair – 10 December 2019 and Momentum Energy 2020 Submission – Ensuring Energy Contracts are Clear and Fair

- We agree with the comments from Momentum Energy that:

"We also believe that it is worth considering billing errors often arise as a result of system issues and we have seen these in the market following significant IT investments in the industry."⁸

The issues with back-billing impact a very small number of gas customers. We do note that retailers are the only party with a direct relationship with customers in Victoria. Any changes to the framework need to ensure there is an incentive for retailers to minimise back-billing, including reducing system errors and ensuring customer access is provided.

We would support a delay in the implementation of these changes to prevent any potential negative impacts to customers while businesses are focusing on maintaining their services to customers during the COVID-19 pandemic.

Should you have any queries about the information provided please contact [REDACTED] Head of Compliance ([REDACTED] or [REDACTED]).

Yours sincerely,

[REDACTED]

[REDACTED]

General Manager People and Strategy

⁸ Momentum Energy 2020 - Submission – Ensuring Energy Contracts are Clear and Fair