



EnergyAustralia

27 March 2020

Submitted electronically to:
retailenergyreview@esc.vic.gov.au

Dear Commissioners

Draft decision: Changing the back-billing rules for retail energy customers – 28 February 2020

EnergyAustralia Pty Ltd
ABN 99 086 014 968

Level 33
385 Bourke Street
Melbourne Victoria 3000

Phone +61 3 8628 1000
Facsimile +61 3 8628 1050

enq@energyaustralia.com.au
energyaustralia.com.au

EnergyAustralia welcomes the opportunity to make a submission on the draft decision about back-billing rules for retail energy customers.

EnergyAustralia is one of Australia's largest energy companies, providing gas and electricity to 2.5 million household and business customers in New South Wales, Victoria, Queensland, South Australia and the Australian Capital Territory. EnergyAustralia owns and operates 5,000 MW electricity generation, which includes rights to more than 1,000 MW of renewable energy. In Victoria we have 500,000 customers, 2500 MW of electricity generation capacity and employ over 2500 people.

We support the intent of the proposed changes to provide timely billing to retail energy customers wherever possible. We also welcome the following important changes relevant to back-billing made in the Commission's Final Decision on 'Ensuring energy contracts are clear and fair' published on 28 February 2020:

- The proposal to introduce back-billing rules for distributors in addition to those already in place for retailers. This recognises the need to appropriately allocate any financial shortfalls from undercharging and provide incentives to both distributors and retailers to provide timely and accurate billing.
- A change to the implementation date to allow for necessary system changes and training to occur before implementation of the reduced back-billing period.

EnergyAustralia considers amendments to the Draft Decisions now under consultation would further improve outcomes for all market participants including customers. We also request that further consultation occur including a workshop with both retail and distributor billing experts to identify optimal solutions to the issues raised. This submission recommends changes in the following areas:

- Reflecting differences in electricity and gas metering by providing a longer back-billing period for gas.
- Clarifying the circumstances in which undercharging will be considered a result of the customer's fault or an unlawful act or omission
- Consequential amendments to Use of Systems Agreements to give proper effect to Draft Decision 2.

In relation to Draft Decision 3, EnergyAustralia also seeks a six-month delay to implementation of these regulatory changes as we focus our efforts on maintaining reliable energy supply and supporting customers during the rapidly evolving COVID-19 pandemic. Further details of the reasons for this request are provided in the body of the submission.

Draft Decision 1

This proposed amendment to the Energy Retail Code applies equally to gas and electricity. While a four month back-billing period may be appropriate for electricity as meters can be read remotely, gas meters must be read manually and this occurs around once every 60 days. If a four month back-billing limit were to apply to gas, a single meter reading missed for any reason may prevent retailers and distributors from recovering uncharged amounts.

EnergyAustralia requests the Commission extend the back-billing period for gas to at least six months to better reflect the meter reading cycle and allow an opportunity for missed reads to be addressed before the back-billing period expires.

Further, EnergyAustralia considers both retailers and customers would benefit from clear guidelines on what constitutes customer fault or an unlawful act or omission. We suggest the Draft Decision be amended to include guidance on common circumstances where the customer will be considered to be at fault. These should include:

- **Unknown consumer** – where the identity of a consumer is not able to be ascertained despite exhausting all avenues to establish an account including multiple attempts at contact by mail, physically attending the property to identify the consumer in person and attempting disconnection. If the unknown consumer is subsequently identified, the retailer should be able to recover the uncharged amount.
- **Customer refuses meter access** – where a customer refuses access to the meter. While the introduction of smart meters has largely addressed this issue for electricity, it remains an issue for gas consumers. Where a customer's refusal to provide meter access means an accurate meter reading is only able to be obtained after more than four months since the energy was consumed, retailers should be able to recover all uncharged amounts.
- **Customer provides own inaccurate read** – where a customer provides an inaccurate own read and this is later corrected. This would be consistent with the obligation on the retailer to refund any overpayment by a customer resulting from an inaccurate read regardless of the time period it applies to.

Draft Decision 2

EnergyAustralia welcomes the introduction of a new back-billing rule for distributors and asks the ESC to consider the need for consequential amendments to existing Use of System Agreements.

These agreements require payment in full or in part of disputed invoices while preserving the parties' right to seek subsequent adjustments. However, in practice subsequent adjustments are rarely made and it is most often retailers who bear the costs in these circumstances. Reducing the time period in which these issues can be resolved and undercharged amounts recovered has the potential increase the burden on retailers. Over time, these costs will also be passed on to customers.

For example, in the most common dispute, when access to a meter is not granted by the customer there is ambiguity as to which participant is responsible. Distributors are required to read the meter and if they cannot access the meter they will issue an estimated reading to the retailer. A retailer may attempt to dispute the undercharged component (> 4 months) from a distributor as the distributor should not allow meters to be inaccessible. However, the distributor will generally reject the dispute because the retailer is responsible for requesting meter access from their customer. In this scenario retailers have very little success in disputing invoices although they have no capacity to control meter accessibility.

The proposed reduction in the allowable back-billing period will increase costs borne by retailers in this scenario. Amendments to the Use of System Agreements so that the retailer is not required to pay distributors the disputed undercharged component and seek a later adjustment would effectively address this issue.

Separately and similar to draft decision 1, EnergyAustralia sees benefit in describing common circumstances in which the distributor would be prohibited from recovering charges from the retailer. This includes:

- **Replacement reads** – where the distributor provides the retailer with a replacement read that extends beyond the four-month period, the distributor should not be able to recover any amount that was incurred more than four months earlier.

Draft Decision 3

The new rule is proposed to come into effect on Friday 1 January 2021.

Considering the rapidly evolving COVID-19 pandemic, EnergyAustralia seeks a six-month delay to implementation of these regulatory changes. In responding to the pandemic, EnergyAustralia is focusing its resource on three priorities: maintaining the health and wellbeing of our workforce, keeping the lights on and supporting our customers. This has necessarily required us to divert resources from business as usual activities such as preparations for regulatory changes.

Changes to our ways of working and direct impacts to our workforce from the pandemic, also mean that implementation of already planned changes will take longer than anticipated to complete.

For example, significant changes to internal systems are required along with additional training of front-line staff to ensure compliance with the new rules. To implement changes to internal systems, EnergyAustralia had planned to stand-up a project team using new external resources guided by existing staff. While this activity is continuing, our ability to onboard new people and provide remote access to our systems has been reduced and the speed of implementation slowed. Similarly, our call centre in Manila has been shut-down in response to the pandemic with calls being diverted to our Geelong call-centre. The increase in workload on these staff makes it more difficult to give them time away from the front line to complete the necessary training and upskilling to implement the changes.

These are just two examples that demonstrate the difficulties EnergyAustralia and others will face in preparing for implementation of regulatory changes in the current environment. EnergyAustralia submits that in these circumstances, a request for a six-month delay to implementation is reasonable.

For further information on any issues raised in this submission please contact [REDACTED] [REDACTED] Policy & Advocacy Lead, on [REDACTED] or at [REDACTED].

Yours sincerely

[REDACTED]

[REDACTED]
Chief Customer Officer