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Essential Services Commission
Level 27, 2 Lonsdale Street
Melbourne, Victoria 3000

Email: <https://engage.vic.gov.au/>

Changing the back-billing rules for retail energy customers: draft decision

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (MEA Group or Powershop) thanks the Essential Services Commission (ESC) for the opportunity to provide comments on the ESC's Changing the back-billing rules for retail energy customers: draft decision paper (the Paper).

Background on the MEA Group

MEA Group is a vertically integrated generator and retailer focused entirely on renewable generation. Powershop is an innovative retailer committed to providing lower prices for customers and which recognises the benefits to customers in transitioning to a more distributed and renewable-based energy system. Over the last five years, Powershop has introduced a number of significant, innovative and customer-centric initiatives into the Victorian market, including the first mobile app that allows customers to monitor their usage, a peer-to-peer solar trading trial and a successful customer-led demand response program. Powershop has also been active in supporting community energy initiatives, including providing operational and market services for the community-owned Hepburn Wind Farm, supporting the Warburton hydro project, and funding a large range of community and social enterprise energy projects through our Your Community Energy program.

Detailed below are our responses to each Draft Decision.

Draft decision 1: New back-billing rule for retailers

Retailers can only recover any amount undercharged in the four months before they notify the customer, unless the undercharging was a result of the customer's fault or unlawful act or omission.

Powershop shares the ESC's view that back-billing is not a good customer experience. But it is important to note that it is also a cumbersome and challenging process for retailers, in addition to managing the customer experience, retailers are dealing with third parties to resolve the situation – as most back-billing occurs as a result of another participant's error, rigid market procedures or no clear and safe access to a meter. Overcharges and back-billing items impose a significant risk and cost burden for tier 2 and 3 retailers, which impact our customer's bills and experience.

Powershop agrees that customers should be protected from overcharging or back-billing as result of undercharging for matters that are not within their control and will benefit from no longer receiving large back-bills. Powershop agrees that if the bill is delayed or inaccurate due to the failure to provide access by the customer, then the consumer protections outlined in the Paper provides the customer with an extended period to repay the arrears.

However, despite this clause, instances of overcharging are regularly challenged by all parties involved as to who was ultimately at fault. Responsibility must be made very clear between all parties involved and clear process and procedures will need to be adopted.

Powershop understands the intent of the draft decision and agrees with reducing the back-billing period to four months for retailers unless it was a result outside the retailer's control. In such events, where incorrect market transactions, for example with metering or switching errors, a retailer is still exposed to wholesale energy costs up to 7 months. It is Powershop's view, that in these circumstances, retailers should be allowed to recover these undercharged amounts from customers.

Draft decision 2: New back-billing rule for distributors

An electricity or gas distributor is not permitted to recover charges from a retailer if the retailer is unable to recover those charges from a customer.

Introducing a regulated maximum timeframe of 4 months in which distribution networks can back-bill retailers (unless in certain circumstances) is prudent and should drive retailers and networks to more efficiently identify issues that cause back-billing. Powershop acknowledges the new clause 15A of the Electricity Distribution Code, and clause 12.3 of the Gas Distribution System Code aligns the Victorian framework with the national electricity framework. Powershop believes this will incentivise distributors to improve their processes. However, the issues raised above that seek further responsibility from distributors should form part of the overall Codes changes before any final decision is made.

Draft decision 3: Commencement date of code amendments

The code amendments giving effect to the back-billing rule change will take effect on 1 January 2021.

Powershop supports the delivery timeframe of implementation of 1 January 2021, as this time will be required to further consult on processes to identify which parties will be liable for what part or all of an overcharge as they continue to arise. This potentially includes third parties such as Metering Providers. Such consultation should have occurred before a draft decision was released.

However, given the current situation with COVID-19, the whole industry is working hard to support people impacted by the pandemic and the full community. With that in mind, Powershop questions whether the industry, regulators and government are better placed to delay the implementation for another 6 months to allow for everyone to focus on more immediate ways to assist all Victorians.

If you have any queries or would like to discuss any aspect of this submission please do not hesitate to contact me.

Yours sincerely,



Regulatory Manager
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