



TRUenergy Pty Ltd
ABN 99 086 014 968

Level 33, 385 Bourke Street
Melbourne Victoria 3000
Telephone +61 3 8628 1000
Facsimile +61 3 8628 1050

enq@truenergy.com.au
www.truenergy.com.au

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Regulatory Review – Smart Meters
Essential Services Commission
Level 2, 35 Spring Street
MELBOURNE VIC 3000

Dear Sir/Madam

Regulatory Review – Smart Meters Draft Decision

Thank you for the opportunity to comment upon the Commissions Draft Decision on the Regulatory Review of the Victorian Governments Smart Meter roll out.

TRUenergy supports the Commissions review of the Regulatory obligations however is reluctant to endorse some of the recommendations proposed within the draft report without further investigation and customer consultation to allow industry and consumers the opportunity to trial and test the benefits associated with the smart meters and address specific customer requirements once the roll out is complete.

Responses to the draft decision are provided below.

Should you have any questions in relation to this submission please contact me (03) 8628 1459.

Yours sincerely

Michelle Lewis
Regulatory Manager – Market Development
TRUenergy

Assisting Vulnerable customers (section 3)

For customers on a smart meter tariff in retailer' hardship programs, retailer will be required to:

Agree with participants the most cost effective tariff based on their behaviour and circumstance known at the time of the entry to the program

Monitor participant's behaviour and consumption during the program to ensure that they continue on the most cost effective tariff and facilitate a change if necessary

Not offer supply capacity control products until 31 December 2013

TRUenergy agrees with the intent of the proposed changes and supports the recommendation without additional prescription. Retailers have a significant role in assisting vulnerable customers through hardship by providing support and education. Smart Meters shouldn't change the management of hardship provisions. These proposed changes should consider system implications.

TRUenergy recognises the importance for providing assistance to customers who are adversely affected – this will need to be managed through the current hardship guidelines and reviewed once there is a more detailed understanding of tariffs through the smart meter roll out.

Detailed information is required to understand the capability of supply capacity control before introducing obligations on its use.

Verifying the accuracy of the bill (Section 4.2.1)

The following must be shown on all customers' bills derived from interval data:

- The total accumulated consumption read corresponding to the end of the billing period
- The consumption by tariff segment, price for each tariff segment and the total consumption for the period

Retailers can determine their own format for this information, but it must be clear, understandable and not confuse customers

TRUenergy does not support any proposal that would require retailers to include accumulation reads on customer bills. Doing so would create an incorrect expectation among consumers that the bill will be based on the difference between accumulated reads at the start and end of the billing period.

Under the current market rules distributors are not required to provide retailers with index reads, nor are Retailers permitted to query any index read values that are voluntarily provided.

TRUenergy agrees with the proposed approach to including consumption by tariff segment, price for each tariff segment and the total consumption for the billing period to ensure the customers maintain their ability to confirm the accuracy of the bill.

Estimated and substituted data on bills (section 4.2.2)

Clause 5 of the ERC will be amended so that:

- retailers must indicate that bill is estimated when more than 5 per cent of the interval metering data that is used to determine the billed energy consumption are not actual reading from the smart meter
- when any interval metering data from a smart meter is required to be substituted to determine the energy consumption in the bill, the retailer must either:
 - a. indicate on the bill that the bill is substituted and the extent of the substitutes ; or
 - b. not charge in the bill for energy consumption for each interval that is substituted

The volumes around estimates and substitutes in a smart meter environment are not yet available. However with the introduction of new technology and remote capability these should be minimal. Therefore it would be premature to implement obligations on Retailers around estimates and substitutes without fully understanding: in what instances these are being provided; the volumes received; and the customer reaction to billing changes through the roll out period.

When making this recommendation, the Commission have not differentiated between Retailer and Distributor estimates. By providing sufficient time for a review at completion of the rollout, volumes will be available and requirements will be clearer, therefore reducing the need to impose new requirements particularly on Retailers who have no influence on Distributor estimates. Retailers should not be negatively impacted by estimates and substitutes provided by Distributors.

TRUenergy would recommend further investigation into the numbers of estimates and substitutes being provided and address the key issues once these are known.

Graphical Information on the bill (section 4.3.1)

Clause 4.4 will be amended to include the requirement that retailers show on the consumption graph:

- The customers consumption for each monthly period over the past 12 months: and
- The daily average cost for each smart meter tariff over the billing period

TRUenergy supports this recommendation, however would prefer the graph should be based on billing frequency or left to Retailer discretion rather than requiring the usage to be broken down monthly. It could be assumed this should be a calendar month which may not necessarily align with customer billing and would create customer confusion in not being able to align the graph with their bill.

The average daily cost is already presented on existing graphs on customer bills, and TRUenergy supports the provision of this data to customers but request that any requirements for clause 4.4 align with the requirements mentioned in section 4.4 (Shopping around for a better offer).

Unbundling charges and tariffs on the bill (section 4.3.2)

We will retail the current requirement that it is the retailer's decision as to whether to show the network charges on the bill.

That is under clause 4.2 (i), if the retailer directly passes through a network charge to the customer, the separate amount of the network charge must be shown on the bill. This charge must replicate the regulated charge

TRUenergy appreciates the commissions acknowledgement that regulation change is not required for this obligation as a result of Smart Metering.

Notification of tariff variation (section 4.3.3)

Clause 26.4(b) of the ERC will be amended to require retailers to notify the customer of any variation to the retailer's tariffs at least one month prior to the date of effect. This notification must be separate to the customer's bill. The notification will apply to existing tariffs and any new smart meter tariffs.

The Commission has previously commented that any change to regulation on the notification of tariff variation should wait for the outcome of the Victorian Governments deliberations. As the issues and options regarding tariff reassignment are being currently investigated it would be beneficial to review regulatory obligations once the findings are made available.

TRUenergy agree the Smart Meter Rollout has increased overall customer interest in price increases and price variation between Retailers and that customer should be provided with adequate opportunity to compare prices and provided with the necessary tools to support them. Existing sources of information should provide sufficient information in the interim. Once information on tariffs is widely available this recommendation could be reviewed.

TRUenergy considers that the notification for all price changes is beyond the scope of the review. Currently TRUenergy provides 10 business days notice of price changes to all mass market customers and believe this notice period is adequate for customer choice.

TRUenergy is encouraged by the commission's recognition of the connection between retailer and distribution tariff's and aligning the notice period for Distributors to be more prescriptive to support the Retailers to meet any potential changes as a result of new obligations.

Shopping around for a better offer (section 4.4)

The Commission will commence a review of Guideline No 19: Energy Price and Product Disclosure in January 2011, taking into account the smart meter tariffs that are likely to be offered to customers and the work being undertaken by the AER

Requiring retailers to offer products with structures aligned to network tariff structures would unreasonably restrain retailer from managing their wholesale market risk, impose market inefficiencies on the operation of the national electricity market, and undermine (and be inconsistent with) the national market objective.

Enabling access to billing and metering data (section 5)

The provision of historical billing data will continue to be regulated under clause 27 of the Energy Retail Code.

Retailers should provide metering data to existing (and former) customers. Clause 27 will be amended in the Energy Retail Code to enable customers to access their metering data as follows:

- If requested by a customer with a smart meter, retailers will be required to provide the interval data electronically, or by some other form, in a way which makes the information understandable and accessible to the customer
- Retain and provide this information to existing and former customer with the same obligations as under clause 27.2

In connection with In Home Displays (IHDs), the Commission will incorporate new provision in the relevant regulations to require:

- Both retailers and distributors to establish a set of privacy principles for the dissemination of consumption information through IHDs) before they are utilised;
- Retailers, in providing IHDs to their customers, to provide information to the customers setting out how the consumption and cost information displayed on the IHD compares to the consumption and cost details on the customers bill

As previously recommended it is important that the costs of providing additional information or services should be met by those seeking its provision, and not upon those customers who would prefer a lower cost service offering.

TRUenergy agrees with the Commissions comments regarding In Home Displays. It is too early to develop comprehensive regulation around this technology. As the Victorian Government has determined these services are not currently justified there should be no additional obligations assigned to Retailers as part of this review.

Facilitating prompt connection, disconnection and reconnection (section 6.1)

To amend the relevant clauses in the Energy Retail Code and Electricity Distribution Code to:

- Require that where a remote connection, disconnection or reconnection is to be carried out, that the distributor uses its best endeavours to perform the service within two hours of a valid request from a retailer or customer, and
- Clarify the terms associated with connection and energisation taking into account smart meters to remove any ambiguity

The Commission's draft decision would meet customer expectations and provide immediate and tangible benefits from the smart meter technology.

Benefits available to consumers should be made available as soon as practicable. Once the remote connection and disconnection capability and proposed process is reviewed and endorsed by Energy Safe Victoria, consumer expectation will be for improved timeframes for these services.

To base a decision on customer requirements for improved timeliness of connections and disconnections services based on statistics provided at a recent Smart Metering workshop would be misguided. The current procedures, do not provide a priority service without negotiation between Retailers and Distributors, are reliant on Distributor resource availability and require the customer to accept additional costs for an earlier service.

Customer protection under disconnection (section 6.2)

Clause 13.1 of the Energy Retail Code will be amended to require retailers to state on all disconnection warnings that the disconnection could occur remotely

Clause 13.2 of the Energy Retail Code will be amended so that, when customers covered by this clause are to be disconnected remotely, retailers must contact the customer in person or by telephone, or in extenuating circumstances, by mail. This communication must set out all options for the customer

TRUenergy support the recommendation to ensure disconnection warnings clearly state that the disconnection could occur remotely. Current obligations are robust and require Retailers to provide adequate notice to customers before taking action to disconnect.

TRUenergy encourages further education for consumers on the technology changes as a result of the smart meters and how this may affect consumers.

The Victorian AMI Process Model (Version 3.1) details where the remote functionality cannot be used. Highlighted and included on the list of exceptions is Life Support Customers.

It is unreasonable to expect Retailers to make contact in person or via telephone where the consumer is unknown to the Retailer. Should a new customer occupy a premise without arranging a contract for supply and a de-energisation occurs, the reconnection could be completed relatively quickly given the remote capability.

Information to new customers after remote disconnection (Section 6.3)

Clause 9.1.13 of the Electricity Distribution Code will be amended to require distributors to include a sticker on all smart meters installed in customer's premises from 1 January 2011. This sticker must include the relevant distributors call centre number advising customers to contact this number if their premises are disconnected

TRUenergy would prefer a further review of this obligation to ensure the recommendation meets the requirements in a smart meter environment. It was evident during workshops that the requirement needed to be clarified and is probably best addressed in two separate parts to differentiate between providing a new customer with advise on connecting a previously disconnected site an a new or existing customer advise of requesting or reporting a fault or unplanned disruption to supply.

1. *Customer information for connecting electricity* – customer awareness of the process for requesting connections needs to be investigated as there is currently no evidence to support the requirement to further educate consumers. The Distributor could include information on their meters the ESC contact details for information on connection procedures. It is not appropriate in a contestable market for Distributors to recommend Retailers to consumers or maintain and provide accurate lists of Electricity Retailers. Consumer information about potential retailers is readily available through a variety of sources such as the internet, yellow pages, etc.
2. *Customer information for contacting the Distributor for disruption to supply due to an unplanned outage or fault*– Distributors currently encourage customers through a number of sources to provide information regarding power disruptions. The Smart Metering technology should eliminate the reliance on customer information to provide outage information

Frequency of network billing of retailer by distributors (Section 7)

The default Use of System Agreement (UoSA) will be amended to enable the distributors to issue monthly bills to the retailers, but retain the payment terms associated with the customers current billing cycles

Clause 7.8(a) of the UoSA will be repeated and placed with the following:

The amendments to the default Use of System Agreement will take effect from 1 October

In principle, TRUenergy supports the intent of the Commissions proposal. However this is subject to consideration of the specific drafting of the amendment, and an opt-out to transferring standing offer and deemed customers to monthly billing