

16 August 2010

Dr Ron Ben-David
Regulatory Review – Smart Meters
Essential Services Commission
Level 2, Spring Street
Melbourne VIC 3000

By email: smartmeters@esc.vic.gov.au

Dear Dr Ben-David

Re: Essential Services Commission Regulatory Review- Smart Meters

Thank you for the opportunity to comment on the Essential Services Commission (ESC)'s Draft Decision on *Regulatory Review – Smart Meters* (the Draft Decision).

The Energy and Water Ombudsman (Victoria) (EWOV)'s interest in providing comments is based on its extensive experience in handling customer complaints. As was to be expected, EWOV has seen an increase in complaints about smart meters since the beginning of the advanced metering infrastructure rollout in January 2010. In the period from January 2010 to June 2010, EWOV received 870 cases involving smart meters. This compares to 73 smart meter related cases received from July 2009 to December 2009.

EWOV notes that the ESC has decided to defer consideration of some key issues, such as the move to a monthly billing cycle, in light of other regulatory developments relating to transition of customers to time of use tariffs. EWOV looks forward to participating in the future consultation process around these issues.

Assisting vulnerable customers

EWOV welcomes the ESC's decision to introduce protections for customers on hardship programs to ensure that they are not adversely affected by the introduction of time of use tariffs. The ESC proposes that retailers will have an obligation to agree with participants on the most cost-effective tariff based on their behaviour and circumstances known at the time of entry to the program.

EWOV acknowledges the concerns raised by retailers during the stakeholder forum on 27 July 2010 that the term 'the most cost-effective tariff' may be open to interpretation and retailers might have a different view than for example EWOV.

However, EWOV assumes that retailers would determine the most cost-effective tariff after a review of the customer's usage history and a discussion with the customer about appliances, consumption patterns etc. EWOV investigates complaints on a case-by-case basis taking into consideration what is fair and reasonable in the specific circumstances of the individual case. Retailers will also be required to monitor participants' behaviour and consumption during the program to ensure that they are still on the most cost effective tariff. Retailers indicated that they already conduct regular reviews of customers on hardship programs, so this obligation should not be too onerous. A regular review is in the best interest of both customers and retailers, as it increases the likelihood that the hardship program is successful and customers continue to make payments.

EWOV welcomes the ESC's proposal that customers on hardship programs should not be offered supply capacity control products until 31 December 2013, when more information about customer needs in the smart meter environment will be available.

Providing information and informed consent

Verifying the accuracy of the bill

EWOV strongly supports the ESC's decision to include the total accumulated consumption read on the bill, as it will assist customers in verifying their consumption. This provision should be reviewed once more information about customers' experiences with smart meters is available. It may be that it is no longer required once customers have had the opportunity to adapt to a smart meter environment.

Estimated and substituted data on bills

The Draft Decision requires retailers to indicate that a bill is estimated when more than five percent of the used interval data is estimated. Substituted data cannot be replaced with actual data and therefore the ESC proposes to give retailers the option to either indicate on the bill that data has been substituted and to what extent this is the case or not to charge for energy consumption for each interval that is substituted. EWOV welcomes the ESC's proposal to advise of estimated and substituted data in the interest of transparency. EWOV acknowledges concerns expressed by retailers that the mention of substituted data on the bill may confuse customers and lead to increased call volumes in call centres. However, it is EWOV's understanding that instances of substitution should be rare (see United Energy Distribution's submission¹) and therefore the burden on retailers will not be too high. EWOV agrees with the ESC's suggestion that the Australian Energy Regulator monitor the extent to which the distributors substitute data in the interval data provided to retailers, as this will show how problematic this issue is.

¹ <http://www.esc.vic.gov.au/NR/rdonlyres/B8E549C2-E792-48F3-B8DB-DA7D9A259134/0/SBNUntedEnergySmartMetersIssuesPaper20100526.pdf>

Managing daily consumption and costs

Graphical information in the bill

EWOV supports the amendment of clause 4.4 of the *Energy Retail Code* (ERC) as suggested in the Draft Decision. Given the uncertainties surrounding the structure of the tariffs that will be offered, a review of this provision within the next few years would appear sensible.

Notification of variations to tariffs

EWOV agrees with the ESC's view that customers should be advised of pending tariff variations at least one month prior to the date of effect. Given the amount of information that will already be contained on the bill, it is appropriate that this advice is separate from the bill to avoid customer confusion.

Shopping around for a better offer

EWOV notes that the ESC will conduct a review of *Guideline No 19: Energy Price and Product Disclosure* taking into account the work undertaken by the AER. EWOV looks forward to contributing to this review.

Enabling access to billing and metering data

The Draft Decision requires retailers to provide interval data to smart meter customers electronically, or by some other form, in a way which makes the information understandable and accessible to the customer. While this requirement is not very specific, it will allow retailers to develop different and innovative products in line with customer needs. With regard to regulation of in-home displays, EWOV acknowledges the difficult position the ESC finds itself in due to the lack of experience and data. EWOV is pleased to see that both retailers and distributors will be required to establish a set of privacy principles for dissemination of information through in-home displays.

Remote disconnection and reconnection

EWOV supports the ESC's decision to require retailers to include a warning on all disconnection warnings that disconnection could occur remotely. EWOV also welcomes the removal of the 'best endeavours' obligation in clause 13.2 of the ERC.

We trust the above comments are helpful. Should you require further information or have any queries, please contact Kristina Schmiege, Policy and Research Officer on (03) 9649 7599 or at Kristina.Schmiege@ewov.com.au.

Yours sincerely



Fiona McLeod
Energy and Water Ombudsman (Victoria)