

7 October 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 regulatory amendments supporting the Essential Services Commission (ESC)'s Final Decision on the *Regulatory Review – Smart Meters* (the Final Decision).

The Energy and Water Ombudsman (Victoria) (EWOV) refers to two previous submissions made during the public consultation process and provides the following additional comments in response to the Final Decision.

Estimated and substituted data on bills

As stated in previous submissions, EWOV agrees with the ESC's view that customers have a right to know that part of their bill is not based on a direct measurement from the meter. EWOV also understands the argument for introducing a threshold, as the estimation or substitution of only a few intervals might not always have serious financial implications. Being made aware of this could indeed cause customers unnecessary concern. However, it is not quite clear why a threshold of two days (or a total of 96 intervals or more) is considered more suitable than the five percent threshold previously suggested. Clause 3.1 of the *Energy Retail Code* (ERC) remains unchanged and therefore billing cycles can still be quarterly. Two days of a quarterly billing cycle are very different from two days of a monthly billing cycle. Therefore the first option is preferred.

Further to this, the Final Decision proposes that estimated and substituted data will not be distinguished for purposes of customer billing. EWOV acknowledges that 'industry processes are not straightforward'¹ when it comes to the terminology used when actual data is not available. However, there seems to be agreement that there are situations when estimated or substituted data will later be replaced with actual data

¹ Page 25 of the Final Decision.

and there are situations where this will not be possible. It seems it would be useful and fair for customers to be made aware of the difference so that they could dispute the charges based on an 'irreplaceable substitute' if they feel they do not represent their usage during the period in question.

In the case where estimated or substituted data is later replaced with actual data, the customer will receive an adjusted bill. The Final Decision states that where the retailer is not required to indicate that a bill is estimated it does not mean that adjustments should not be applied when they become available and where an adjusted bill is required². This means some customers will receive an adjusted bill without prior warning. In EWOV's experience this is likely to lead to confusion and questions from customers. It is important that staff in retailers' call centres are able to provide adequate responses to customer queries in these instances.

Given that one of the arguments for advising customers when estimated or substituted data is used is that customers can raise concerns about the accuracy of the meters, EWOV supports the recommendation that the Australian Energy Regulator monitor to what extent distributors provide estimated and substituted data to retailers. This information will show whether estimates and substitutions are a significant issue following the introduction of smart meters.

Customer protection under disconnection

The Final Decision requires an amendment of clause 13.2 of the ERC 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, sms or email. EWOV supports the use of different means of communication to contact customers as long as customers are made aware beforehand that retailers may use a text message or email to contact them with important information. It should also be considered that customers who find themselves in serious financial difficulties may have had their phone or internet disconnected but would still be able to receive a text message.

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

Yours sincerely



Fiona McLeod
Energy and Water Ombudsman (Victoria)

² Footnote 42 on page 25 of the Final Decision.