



11 November 2013

Manager, SCER Secretariat
Department of Resources, Energy and Tourism
GPO Box 1564
Canberra ACT 2601

By email: scer@ret.gov.au

Dear Sir/Madam

Re: National Smart Meter Consumer Protection and Safety Review Consultation Paper - National Energy Retail Rules Amendment Rule 2013

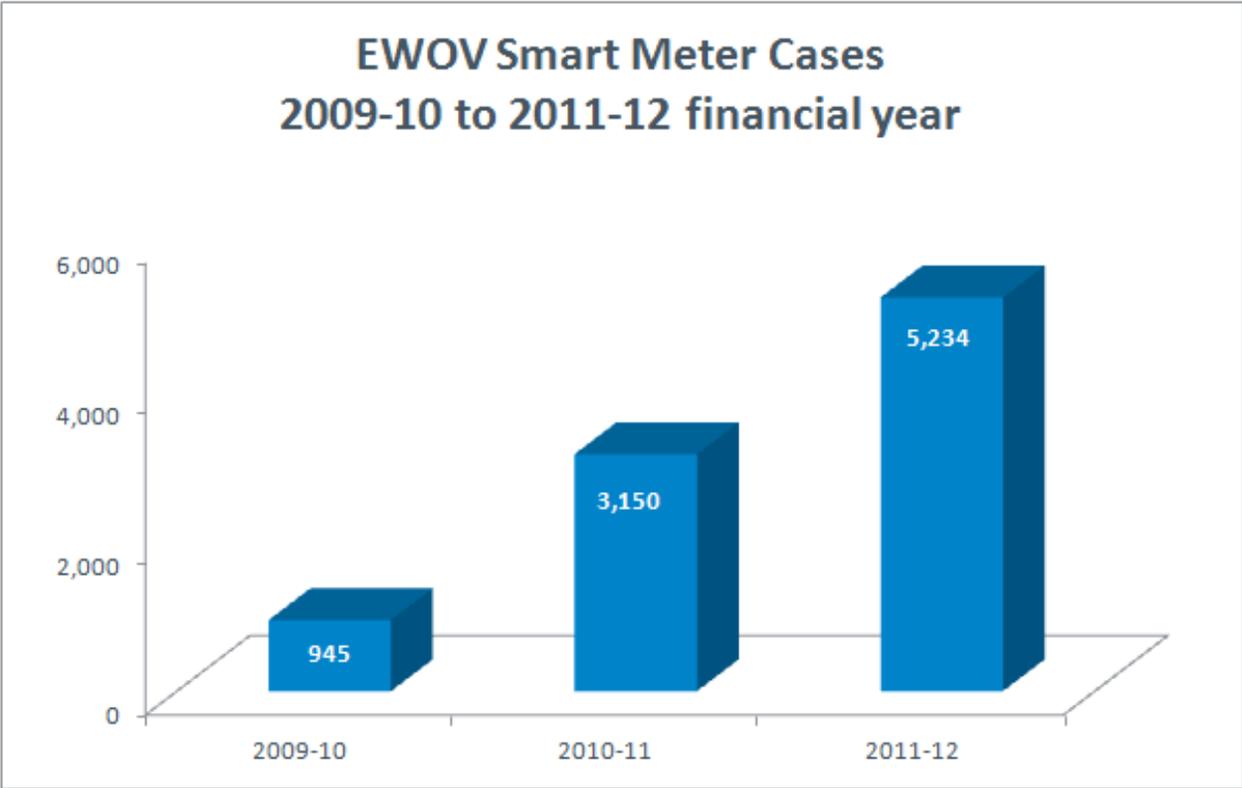
Thank you for the opportunity to comment on the Standing Council on Energy and Resources (SCER) National Smart Meter Consumer Protection and Safety Review Consultation Paper – National Energy Retail Rules Amendment Rule 2013 (Consultation Paper).

The Energy and Water Ombudsman (Victoria) (EWOV) supports the SCER's view that consumers need to be more informed about electricity supply and usage to negotiate supply control contract options. EWOV's contribution to this paper is based on its experience in handling customer complaints.

EWOV Smart Meter Cases

Since 2009, when the Victorian State Government legislated that electricity distributors replace analogue electricity meters with Advanced Meters (Smart Meters) EWOV has received 9,323¹ enquiries and complaints about Smart Meters. As shown in the graph on page two, the cases peaked in the 2011-12 financial year.

¹ EWOV cases registered from 1 July 2009 to 30 June 2012.



The comments below represent our understanding of the key issues and customer concerns based on the cases we have received.

Credit Management - Supply Capacity Control (SCC) and Direct Load Control (DLC)

In the 2011-12 financial year alone, EWOV received 10,322 cases where customers raised issues about credit. This issue relates to affordability, debt collection, payment plans and disconnection. In 53% of these cases customers had contacted EWOV because they had been disconnected, an increase of 5% from the 2010-11 financial year (48%). The growth in these cases received by EWOV indicates that payment difficulties are affecting more Victorian consumers.

As such, EWOV supports the SCER's decision to prohibit the use of SCC products for credit management purposes and suggests that this prohibition extend to DLC. EWOV considers that load reduction may be an appropriate tool for large network supply management - however maintains that the disconnection of a customer's supply, even if this is a specific appliance, must be considered a last resort and should not be used as an alternative to disconnection for credit purposes. EWOV therefore believes that extending this prohibition to DLC products will

ensure consumers who are experiencing financial difficulty will not experience disconnection as a proxy for credit control.

Marketing of SCC or DLC by Electricity Distributors

EWOV finds that many customers currently experience confusion in understanding and entering into market contracts. A high and consistent number of marketing-related cases were received by EWOV during the 2009-10 to 2011-12 financial years. EWOV received 11,827 cases about misleading and deceptive marketing, pressure sales and transfers without consent during this time, and 3,402 of these were received in the 2011-12 financial year alone. Given this continued customer dissatisfaction, there is potential for further customer confusion with newer and more sophisticated energy products and technologies becoming available. The added complexity of distribution companies marketing these SCC and DLC products as part of connection contracts could also impact negatively on the ability of customers to understand this type of market agreement and the potential consequences flowing from it. For example, if a distributor has signed an SCC agreement with a customer who then vacates the property, how does the new occupant know that the property has an SCC agreement and/or what visibility will the retailer see of this previous agreement?

Verifying Bills - Start and End Reads and Estimated Bills

In the 2011-12 financial year alone, EWOV received a total of 5,234 cases about Smart Meters. Of these cases billing complaints constituted 58%, with 15% of these cases about high bills. For customers with Smart Meters, common issues reported during this period included the receipt of a higher than expected bill and the lack of a meter read on their bill. This indicates that customers have an expectation that they will be able to reconcile consumption on their bill with consumption on their meter.

It is EWOV's view that being able to verify billed consumption with metered usage empowers customers to actively understand their billing. Customers have an expectation that they should be able to reconcile consumption on their bill with consumption on their meter, when they cannot, they are more likely to query their bill. This can lead to an increase in dissatisfaction with their retailer and can cause an influx in complaints to ombudsman offices. This is why EWOV supports the SCER's decision to require that retailers provide a start index read on customers' bills. This is already a requirement in Victoria under the Energy Retail Code (clause 4.2(h)).

In the 2011-12 financial year, 13% of Smart Meter cases were about estimated bills, suggesting that customers also have an expectation that their bills are based on accurate data. EWOV

therefore believes that customers should have full disclosure of estimated and substituted data on their electricity bills and that estimated and substituted data should be universally referred to only as 'estimated data' to avoid customer confusion.

We trust the above comments are helpful. Should you require further information or have any queries, please contact Belinda Sandilands, Senior Research and Communications Advisor, on (03) 9672 4460 or at Belinda.Sandilands@ewov.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Cynthia Gebert', with a stylized flourish at the end.

Cynthia Gebert
Energy and Water Ombudsman (Victoria)