



8 June 2016

Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Lodged online at: www.aemc.gov.au
Project number ERC0196

Dear Sir/Madam

Re: Australian Energy Market Commission's Consultation Paper - Using estimated reads for customer transfers

Thank you for the opportunity to comment on the Australian Energy Market Commission (AEMC)'s Consultation Paper - Using estimated reads for customer transfers (the Paper).

The Energy and Water Ombudsman (Victoria) (EWOV) is an industry-based external dispute resolution scheme that helps Victorian energy and water consumers by receiving, investigating and resolving their complaints with their company. EWOV's comments on the Paper are based on our long experience in handling customer complaints.

EWOV helps resolve customer complaints, so our case data only reveals the customer dissatisfaction and billing problems that can arise from using estimated reads. Further, as transfers must be based on an actual meter read, the vast majority of complaints arise outside of the transfer process. Accordingly, EWOV is not well placed to assess the evidential benefits of moving to customer transfers based on estimated meter reads. However, while this submission doesn't discuss the merits of the Paper's proposals, it presents an overview and analysis of estimated read related-complaints to EWOV, which we hope will be useful for the AEMC's consultation.

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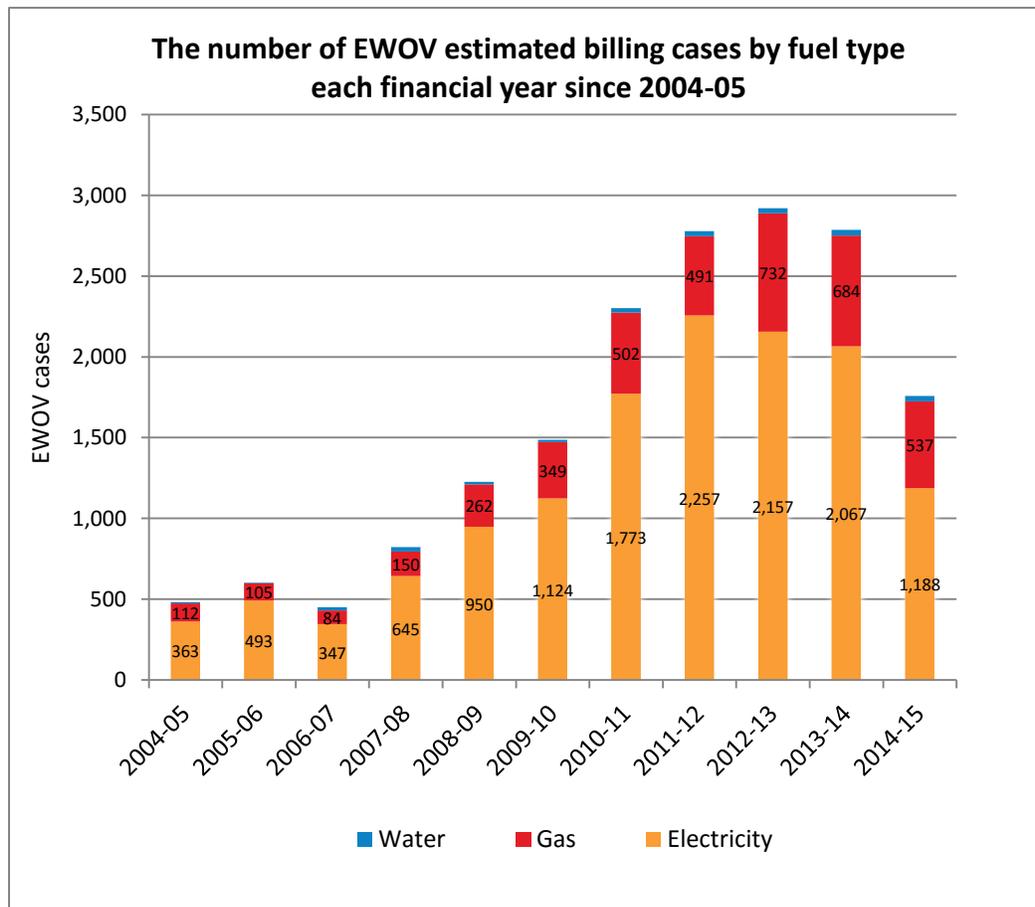
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EWOV cases concerning estimated meter reads

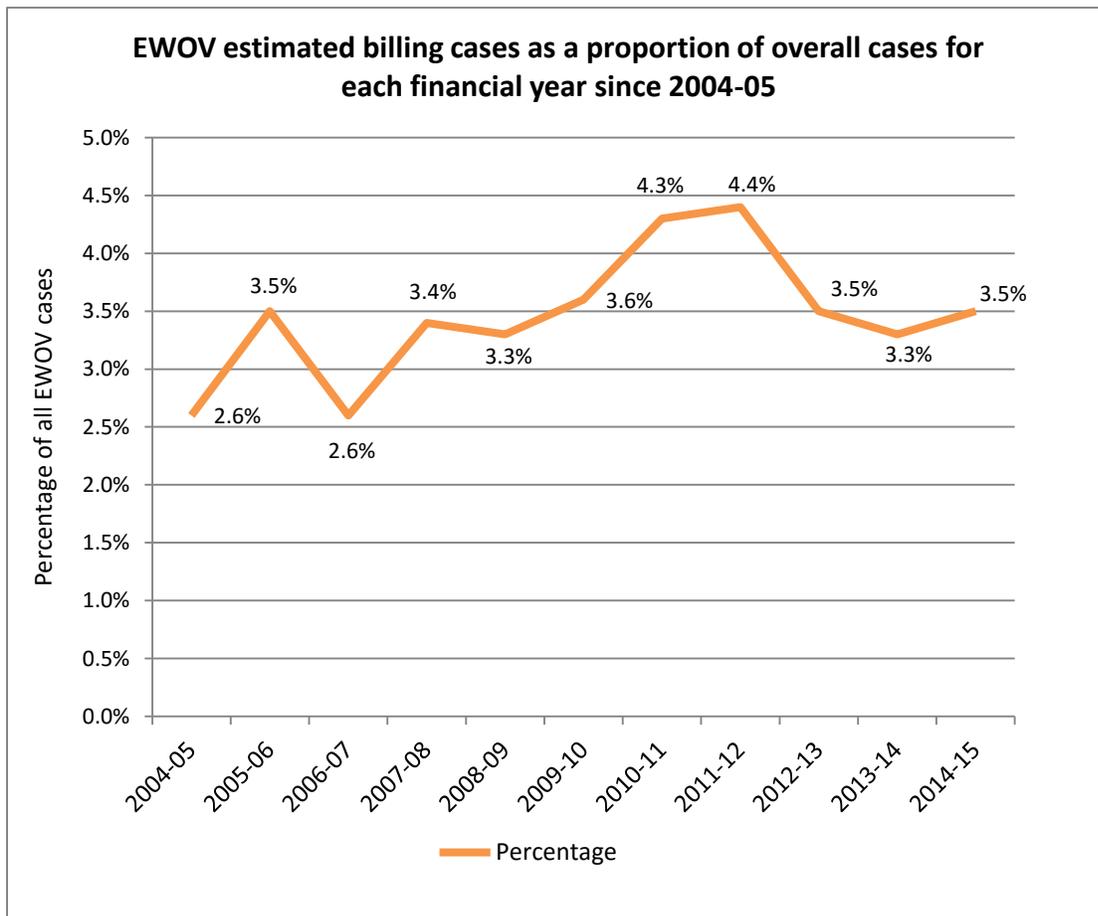
Customers generally only contact EWOV concerned about an estimated meter read when it affects their billing, causing confusion or doubt about whether they were billed correctly. We capture these types of complaints under our estimated billing issue category.

The graph below shows the number of EWOV estimated billing cases by fuel type each financial year since 2004-05:



This case trend shows that after year-on-year increases the number of EWOV cases about estimated bills peaked in 2012-13, with 2,920 cases received. Cases then started to fall and dropped considerably to 1,758 cases last financial year – a 40% decrease from the 2012-13 peak.

As this pattern mostly follows EWOV's overall case receipt over the years, the following graph puts EWOV's estimated bills cases in context by showing them as a proportion of our overall cases each financial year since 2004-05:



This graph shows that, while there were fluctuations, the proportion of estimated bills cases increased to 4.4% of all EWOV cases in 2011-12 and dropped to 3.5% in the last financial year. For this financial year, up to 31 May 2016, the proportion of cases was 3.1%.

This pattern has likely been influenced by the Victorian Smart Meter roll out which began in 2009, as access to property issues could be overcome by most meters having remote read capabilities. One aim of the roll out was to produce greater meter data accuracy and reduce the amount of estimated bills. However, initially, the introduction of Smart Meters may have led to a proportionate increase in estimated bills cases as customers were unfamiliar with Smart Meters which only show a total usage figure, and the ability to compare a bill to a meter. With greater familiarity with Smart Meters (for both customers and industry), it appears that estimated bills cases have fallen over recent years, while still remaining a steady concern for customers.

On the other hand, this downward EWOV case trend doesn't necessarily mean that Victorians are having fewer estimated bill-related problems or are complaining less to their company.

Rather, our case experience suggests that energy companies are becoming better at dealing with billing complaints when they arise, so there is less need for EWOV's involvement.

Types of estimated bill complaints

We analysed a selection of EWOV Investigation¹ cases from 2015-16 where customers complained about estimated billing. We found that there were some common complaint themes:

- Retailer and distributor business-to-business communications issues resulting in a delay in meter readings being sent or received.
- Problems associated with using substituted billing data on Smart Meter related bills. Substituted data is used to bill a customer when actual usage intervals are, for some technical reason, not available. However, as substituted data is not based on direct measurement from the meter, it will not be remedied by future actual reads - unlike a basic analogue meter.
- Sometimes a meter read, which is listed as an estimated read on a bill, is rather an actual read (and the meter data is later found) and vice versa.
- A retailer mistakenly causing an estimated bill to be generated and sent to a customer.
- The distributor being unable to obtain a meter read due to problems accessing a customer's property, for example, a locked gate, or a meter located in a garage.

We've found from our case handling experience that sometimes an estimated meter read significantly impacts customers' consequent billing and may precipitate payment difficulty. Despite, protections within the *Energy Retail Code*², the resulting backbill or 'catch up' bill arising from a low estimated read may be quite large, putting payment pressure on customers. It can also take time and resources to rebuild the customer's relationship with their retailer and trust that their account has been correctly re-billed to an actual meter read.

To compound this, where there are persistent, long-term meter access problems, the retailer sometimes does not make extra efforts to notify the customer of the issue. In such circumstances, the retailer may not go further than a notice on an estimated bill, whereas a phone call or separate letter may be more effective.

¹ For a description of EWOV's case types, visit our website for a complete glossary -

<http://www.ewov.com.au/complaints/process-for-complaints/cases,-enquiries,-complaints/ewovs-complaint-types>

² There are limits on backbilling and customers must be given equal time to pay the backbill, up to 12 months. See Clause 30, *Energy Retail Code* - <http://www.esc.vic.gov.au/document/energy/27356-energy-retail-code-version-11-2/>

Complaints about estimated reads as the basis of a transfer

Cases concerning estimated start or end meter reads, or transfers on an estimated read are very rare. When they do occur, it is mostly where a customer is confused or not given clear or correct information, so they believe that their account was either established or finalised on an estimated read. On occasion, a billing system failure or retailer-distributor communication issue has resulted in a first or final bill that appears, at first instance, to be based on an estimated read. With EWOV's investigation we almost always find that there was an actual read available and the customer can be rebilled correctly. Nevertheless, the customer's trust in the accuracy of their billing (and billing adjustments) often needs to be regained before a complaint is resolved.

The case study on the next page illustrates the customer confusion caused by a purported estimated start meter read and the resources used in re-establishing the customer's faith in the billing of his account.

After a series of estimated bills, including an estimated start read, a builder questioned whether he was being billed correctly

In June 2014, Mr B, a builder opened an account with an electricity retailer to provide temporary electricity supply to a site that his company was developing. A temporary electricity pole and meter was installed at the site in early July 2015. Mr B's first four bills were all estimated, the last of which was for about \$3,500. This was around twice as much previous bills but he paid it and contacted his retailer to arrange for the site to be disconnected on 22 June 2015 and final billed. The final bill was for \$8,361 which he believed was too high and having lost faith in the accuracy of his billing, he contacted his retailer. He explained how he had always received estimated bills at the site and asked for the meter to be re-read and the start read to be checked. The retailer advised Mr B that the meter had been removed from the site so checks could not be made. He contacted EWOV for assistance.

Initially, EWOV raised an Assisted Referral and the retailer offered \$300 to resolve the complaint, but Mr B wasn't happy with the offer, so EWOV's Real Time Resolution process was undertaken. This did not resolve Mr B's complaint either as he did not trust the retailer's advice that he had been billed correctly by using an estimated start and an actual end read. EWOV then raised an Investigation.

EWOV's Investigation involved collecting records from the retailer to show the meter reads taken at the site and Mr B's billing and payments. The retailer advised that the bills were estimated as the meter was unable to be located. We also contacted the distribution company to verify the meter reads and provide any photographs or field records. The distribution company advised that the start meter read was an actual meter read of zero for a new meter and the retailer should not have advised that it was an estimated read. The final meter read was also verified as an actual read. The meter was removed from the site after the final read.

EWOV found a record made by the distribution company which stated that a representative visited the site about a week before the meter was removed, concerned about the high consumption. At this time the representative checked the meter, which confirmed the accuracy of previous reading. It was noted that while the consumption was high, Mr B had built a three storey development which had the capacity to use that amount during construction.

The retailer apologised for the confusion caused and offered the customer a discount if he paid the final bill in full. Mr B accepted this offer, as after EWOV's Investigation he was now more confident that he had been billed correctly. (2015/27155)

We trust that these comments are useful. Should you require further information or have any queries, please contact Justin Stokes, Senior Research and Communications Advisor on (03) 8672 4272.

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)