

18 February 2010

Ms Khayen Prentice  
Essential Services Commission  
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Melbourne,  
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Dear Ms Prentice

### **ESC Open Letter Regulatory Review – Smart Meters**

The Consumer Utilities Advocacy Centre (CUAC) is an independent consumer advocacy organisation. It was established to ensure the representation of Victorian consumers in policy and regulatory debates on electricity, gas and water. In informing these debates, CUAC monitors grass roots consumer utilities issues with, particular regard to low income, disadvantaged and rural consumers.

We welcome the opportunity to comment on the Essential Services Commission's (ESC)'s Open Letter Regulatory Review (Open Letter). CUAC supports the review of the regulatory framework in Victoria to ensure that consumers are adequately protected in the roll out of smart meters. We note from the schedule for the 2010 review that the ESC's Final Decision and final regulatory amendments will be issued in mid-July. CUAC is concerned that some customers who have already received their smart meters may be adversely impacted before the issuance of the ESC's Final Decision and final regulatory amendments. Due consideration, therefore, should be given to ensure that these customers are adequately protected.

There are currently no smart meter provisions in the National Energy Customer Framework (NECF). It is therefore crucial to ensure that the regulatory framework in Victoria accommodates the transitional period for the NECF, until the smart meter provisions have been incorporated into the national framework. We agree that the St Vincent de Paul Society's paper, 'Customer Protections and Smart Meters: Issues for Victoria' (August 2009)<sup>1</sup>

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<sup>1</sup> May Mauseth Johnston, Customer Protections and Smart Meters: Issues for Victoria (August 2009, Amended), available at [http://vinnies.org.au/files/VIC/SocialJustice/Reports/2009/August%2009%20Custome%20Protections%20and%20Smart%20Meters%20-%20Issues%20for%20Victoria%20\(amended\).pdf](http://vinnies.org.au/files/VIC/SocialJustice/Reports/2009/August%2009%20Custome%20Protections%20and%20Smart%20Meters%20-%20Issues%20for%20Victoria%20(amended).pdf)

highlights many of the issues which should be examined in the regulatory review. We also draw the ESC's attention to the recommendations made in the 30 September 2009 joint consumer groups' submission on the Ministerial Council on Energy Standing Committee of Officials' (SCO)'s 'Smart Meter Customer Protection and Safety Review – Draft Policy Paper One (August 2009).<sup>2</sup>

We understand that the scope of this review does not address issues which CUAC believes are important in the context of the roll out. These include equity issues regarding the potential distributional aspects of time of use (ToU) tariffs on various customer groups, including concessions, to ensure that those who may be financially disadvantaged are protected. CUAC will raise these issues directly with the appropriate government departments.

We highlight the following for the ESC's consideration:

### **Billing content and format**

We agree that customers must be provided with transparent and accessible information to enable them to understand the basis of their bills and to manage their energy consumption. This may pose a challenge as smart meters record interval data every 30 minutes and with ToU tariffs, a day's consumption may be divided into peak, off-peak and shoulder tariff periods. While consumption data may be more easily presented in an electronic format, only 63 percent of dwellings in Australia have access to the internet.<sup>3</sup> CUAC is concerned that costs for changes to the billing format be kept to a minimum.

The review should consider:

- What information should be presented on a bill;
- How information should be presented so that it can be easily understood by consumers;
- What medium should be used to convey that information (for example, electronically or hard copy);
- Whether all fixed costs (which include smart meter charge, service to property charge) on a bill should be delineated as line items.<sup>4</sup>

### **Billing frequency**

The Open Letter stated that; '[C]ustomers who experience difficulties paying their bills [should] receive adequate assistance if their account cycles change because of smart meter billing.'

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<sup>2</sup> A copy of this submission is available at <http://www.cuac.org.au/database-files/view-file/3682/>

<sup>3</sup> At the national level 66% of dwellings in major cities have access to the Internet, compared to 42% for very remote Australia. See 2006-2007 Australian Bureau of Statistics <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/8146.0.55.001Main+Features12006?OpenDocument>

<sup>4</sup> Currently, clause 4.3 of the Energy Retail Code obliges the retailer to provide reasonable information on network, retail and any other charges at the customer's request.

The statement presumes that there will be a change in billing cycles with smart meters. Currently, customers are billed once every quarter for electricity. It is anticipated that with smart meters, there will be a move towards monthly billing. The change in billing frequency to monthly will mean that some consumers may not be able to budget to pay their bills on time or even meet the current time frames for payment stipulated in reminder and disconnection notices. The review should consider:

- The impact of any changes in billing frequency (quarterly to monthly) on current protections around collection cycles and disconnections;
- Current protections regarding notification and explicit informed consent before any change in billing frequency can be implemented;
- Whether any changes in the hardship provisions are required with the change in billing frequency.

### **Basis of billing**

The review needs to consider the appropriateness of customer protections for substituted data and estimated data.

### **Access to meter data**

Clause 27.2 of the Energy Retail Code (ERC) needs to be reviewed in a smart meter environment. While this provision allows customers access to historical billing data, with the advent of smart meters, there is a further need to consider how interval data should be provided so that the customer is able to understand the data.

In addition to consumption data which may be presented on a bill, customers may benefit from access to current consumption data through a Home Area Network (HAN) and other devices such as the Google Power Meter.<sup>5</sup> The review should consider data ownership, access and security. Specifically, there are no current regulatory provisions covering access to the USB facility on smart meters. CUAC raised these issues at the Advanced Metering Infrastructure Industry Steering Committee (AMI ISC).<sup>6</sup>

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<sup>5</sup> <http://www.google.org/powermeter/howitworks.html>

<sup>6</sup>

- Who will be responsible to provide interval data [on request] to residential and small business customers who have interval meters (smart meters) - i.e. distributor and/or retailer?
- Under what legislative, regulatory or commercial framework will the data be provided?
- Will the data be provided free of charge or will customers have to make a payment? If there is a payment, how will it be set (e.g. to reflect costs or allow a profit), and will it be regulated? Will distributors and/or retailers be able to offer a range of differentially priced services?
- Will the customer be free to do what they want with their data, or will there be any restrictions on its use?
- In what format(s) will data be provided?
- When - how frequently and how long in arrears - will data be provided?
- What redress will customers have for the data provider providing data in error or lack of timeliness?
- If the distributor is providing the data, how will the distributor ensure that customers do not get the data of previous or later occupants of the premises?

## Reading the meter

The relevance of these provisions in relation to remotely read smart meters needs to be reviewed. In particular:

- Clause 5.1(b) ('using best endeavours to ensure the customer's meter is read at least once any 12 months');
- Clause 5.5 ('unsuccessful attempt to read');
- Clause 25 (access to premises to take meter readings).

## Safety issues

We agree that there are safety concerns with the remote connect and disconnect function of smart meters. With the remote capabilities of smart meters, there is no personal interaction between the person initiating the disconnection/reconnection onsite and the customer. The review should examine:

- Whether there are adequate procedures in place to facilitate the safe remote connection and disconnection of premises;
- Whether there should be charges for disconnection and reconnection<sup>7</sup> since these would be activated remotely;
- Whether disconnection notices should notify the customer that he/she could be remotely disconnected.

## Wrongful disconnections

As disconnections occur with a 'push of a button', there is a risk that human error could result in premises being wrongfully disconnected. We are therefore pleased to see the retention of the wrongful disconnection payment framework in the ESC's final report in its revised format.<sup>8</sup> We believe that the scheme acts as an incentive to ensure that retailers have adequate processes in place to minimise wrongful disconnections. With the introduction of smart meters, the likelihood of wrongful disconnections by distributors is increased. We suggest that the review consider whether the current WDP framework should be extended to distributors (without making the scheme more complex for customers.<sup>9</sup>

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- What additional consumer privacy and security issues are posed by new consumption data processes, products and services (eg. Google Power Meter etc.) and does the current regulatory framework provide adequate consumer protection?

<sup>7</sup> Clause 15.1(d) of the Energy Retail Code mentions the payment of reconnection charges.

<sup>8</sup> Essential Services Commission, Final Report Review of Wrongful Disconnection Payment (January 2010) <http://www.esc.vic.gov.au/NR/rdonlyres/31ED74E5-D219-4E3C-B4FE-57BC685F10D7/0/FinalReportReviewofWrongfulDisconnectionPayment.pdf>

<sup>9</sup> Essential Services Commission, Final Report Review of Wrongful Disconnection Payment (January 2010), at 15.

**Standing offers**

CUAC is concerned that there are many consumers who will be unable to shift their load and as such will be disproportionately affected by ToU tariffs. In particular, CUAC is concerned about the potential for price shocks among residential consumers with “peaky” and inelastic electricity demand. Consumers who are likely to fit this consumption profile include: pensioners and seniors; the unemployed and the underemployed; and young families and single income households.

CUAC believes the review should consider whether the existing “standing offer” will continue to provide adequate customer protections in the light of ToU tariffs. In particular, we support a review of whether customers on a standing offer should have a choice of tariff structure.

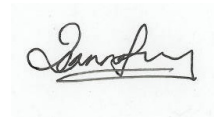
**Notification on tariff change**

Under clause 26.4 of the ERC, retailers are currently only obliged to inform customers about any changes to their tariff no later than the first bill after the tariffs have taken effect. This provision needs to be reviewed as the change in tariff from a flat tariff onto a ToU tariff may significantly impact customers.

If you have any queries on the above, please contact the undersigned.



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