

VCOSS

Submission to Smart Meters Regulatory Review – Capacity Control and Verifying Bills

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VCOSS response to *Smart Meters Regulatory Review – Capacity Control and Verifying Bills*

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The Victorian Council of Social Service (VCOSS) is the peak body of the social and community sector in Victoria. VCOSS works to ensure that all Victorians have access to and a fair share of the community's resources and services, through advocating for the development of a sustainable, fair and equitable society. VCOSS members reflect a wide diversity, with members ranging from large charities, sector peak organisations, small community services, advocacy groups and individuals involved in social policy debates.

VCOSS appreciates the opportunity to contribute to the Smart Meters Regulatory Review.

Supply capacity control

VCOSS recognises the value of supply capacity control in emergency situations as a less onerous alternative to rolling blackouts when network capacity is exceeded. For this reason we supported its inclusion in the smart meter functional specification.

We do, however, have grave concerns about its use by retailers to ration domestic customers' electricity usage. While we are comfortable with the current prohibition on use of supply capacity control for credit management purposes, we still have concerns about its use for purposes other than credit management. We find it difficult to imagine supply capacity limited product offerings that domestic customers would willingly purchase. However we can anticipate discounted offerings targeting vulnerable customers with a history of bill payment difficulty. These customers may well 'choose' such products in a desperate attempt to control their energy costs; but this clearly breaches the principle enshrined in the Electricity Industry Act that households should not be disconnected solely due to incapacity to pay, as well as the broader policy goal that all Victorians should be able to access essential energy. Supply capacity control used in this way has an effect similar to prepayment meters – currently prohibited in Victoria – of masking energy disconnections among vulnerable consumers.

Additionally, VCOSS concurs with the Commission's opinion that most Victorian consumers are not sufficiently cognisant of the details of their own energy consumption and usage patterns to effectively negotiate the terms of a supply capacity control contract. Households moving onto such supply contracts are likely to quickly discover that the negative impact on their quality of life outweighs the benefit of cheaper bills. They also face the significant risk that changed circumstances leading to increased consumption render the cutoff limit inappropriate. These circumstances could include changes in household size, purchase of a new appliance, or simply changing seasons.

As such, VCOSS does not support supply capacity limited offers for domestic customers, even if they are not ostensibly for credit management purposes.

However in the event that they are permitted, VCOSS believes that, in order to minimise further serious negative impacts on households' need for an affordable and reliable supply of electricity, supply capacity limited offers:

- should not be part of a standing offer;
- should not be offered to customers in hardship programs, with life support equipment, or with hardship-related debt;
- should not be offered without households first undergoing an energy audit (that accounts for seasonal variations in consumption) in order to ensure they have an understanding of their usage needs;
- should incorporate a trial period of at least two months during which the customer can revert to a non-limited market or standing offer with no penalty; and
- should have provision for early termination at any time with no or minimal cost.

Load control

VCOSS understands the value of load control when deployed en masse as a network demand management tool. When properly implemented, load control causes little noticeable difference to householders but appreciably reduces aggregate demand. Accordingly, VCOSS supports load control products offered by distributors or accredited third parties provided it is used with appliances that meet the relevant standard (AS 4755 and related standards) and that customers are fully informed and freely choose such a product.

We see less value in load control products offered by retailers to individual customers as a tool to manage their usage and energy costs. In our opinion load control offers little benefit to individual customers that cannot be gained via education in using energy intensive appliances more efficiently.

VCOSS believes that load control products:

- should not be part of a standing offer;
- should not be offered without the provision of comprehensive information about the details and likely impacts on the household;
- should only be implemented with appliances that meet the relevant standard;
- should, if attached to water heaters, have a manual override capability;
- should incorporate a trial period of at least two months during which the customer can revert to a non-load controlled market or standing offer with no penalty; and
- should have provision for early termination at any time with no or minimal cost.

Verifying bills

Meter readings on electricity bills are the only way customers can verify their energy consumption. This information is frequently used by financial counsellors and emergency relief workers when assisting clients with unaffordable bills. Identifying anomalies in usage from one period to the next helps electricity customers or community services workers assisting them to identify billing errors or possible faulty appliances.

In an era where (via the smart meter program) customers are being encouraged to pay more attention to their energy consumption, it is appropriate that they are given all relevant information including start and end index reads and the final reading from the accumulation meter at changeover time.

Provision of start and end index reads on each bill also ensures that customers continue to have access to information they have previously always had available. Provision of the final reading at changeover allows the customer to verify their consumption for the billing period in question.

VCOSS recommends that:

- when smart meters are installed a copy of the final accumulation meter reading should be left at the customer's premises as well as recorded on their next bill (advising the customer that changeover is imminent and they should record their meter themselves (a) does not allow an accurate reading (as it won't happen at the moment of changeover), and (b) will be beyond the capability or comprehension of some customers); and
- start and end index reads should be included on all electricity bills in addition to ToU data, in order to best give customers information about their overall usage and to assist in bill verification.

Contact details

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