



Dodo Power & Gas Pty Ltd
ABN: 15 123 155 840
Level 14, 600 St Kilda Road
Melbourne V C 3004
Ph +61 3 9868 9970
Fax +61 3 9510 2503

Regulatory Review – Smart Meters
Essential Services Commission
By Email to smartmeters@esc.vic.gov.au

RE: REGULATORY REVIEW – SMART METERS

Dodo Power & Gas’s response to the Issues Paper

Dodo Power & Gas welcomes the opportunity to provide comments on the Commission’s Issue paper concerning the Regulatory Review associated with the implementation of Smart Meters in Victoria.

Our responses to each of issues the Commission has raised are outlined below.

Guiding Principles

Issue for comment

Are there other guiding principles to which the Commission should give consideration in this review?

Dodo believes that the commission must ensure that the timely service benefits and costs reductions promised by the roll out of smart meters are enabled and available to customers, and that this should be a guiding principle in this and subsequent reviews.

Vulnerable customers

Issue for comment

Are there enhancements to the current regulations which are necessary for vulnerable customers arising from the implementation of smart meters?

Dodo concurs that protection provisions for vulnerable customers currently in place are largely unaffected by the Smart Meter program.

Information and informed consent

Reviewing the bill

Issues for comment

Will the proposed approach to including the consumption by tariff segment, total consumption, and tariffs for the billing period ensure customers maintain their ability to confirm the accuracy of the bill?

What are the implications for cost, feasibility, and information value to customers of the options for the meter's total accumulated consumption on the bill?

Dodo considers that the provision of accumulated meter readings from smart meters is going to create a number of issues for customer and retailers.

At present the start and end meter readings (index reads) currently serve two major purposes;

1. Establishing the basis of the customer's consumption and charges for a tariff segment (i.e. peak usage); and
2. Enabling customers to check their billed consumption against the current meter reading(s) on the meter.

The first purpose for index readings will no longer be relevant, as index reads will show the total consumption on the meter, which will not be attributable to any specific tariff component.

The second purpose for index readings will be devalued for a number of reasons, including;

- a) The index read will not be taken at the same time as usage readings are taken. Smart Meters will be polled at anytime up to (say) 4.00 am, where as the usage will be for the 24 hours between 00:00 and 23:59 the previous day.
- b) The index reading will not include any usage information that may have been lost and subsequently substituted at any time in the meters history. Over time, the index reads will become less and less accurate.

Provision of a start and end index reading serve no useful purpose where smart meters are installed. They will only serve confuse customers who will call their Retailer, or the Ombudsman.

Customers will have to judge the accuracy of their bill based on the information provided about their consumption in each tariff component, and the information about their usage gathered within each 30 minute period.

This method of bill checking is not unlike the methods used by customer to check their telephone and internet bills. Customers can, on demand, access detailed records about their usage and their associated charges.

Existing regulation already provides for access to this information, in summary form via the bill, and in more detailed form on request. With this level of information Retailers should be able to work with the customer to determine exactly when any unusual usage has occurred, and what appliances may have contributed to excess usage.

Substitution and Estimation

Issue for comment

Comments are sought on when customers should be advised that their bill is estimated.

Comments are also sought on whether there should be some default tariff arrangements impacting distributors, retailers and customers when bills are estimated.

Dodo believes that it is very important that the Commission understands and accepts that the use of the term Estimation is not applicable in the context of smart meters. The Commission must also

understand that interchangeable use of the term Substitution with the term Estimation will confuse customers greatly.

Estimation implies that a Distributor has used a temporary “guess” about a customer’s usage for the purposes of billing, and that guess is able to be corrected as some point in the future, through obtaining an actual meter reading.

However, where some data substitution occurs (actually “final substitution”), there is no ability to obtain an actual meter reading, the data is lost, and the data has been substituted using a nationally agreed market approach.

Customers with a smart meter should never really have an “estimated” bill, just a bill with lost and substituted data.

A smart meter that cannot be read will either:

- a) Be read remotely or physically at some later point (generally within a few days), and any substituted data provided to the market then replaced with actual data; or
- b) Be discovered to have failed to record data, at which point substituted data will become the “actual” data used for billing.

Where a retailer receives daily data which is substituted, it is unlikely to use that data to bill their customers. It appears to be prudent to only issue bills only where Actual data or Final Substituted data has been provided by the Distributor.

Dodo recommends that the Commission accepts that the use of the term “substituted” data continues to be appropriate in the Smart Meter context, and that the use of estimated data is appropriate where a customer has a mechanical Accumulation Meter. We also consider that regulation around advising customers of “estimated” data and “substituted” data are best dealt with separately, to avoid confusion and unintended consequences during the smart meter roll out phase.

Dodo believes that the real issue regarding the use of substituted data is how quickly a Distributor will determine that the actual data is not retrievable, and not able to be provided to the Retailer for billing purposes.

If a Retailer is able to wait a short period of time (i.e. 5 days) for actual data to be provided, before being advised that the Distributor will provide substituted data then a better outcome for the customer will be achieved.

We understand that in the normal course of meter reading in the smart meter scenario that most actual data loss will be either:

- a) Easily and quickly recovered (and therefore not impact the customer’s bill); or
- b) Be quickly determined to be irretrievably lost and final substituted data provided to the retailer and then used for billing the customer.

In the later case, there is no accurate reading that will replace the substitute. It is the final data that is the basis of the bill.

Dodo suggests that the following regulatory approach be considered.

1. Require Distributors attempt to access actual smart meter data within 5 business days of remote access being unavailable.
2. Where access to actual smart meter is unavailable, a Distributor should act quickly to establish access to the physical meter to read, repair, and replace it.
3. Require Distributors to only use actual and “final substituted” data for the purposes of Network Billing.
4. Notify the Retailer that there is a Meter failure immediately, and that data may not be recovered.

5. Where actual data has not been able to be recovered, require that the Distributor confirm that the substituted data is “final” as soon possible and no later than 30 days after the first substituted data was supplied to the market/retailer.

Issue for comment

The proposal is to retain the current requirement that customers be notified that any part of a bill is based on substituted data.

Dodo considers that where only “final substituted” data is to be used in billing, then instances of billing using that data should be limited.

Where “final substituted” data is used, the Commission should understand that this is information is used throughout the market, and represents the best information available for establishing the missing data, and is final.

If a % threshold were to be used in relation to final substituted data, the Commission will need to be very clear about how that threshold is to be calculated, and careful consideration must be given to how that data is to be displayed, and what impact that information will have on the customer’s ability to change their bill.

Managing daily consumption and costs

Issues for comment

The current regulations for explicit informed consent may be seen to be acting as a barrier to customers accessing more timely information upon which they could better manage their costs. Views are sought on:

- Whether an ‘opt-out’ approach to monthly billing for deemed or standing offer customers is appropriate?
- What are the implications for the costs and timing of the current collection cycle if customers move to monthly billing?
- How should any changes to the customers’ current billing cycles be implemented?

Billing frequency for Standing and Deemed Offers

Dodo considers that the Standing and Deemed Offers should default to monthly invoicing where a Smart Meter is installed for all new contracts.

Customers with these contract types will then have access to better consumption data and smaller invoices, allowing better management of their usage and finances.

Monthly invoicing should also allow Retailers to more quickly identify vulnerable customers and potential hardship program candidates.

In the case of Deemed contract customers, monthly invoicing will allow more invoices to be provided, in a timelier manner prior to the Deemed arrangement ending.

Changes to invoicing frequency for existing customers.

Dodo believes that existing customers on standing contracts should be allowed to change to monthly invoicing on an Opt in basis initially.

Dodo recommends that the Commission must mandate a point from which all Standing contracts can be moved to Monthly invoicing, - with the appropriate notice, to enable Retailers and Distributors to manage cash flow issues associated with Monthly Network invoicing.

This process should be agreed and outlined as soon as possible to provide certainty for Retailers and Distributors.

Collection Cycles

Current collections cycles will remain generally appropriate where monthly invoicing occurs for residential customers; however there will need to be some adjustments to the displayed information on bills, to allow Retailers to differentiate overdue amounts and current amounts on bills.

Where a customer is on monthly invoicing, the retailer must be able to place a disconnection warning on the next bill, along with a separate overdue amount, that must be paid immediately. This is not a replacement of the notice of disconnection intent; it is just a further notice that the amount is overdue and must be paid immediately to stop disconnection action.

Retailers must be able to take disconnection action where there is both an overdue amount, and a pending amount.

Dodo considers that allowable disconnection amounts should be amended to allow Retailers to take disconnection action where two bills remain wholly unpaid, in addition to the current disconnection limit.

We believe that two unpaid bills, (after the appropriate notices and no customer representation), clearly indicates that the customer is not responsive or is unwilling to pay their account. In that circumstance, the Retailer should be able to take normal disconnection action regardless of the amount.

Issues for comment

The proposal is to require retailers to provide customers with a graph similar to that used by Energy Australia or Ontario Energy Board when time-of-use tariffs are introduced for customers with smart meters.

What are the implications for incremental costs or barriers to innovation of this approach?

Given the customer feedback from overseas pricing pilots, and the potential move to monthly billing, mandating daily periods may also be beneficial for customers. Comments are invited on this approach.

Consumption Graphs

Dodo agrees that the use of consumption graphs will be more important to customers to customer where they have Smart Meters and time of use tariffs.

We also strongly believe that Retailers should be encouraged to provide this information in a manner that is innovative and cost effective.

Daily consumption graphs over a 30 day period are unlikely to be very effective given the data that has to be provided. Daily consumption graphs are better provided online, where a customer is able to choose the day or days of data and have them displayed in an appropriate level of detail.

The Commission also needs to consider the level of detail that would have to be provided for a Time of Use tariff customer with multiple tariff parts and a quarterly bill.

The minimum requirements for graphs on bills where there is smart metering should be limited to:

- Average usage by tariff component for previous 4 billing periods and same time last year.
- Total Carbon emissions (same requirement as now)

This approach provides a same time last year comparison and where a customer is billed monthly, a comparison over the last 4 months.

It also provides average use data for each of the peak components, allowing customer to identify if they are using (on average) electricity during more expensive areas.

In addition Retailers should be either required to provide daily usage information in a graphical format via an internet service.

Issues for comment

Greater transparency through information to customers is a prerequisite for customers to benefit from the introduction of smart metering and unbundling could be considered to deliver part of this information. However, some key questions are:

- Would customers gain any information from unbundling of the distribution charges if the retailer does not base its tariff on the distributor's tariff structure?
- Would it be helpful or not for customers to have some charges unbundled, but not others?
- Does unbundling of network charges and tariff alignment have the potential to reduce retailer flexibility in tariff offerings?
- What are the costs, benefits, and feasibility of greater unbundling? Should regulation go beyond requiring the unbundling of retailer and distribution cost sub-components of wholesale and metering costs?

Network Charges

Dodo does not believe any further regulation is required in relation to network invoicing. Customers have their cost of energy purchasing clearly displayed on their current retail bills. Current regulation requires that where energy purchasing and network charges are passed through, then those costs are to be shown in their entirety on a bill. This currently occurs in the commercial energy arena. It also appears that the regulatory and energy costing environments of the international case studies are very different from Victoria, and are not very applicable. Energy Retailers, like most other good and service retailers combine all their cost inputs and provide simplified charging structures that seek to make purchase decisions easier for our customers.

For example, customers who purchase a "can of beans" from a supermarket, are not interested in having the purchase cost of the raw beans, production and canning costs, transport costs and supermarket retailing costs separated and detailed on their shopping docket. They just want to know how much they have to pay for the can.

In addition, as customers are unable to choose their Distributor, displaying these charges does not provide any information that the customer can use to choose their retailer or reduce their costs.

Dodo believes customers purchase a total energy service from retailers, and that the current level of tariff detail is appropriate.

Unbundling of bill components will add significant costs to a Retailers operation, for no apparent gain – costs that will be passed through to customers. Telephone calls volumes will increase, and increase again with monthly billing frequency, bills will become more complex, and longer, increasing bill production costs, and billing systems complexity.

If the Commission wishes customers to have separate Network Tariff information, then perhaps it should consider mandating distributors to provide annual Network Tariff statements to each customer, where the customer's tariffs and the DBs charges and fees are explained. Such a statement would also allow a distributor to communicate other information about customer outages, network improvement initiatives and re-enforce the customer's relationship with the distributor.

Historical Data & Data access

Issue for comment

Will the regulation of the provision of billing level data continue to meet the needs of customers to allow them to reconstruct their historical bills in a smart metering environment for ad-hoc or occasional purposes?

Dodo considers that the level of detail of billing data should continue to meet the customer's needs to reconstruct their historical bills.

Issues for comment

The Commission considers that there is a need for regulation to require customer access to metering data that will be available on a daily basis through secure communication methods capable of protecting customer privacy.

Comments are sought on:

- whether distributors as well as retailers should be obliged to provide metering data sets to customers
- how distributors or retailers can provide interval data from smart meters securely to customers
- How would the cost of such a service be assessed?

What other information and information sharing issues should be considered by the Commission in reviewing the regulations?

Dodo does not consider that Distributors will have access to sufficient information to ensure that any caller requesting billing data is in fact the customer. Historical data can only be provided by the distributor after a retailer has verified the customer's identity.

Dodo recommends that Retailers provide data to customers via websites that are password protected, or in writing where an authenticated customer requests such data.

Retailers should be able to request Distributors to directly provide a customer with their consumption data in either written or electronic forms.

The Commission must also consider how customers "pair" their smart meter to third party devices. Issues that will need to be resolved.

- Retailers will need to have timely access to the meter's WIFI "password" so that it can be provided to the customer on request (and validation) to enable third part devices to access data.
- Retailers will need a timely process for changing that password on request.
- Distributors will need a process to change that password where the customer moves out of a property (otherwise the old customer will have access to that data).

Tariff Structures

Issues for comment

Comments are sought on these, or alternative, options for ensuring customers are able to compare competing retail offers when time-of-use tariffs and more complex tariffs are introduced.

Dodo does not agree that making retailers provide tariffs that are structured in a regulated manner will provide any benefits to customers in making choices.

Retailers will all have different energy load shapes and wholesale contracts that will determine

their general pricing structures. These structures cannot be constrained by regulatory forces. Such constraints will just increase costs and reduce competition, and will not allow customers with specific usage patterns to seek out the best patterns that suit them.

Competition between retailers will ensure that there will be a number of different structured tariff plans, and some will follow a Distributors rates. Retailers that are unable to structure tariffs that are attractive to customers will modify their tariffs or lose customers their customers.

Dodo understands that the whole purpose of the introduction of smart meters was to provide cost reflectivity to customers, and allow customers to adopt behaviours and make choices that best suit their individual needs.

Constraining such choice of rate and tariff structures does not support this purpose, or the broader purposes of competition in the retail energy marketplace.

The introduction of smart meters means that customers will be billed based on their energy usage behaviours. These behaviours are best understood by the customer. The recent National and Victorian bill benchmarking processes have highlighted that there is no “average” customer, or household or usage profile.

Customer should judge their retail contract choices based on their personal understanding of their own energy behaviours and their individual appliances. They will have to judge which energy plan best suits their needs.

Choices about plans with differing rates, tariffs, and timings are ones that consumers make each day, for mobile telephones and internet plans. Energy plans in the smart meter environment will be not be any different.

Indicative annual costs and indexes

We believe that provision of indicative annual costs will not be possible given the complex TOU tariff structures, and the impact that individual and appliance behaviour will have on a home.

Where such an indicative cost is provided it will have to have a number of disclaimers and notes advising the customer of the level persons in the home in each tariff period, and the general level and type of appliance use. It is unlikely that any such assumptions will match an actual customer’s situation.

These costs and index also only incite customer calls and complaints, when the customer does not fit behaviour or usage level modelled.

The provision of 3 or 4 “average” usage profiles will just mislead customer into making poor choices.

Dodo does not understand how average use indexes can be included in an Offer, and how any such index will in anyway match the customer actual billed usage pattern.

Dodo supports the provision of average use per tariff component on a customer’s bill.

Customers will need to understand their usage patterns and compare energy plans based on that information.

Dodo suggests that the Commission should consider developing a “how to choose” guide and other tools, that can be provided to customers to assist them with this process.

Remote disconnection and reconnection

Issue for comment

Should the regulation require the distributors to disconnect and reconnect premises more quickly if the smart meter functions are available?

Dodo supports regulation that requires Distributors to provide much more timely and inexpensive disconnection and reconnection activities.

Issues for comment

What steps could be taken by the distributors and/or the retailers to ensure that the wrong customer is not disconnected with smart meters?

Should retailers take additional steps prior to disconnecting all customers, as well as noting on the disconnection warning that the disconnection may be carried out remotely?

Dodo supports the inclusion on all disconnection warning notices for all premises (not just smart metered sites) of a message advising that the disconnection may be completed remotely, without any visit to the premises.

Dodo does not believe that any additional attempts to contact customers are required in the smart meter environment. Customer who are ultimately disconnected using a remote process, will be able to have reconnections processed just as easily and at a presumably lower cost than current processes and costs allow.

The installation of a smart meter should not change in anyway a customers' ability to pay an account, or make contact with a retailer if they are in payment difficulty. Smart meters will ensure that retailers are able to take more timely action where they are not contacted by customers and ensure timelier and less costly reconnection of customer's if they are ultimately disconnected.

Issue for comment

Under remote disconnection should the Commission require that information be provided by a sticker placed in the meter box?

What other options are available for ensuring new occupants know how to go about finding a retailer and getting reconnected?

Dodo supports the addition of a sticker in customer meter boxes. This sticker should clearly state:

- The Distributor and contact number;
- The customer has a choice of energy retailer;
- That the Meter may be remote connected and disconnected.
- A safety message;
- Where to find a current list of Retailers; and
- That Distributor can advise who the current responsible Retailer is.

Once again Dodo Power & Gas thanks the Commission for the opportunity to provide our comments and views on the Issues that have been raised. If you require any further clarification on these points, or wish to seek our views on other points that may be raised through out this review, please do not hesitate to contact us.

Andrew Mair

Customer Operations Manager (Energy)

Dodo Power & Gas