17th December 2024

Mr Benn Barr
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

Online via: www.aemc.gov.au

Dear Mr Barr

EPR0097– Electricity pricing for a consumer-driven future

Thank you for the opportunity to comment on this consultation paper. The comments contained in this submission reflect the feedback of the Energy and Water Ombudsman Victoria (EWOV) Energy and Water Ombudsman Queensland (EWOQ), Energy & Water Ombudsman South Australia (EWOSA), and Energy & Water Ombudsman New South Wales (EWON). We are the industry-based external dispute resolution schemes for the energy and water industries in our respective states. We have collectively reviewed the consultation paper and we have only responded to those questions that align with issues customers raise, or with each respective organisation's operations as they relate to the consultation paper.

If you require any further information regarding this letter, please contact Mr Ben Martin Hobbs, Policy Insights and Engagement Manager (EWOV) on (03) 8672 4239, Mr Jeremy Inglis, Manager Policy and Research (EWOQ) on 07 3212 0630, Mr Antony Clarke, Policy and Governance Lead (EWOSA) on 08 8216 1861, or Dr Rory Campbell, Manager Policy & Systemic Issues (EWON) on 02 8218 5266.

Yours sincerely

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Question 2: What are your views on our proposed Consumer Preference Principles?

We broadly support the AEMC's outlined Consumer Preference Principles (CPPs) and recognise the intent to develop simple and overarching CPPs as a tool to help inform the future planning of network tariffs.

Consumers of new energy products and services are protected at a minimum by Australian Consumer Law, however consumers' ability to access an independent dispute resolution scheme to seek the resolution of their issue varies significantly depending on the kind of product or service causing the issue, whether this falls within energy regulation and ombudsman jurisdiction. The growing interdependencies between particular Consumer Energy Resources (CER), its installation and configuration, and impact on a consumer's bill may well determine the scope to which Consumer Preference Principles (CPP) can be applied in the context of an external dispute resolution scheme.

Recommendation: The AEMC might consider revising the existing appropriate protections CCP to "Customers want clear and appropriate consumer protections, *including access to external dispute resolution*" (CPP number 5).

For consumers to have trust and confidence in the market, they need to easily understand how a product or service will benefit them. In cases relating to VPPs, EWOs observe complaints about whether consumers have derived benefit from the VPP arrangement. Complaints received to date relate to when the VPP provider has accessed their asset, how much a VPP has drawn down their battery, whether they have been fairly compensated for the use of their assets, or even whether consumers derive any net benefit from the contracted arrangements.

Case study (EWOV): Failure to provide clear information around Virtual Power Plant use of battery
Gary[*] contacted EWOV with a complaint about his retailer and a related Virtual Power Plant (VPP) agreement. The VPP agreement included selling energy from Gary's battery into the grid when the spot market price exceeded a standard feed in tariff rate, when his battery was full and when the VPP software "deems it appropriate according to [your] household's energy usage patterns". When the VPP discharged from Gary's battery, he was paid a trading credit in lieu of this feed in tariff, at the spot market price. Gary raised a number of issues in his complaint. First, the VPP provider drew his battery down to 15% by 8pm each night, requiring him to draw from the grid directly at a higher price. Second, Gary advised he had been paid very little in trading credits, well below the cost to recharge his battery after these discharge events. While Gary was provided access to the VPP software forecasting discharge events, the provider did not give him

[*] *All names have been changed for privacy reasons*

information about how and when they had utilised his battery to export into the grid, and without this information, Gary was unable to determine whether he had received the correct benefit. Third, Gary had repeatedly tried to call the VPP provider to discuss the issue and was unable to get through.

Through an EWOV investigation, the retailer agreed an error had been made, but the retailer was unable to document exactly when the VPP software had accessed Gary's battery to discharge to the grid, or provide a true reconciliation of how much energy had been discharged to the grid at what value. The retailer claimed its software would "learn" about consumer's usage and manage the charge in his battery accordingly, to avoid excessively discharging the battery. Despite their inability to produce the required information, the provider was still adamant the consumer would be better off "in the long term" under the contract.

Key insights from Project Edge (VPP trial) also highlight the need for aggregators to "communicate how customers will be 'better off overall' by joining a VPP",[1] which goes beyond the "value for money" CPP. This research suggested this was key to *motivating a move beyond self-consumption* – that consumers aren't "adverse to increasing the amount of power they export through a VPP provided it has been demonstrated they will be better off overall".[2] Requiring clear information to be provided to consumers with demonstrable benefit will likely be a key step towards building and maintaining consumer confidence in CER products and services and support compliance with existing consumer protections.

Recommendation: We suggest the AEMC might consider further clarity in their definition of "simple engagement" (CCP 4) to reflect the need for clear, accessible and relevant information for consumers, and to incorporate provider accountability for their products or services.

Accountability will be particularly pertinent if consumers are to trust automated responses to network and wholesale price signals. Considering that many of the technologies are in the developmental or testing stage and to mitigate the risk of prejudicing the need to innovate, accountability in CER products can also include being clear on the extent of what functionalities can and cannot be promised to consumers so that they can make informed decisions. Ensuring consumers understand the benefit derived through participation will be key to facilitating consumer trust and confidence in VPP contracts and CER products more broadly.

[1] Australian Renewable Energy Agency, *Project Edge, Final report,* October 2023, pg. 47, https://arena.gov.au/assets/2023/10/AEMO-Project-EDGE-Final-Report.pdf
[2] Ibid.

Question 3: What are your views on our proposed Consumer Archetypes?

Consumer archetypes can be a useful tool to model how particular sub-cohorts of consumers might behave in a market, the kinds of products and services they might purchase and problems they could experience. While engagement – as a function of resources and interest – may be a key axis of differentiation among electricity consumers, we caution that this axis may overly simplify consumer behaviour and attitudes. The AEMC might consider how a third axis of 'ability' – an aspect of capability to engage but distinct from interest or financial resources – could be captured in their archetypes. In our view this would help the AEMC to model potential consumer harms that occur for many consumers. A consumer may be highly engaged and highly interested, but not well versed in understanding the complexities of the energy market and, due to this comparative inability, may unwittingly be led to purchase a CER product which does not meet their personal needs and leads to poor outcomes. The addition of 'ability' as a third axis will help to mould the archetypes to fully capture the lived realities of consumers and provide an improved framework for assessing whether the resolutions serve a diverse range of future consumers.

The AEMC might take into consideration consider how consumers do not neatly fit into the archetypes and may shift dynamically as a result of unanticipated events, social-economic changes or government policies. The AEMC's discussion paper observes that "customers may shift between archetypes over time depending on their financial, social, and personal circumstances".[3] Research also points to evidence around how decision-makings styles vary, e.g. some consumers may prefer data driven information while others prefer recommendations from trusted individuals.[4] We have also observed examples where early adopters of CER experience poor outcomes as a result of their participation in VPPs or simply installing new CER, which potentially can result in loss of trust and ongoing confidence to participate in the market.

Case study (EWOV): Challenges navigating unclear VPP arrangements
Zhang* bought a solar PV and battery bundle for $20,600 after government rebates, with finance provided through the retailer. Zhang had also signed up to participate in the retailer's virtual power plant (VPP) as part of the bundle. Zhang reported their VPP provider was charging the battery from the grid during the day at 23 c/kWh while he received a feed-in-tariff of 5.2 c/kWh when the battery was remotely drawn down through the VPP during periods of demand. The VPP provider also paid Zhang a monthly fee of $10 as part of the VPP program. Zhang complained that the retailer did not state in their VPP contract that the retailer would charge the battery from the grid (i.e. at the consumer's cost) even when the battery

[3] AEMC, *The pricing review: Electricity pricing for a consumer-driven future – consultation paper*, pg. 14.
[4] Janneke Blijlevens, Swee-Hoon Chuah, Ananta Neelim, Johanna E. Prasch, Ahmed Skali, "Not all about the money: Service quality information improves consumer decision-making", *Journal of Economic Behavior & Organization*, Volume 228, 2024, https://doi.org/10.1016/j.jebo.2024

was not required, such as during the middle of the day when his solar panels were generating energy.

After we assisted the consumer to make a complaint, the retailer advised they had explained to Zhang that no more than 500 kWh would be discharged to the grid, and that he was provided $60 additional VPP credits when he signed up for the VPP in May 2024. The retailer confirmed that since Zhang had first made his complaint, he had closed his account and had switched providers.

The AEMC might consider how poor consumer outcomes may themselves drive a sharp shift in consumer engagement, rapidly shifting consumers from "embracers" to disinterested "full of potential" archetypes. As noted in the broader literature, trust is easily broken but difficulty to rebuild.[5]

Consumer capability and decision-making are likely to be key factors of engagement. We suggest that "ability" may be a further aspect of engagement the AEMC considers in developing its archetypes. ECA commissioned research highlighted the importance of "ability" to engage focused on aspects of ability including literacy and numeracy,[6] and the AEMC might consider how this extends to consumers engaging with highly sophisticated products and services. Behavioural research highlights the range of consumer biases in decision-making and "bounded rationality", which are often heightened under uncertainty.[7] Some consumers may have higher risk tolerance and even demonstrate "overconfidence" in taking up new innovative CER products than other consumers despite similar resources and interest.[8] These kinds of consumers, likely to be early adopters, may also be the first to experience poor outcomes.

EWOs observe in our own cases examples of early adopters (or to use the AEMC's framing - "embracers") where consumers have both the resources and interest to engage with CER markets, but experience difficulty understanding the product configuration or service, sometimes on account of the complexity or unexpected behaviour of a provider. This may also reflect overconfidence and misaligned expectations of the capacity of CER installations.

Case study (EWON): Customer receives higher than expected bills after purchasing rooftop solar system from retailer and being placed on VPP.

A customer purchased a rooftop solar system directly from their energy retailer. The customer stated that they had spent approximately $20,000. After the installation was complete, the customer made multiple high bill complaints, as his energy costs had increased on a quarterly basis, rather than reducing with the benefit of solar. The complaint was escalated to EWON because the customer was dissatisfied with the

[5] The Ethics Centre, *Trust, Legitimacy and the Ethical Foundations of the Market Economy*, (2018).
[6] Acil Allen, *Supporting households framework: a strategic framework*, 19 November 2018.
[7] Elizabeth V. Hobman, Elisha R. Frederiks, Karen Stenner, Sarah Meikle, "Uptake and usage of cost-reflective electricity pricing: Insights from psychology and behavioural economics", *Renewable and Sustainable Energy Reviews*, Volume 57, 2016, pg 455-467, https://doi.org/10.1016/j.rser.2015.12.144
[8] Ibid.

retailer's response to his high bill complaints. EWON referred the matter to a specialist team at the retailer in the first instance. The complaint returned to EWON as it remained unresolved.

EWON's review of billing information and meter data found that the billing was accurate based on the data. The EWON investigation also revealed that the customer's controlled load electricity supply was now being managed through the retailer's VPP. The customer was receiving a $20 credit each month for participation in the VPP. This means the retailer had taken over the customer's controlled load service and was focused on shifting the customer's energy consumption to times of the day when there is excess solar generated power being feed into the grid. The customer was sent a letter advising them that their controlled load hot water was now being managed by the retailer rather than the network.

The letter advised the customer to email the retailer if they had other services connected to the controlled load. The customer had not investigated this issue. The customer was prompted by the EWON investigation to check their installation and was advised by an electrician that their pool pump was also connected to the controlled load circuit. The customer had assumed that their hot water/pool pump usage was being offset by the energy generated by newly installed rooftop solar system.

EWON advised the customer that they had been billed correctly based on the meter data provided, and that the retailer had offered a $200 credit as a goodwill gesture. The customer did not respond to the retailer's offer. EWON made no assessment of whether the customer was financially disadvantaged by their participation in the VPP due to the fact that the retailer was unaware of the pool pump connected to the controlled load circuit – or from the advice the customer had received from the retailer about the installation of the solar system.

Limited resources and capability to understand complex products and services may not limit vulnerable consumers from engaging and taking up CER (see case study below). However, these consumers may be most at risk of predatory providers and potential payment difficulty where CER services are not fit for purpose. A subsequent axis of "ability" might help the AEMC to model key archetypes more at risk of poor outcomes.

Case Study (EWOV): Growing essentiality of behind-the-meter CER assets

EWOV received a complaint from Andrew*, on behalf of Greg* and his wife Ethel* at the end of 2023. Greg borrowed money to purchase a solar PV and battery system to help reduce power bills and ensure ongoing supply in a power outage. Both Greg and Ethel are in their late 70s and Ethel has a disability, requiring essential medical equipment and services powered by electricity. The system cost $15,000, was installed a year before the complaint was made, but has never functioned. The unit has a fault light that has been on constantly and the power bills remain at around $1,400 quarter. The unit does not provide power in an outage, so Greg and Ethel have to start a generator.

Andrew reported to EWOV that he believed Greg did not know what he was buying and that the company who supplied the unit organised the loan for the system, which had put Greg and Ethel in debt. Andrew made repeated attempts to contact the solar retailer over a four-week period. The solar retailer had eventually responded with a promise to have the installing contractor contact Greg and Ethel to resolve the issue, which Andrew reported did not occur. Though the solar retailer outlines on its website that its workforce are accredited with a voluntary industry code and that it will provide support for any issues that arise, Andrew reported no concrete action or resolution was provided by the installer. When Andrew Contacted EWOV he shared a formal complaint letter he had written to the solar retailer.

The solar retailer is not a licenced member of EWOV, and so EWOV was unable to handle the complaint. Consequently, Andrew was referred onto Consumer Affairs Victoria.

We also suggest the commission adopt caution in framing those without resources and interest as necessarily "disengaged". People respond to the unit that matters to them and these individuals may be highly engaged "behind the meter" – reducing usage more generally rather than in response to a particular price window or peak. We observe in our case studies examples of consumers raising complaints about high bills while our technical analysis indicates lower usage compared with previous years, likely a result of higher wholesale prices. Compared with price signals on bills, it may be that occasional behavioural responses to peak periods are more viable for some consumers where messaging is clear and simple from a trusted source, and the ask does not risk health (e.g. load shifting non-essential appliances). Some individuals may have limited financial capacity to invest in CER, but an interest in reducing their bill and have the *ability* to do so where the behavioural ask is clear and messaging is simple.

We welcome the AEMC's recognition that those who do not have the resources to engage with CER are not left behind. There is a risk that those unable to invest in CER or respond to dynamic pricing will face higher residual network and wholesale costs, exacerbating current affordability challenges. For the transition to be successful the benefits need to be more equitably distributed.

Question 4: We want stakeholders to help us imagine the widest range of possible future products, services, and pricing structures. How might they look in the future?

EWOs are increasingly receiving complaints regarding new CER products and services. Examples include a range of Virtual Power Plants contracts, "no bill" Solar Power Purchase Agreements, retailer tariffs with some wholesale market exposure, Electric Vehicle plans and telco and energy bundled offers.

Many anticipated products or services may come to market faster than expected, requiring clearer short-term safeguards for consumers to ensure consumer trust and confidence and bridge the gap to a future energy market. While a range of new products and services are likely to emerge as the transition progresses, EWOs would encourage the AEMC to consider whether the CCP principles should be applied as "guide rails" to consider what might be appropriate or inappropriate (e.g. overly sophisticated) for a broader retail consumer market. This approach could provide a baseline or minimum expectations for CER retailers or suppliers to adhere to when engaging with consumers to encourage best industry practice and maintain consumer trust in CER products.

Case study (EWON): Customer is confused about the terms of a bundled plan

A customer conducted research into solar power options and energy plans. He chose a retailer who installed solar panels under a Solar Power Purchase Agreement where he would own the system after 7 years, subject to a number of conditions such as his electricity account also remaining with the retailer. He thought he would not receive any electricity bills during this 7 year period. After speaking to friends and family about their solar plans, he contacted the retailer to double check if he should be receiving bills. The retailer advised him that they did not have a record of any bills, but he then received a bill for $3,000. He called the retailer and it advised that there had been a billing delay and it could not assist him further. He contacted his state ombudsman scheme for assistance and agreed for the matter to be referred back to the retailer at a senior level in the first instance. He returned as he was not contacted by the retailer in the agreed timeframe, and then received another bill where the arrears had increased to $4,000. He advised the ombudsman scheme that he was seeking a review of the billing, and wanted to exit the bundle plan and own the solar system outright.

The ombudsman scheme's investigation found that the retailer provided the customer with accurate information about the contract terms and conditions of the Solar Power Purchase Agreement, including that he would receive monthly electricity bills. Based on the available information and supporting documents, the investigation did not identify any instances where the customer was advised that he would not receive any bills for 7 years. The investigation also indicated that the customer was billed appropriately based on actual meter data and according to the terms of his contract. The first bill was delayed by several months but complied with backbilling limits, and subsequent bills were issued monthly on schedule.

The retailer confirmed it could arrange for the customer to exit the plan and own the solar system outright if that was his preference. This would include an exit fee calculated according to the terms and conditions of the contract, likely to be at least $10,000 depending on the exact date of exit. The retailer also offered a customer service credit of $1,000 toward the electricity account balance of $4,000 owing. The ombudsman scheme was unable to reach the customer by phone or in writing to discuss the retailer's offer and whether he required affordability assistance. The ombudsman scheme wrote to the customer and advised him to discuss his options further with the retailer, or contact the

ombudsman scheme if he had further information that may change the outcome of the investigation.

Question 6: How could consumer protections be balanced to enable further innovation in a future retail electricity market?

Ensuring consumer trust and confidence in the market is crucial to the uptake of new and innovative CER – including products, service and prices. Compromsing consumer protections by reducing existing regulation or deferring the introduction of new protections deemed necessary to the transition[9] may undermine consumer trust and confidence the longer term, or create unintended consequences that can create barriers to consumer participation. This is best illustrated by the rapid growth of embedded networks, which highlight the unintended consequences of regulatory gaps in the consumer protection framework, resulting in hundreds of thousands of consumers unable to access the lower energy costs through the energy market along with associated consumer protections. EWOs have made a significant contribution through numerous submissions to highlight the breadth of consumer harm and the need to address this regulatory gap.[10] The barriers to choice and clear consumer protections has seen, for example, distrust and frustration in the context of embedded networks. In our view it is crucial we proactively avoid the same problems in emerging CER markets, especially given the critical role CER markets will play in Australia's energy future.

Nor does enabling innovation for its own sake guarantee positive consumer outcomes, and can create ongoing policy problems. The energy market has seen a range of pricing "innovations" emerge in recent years that have subsequently required significant regulatory response to address the impact on consumers. Novel and innovative pricing structures such as *Pay on Time Discounts* (PoTD) were identified in regulatory reviews in 2017 and 2018 as problematic for consumers.[11] The ACCC's recent inquiry report has identified legacy conditional discounts still create a "price penalty for customers who fail to achieve their discount".[12] We still observe problematic legacy PoTD retail offers that may net out at a higher rate than the default offer set by the regulator (see case below). We urge the AEMC adopt caution in any trade-off of consumer protections where potential innovation – particularly more complex pricing - does not clearly provide consumer benefits.

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[9] Australian Energy Regulator, Review of consumer protections for future energy services, November 2023: Department of Energy Efficiency and Climate Action, *Consumer energy resources (CER) consumer protections review – directions paper*, 2024.

[10] Joint Energy and Water Ombudsman Submission, *Review of the Australian Energy Regulator (AER) exemptions framework for embedded networks – Issues Paper,* February 2024

[11] *Independent Review into the Electricity and Gas Retail Markets in Victoria*, August 2017, pg. 30 ACCC, *Restoring electricity affordability and Australia's competitive advantage: Retail Electricity Pricing Inquiry*, 2018, pg. 259.

[12] ACCC, Inquiry into the National Electricity Market, 2023, pg. 6

Case study (EWOV): Legacy Pay on Time Discounts create consumer confusion
Jeff* complained to us about a high electricity bill of around $400, claiming his usual bills were around $115. Jeff explained he has not purchased any new appliances that would increase the usage. He had contacted his retailer and it advised the bill was correct and payable. His provider had offered a payment plan but Jeff did not want to accept the plan. He had been a customer of the retailer for five years and told us he had never received such a high bill. During the course of our investigation, we discovered that Jeff had, at times, received bills for $110 or similar amounts, however, these were often during milder months. We conducted a tariff review and found that Jeff had been billed correctly, and concluded the reason for the high bill was that the cost of electricity had increased significantly year-on-year. Although Jeff's plan included a large 45% pay-on-time discount, the price increases resulted in a significant overall cost increase to his bill. Through our conciliation of this case, the retailer applied a $250 customer service gesture and provided him with a revised bill with an extended due date. The retailer also completed a rate comparison and provided two quotes for alternative energy plans for Jeff to consider switching to.

In our view, external dispute resolution provides crucial protection for consumers in the short term, particularly in advance of the national CER consumer protections framework expected to be delivered in 2028. Energy and Water Ombudsman (EWOV, EWON, EWOQ and EWOSA) have developed a set of shared principles for the ombudsman jurisdiction in a transitioning market – drawing on our ongoing case insights. Policymakers and regulators should consider adopting these principles to maintain and build consumer trust and confidence in the transitioning market.

Our core three principles for External Dispute Resolution in the transitioning market:

1. Consumer protections, including dispute resolution, should be provided where a product or service has the potential to impact the supply and use of energy.
2. External dispute resolution is a baseline consumer protection. It supports innovation creating consumer trust and confidence in the market.
3. Providers should have proportionate financial accountability for the costs of external dispute resolution generated by poor consumer outcomes.

Question 7: What barriers will need to be addressed to deliver future consumers a meaningful and beneficial range of products, services, and pricing structures? How might we consider addressing those barriers?

We observe a range of key structural barriers are likely to inhibit some consumers from meaningfully participating in future energy markets. Addressing some of these barriers may be contingent on reform efforts from other parts of government or require collaborative effort with a range of stakeholders external to electricity and energy markets. Key issues identified by EWOs in a range of other submissions include:

1. **Fragmented dispute resolution** - likely to create ongoing issues for consumers, particularly as new products and services emerge while CER becomes more integrated, even essential, in broader grid stability and for traditional energy supply.
2. **Embedded networks** – create a range of ongoing barriers to consumers accessing the market and protections more broadly. In particular, the lack of smart meters for consumers in embedded networks will create an ongoing barrier in accessing CER.
3. **Tenancy status** – diffused responsibility for properties and installed appliances may see inherent disincentive to take-up and install CER among landlords, and a direct barrier to participation for tenants.[13]
4. **Quality of housing stock** – while the quality of housing stock (including old inefficient appliances) remains poor, consumers may have limited ability to shift load of key appliances (e.g. heating and cooling).[14]
5. **Strata arrangements** – which may limit consumers ability to install particular CER.

Question 8: What should network tariffs look like in the future?

We observe an ongoing disconnect arising from dispersed responsibility for the design and implementation of network tariffs, creating consumer confusion about prices and signals for behaviour change. Clearer co-ordination from industry and market stewards alongside deeper consideration for consumer ability to meaningfully change behaviour will be required in order to reduce future network costs.

We currently observe (primarily in NECF jurisdictions) retailers passing through network tariffs (e.g. demand tariffs) without sufficient signalling information. Where consumers aren't able to identify when their demand peak is occurring or even has occurred, it seems unlikely and unreasonable to expect they can or will respond – by learning how to shift their usage accordingly.

Case study (EWON): Customer wants more transparency around demand tariff calculations

[13] EWOV, *EWOV Feedback on Proposed Amendments to the Residential Tenancies Regulation 2021*, July 2024.
[14] Ibid.

A customer complained to his retailer because his bills did not include information about the exact date and time of the highest half-hour of electricity usage during the monthly demand windows. He was reluctant to pay the demand charges calculated on the bill until he could verify the calculation against his highest half-hour of usage himself.

EWON advised that the level of detail included in the customer's bills appeared to comply with the Better Bills Guidelines. The retailer had detailed information about demand calculations on its website and confirmed it could advise the customer of the highest half-hour of usage upon request each time he received a bill so he could verify the calculation if he wished. The customer accepted the information but was not happy with the lack of billing transparency given the demand tariff was more complex to understand than previous tariffs.

In other cases, we observe retailers adopting unusual network tariffs – including stepped retailer price retail market offers. This variation between tariffs and consumer confusion about price signals highlights the need for clear and coherent co-ordination between networks, retailers and market stewards.

Case study (EWON): Customer with smart meter has a stepped price retail market offer

A customer received a bill for $1,500 for the period October 2023 to 1 February 2024 which she considered to be high. She previously had a basic meter, which was replaced with a smart meter mid-period in December 2023. The average usage from October 2023 to December 2023 was 80 kWh per day. The average usage from after the meter was replaced in December 2023 to February 2024 was 7 kWh per day. The same period the year before was 3 kWh per day. The information in her mobile app also did not align with what she was billed. She disputed the bill and the retailer advised that it had made an error, but the adjusted bill only reduced by $4. She contacted her state ombudsman scheme for assistance and agreed for the matter to be referred back to the retailer at a senior level in the first instance.

She returned as she was not happy with the retailer's response that the disputed bill was accurate, as her usage had remained low since the meter exchange and the disputed bill. EWON's billing investigation found that two quarterly meter reads prior to the meter exchange were estimated due to a dog in the yard, so there was catchup usage when an actual meter read was obtained upon removal. The retailer provided a photograph of the final meter read before removal. The customer accepted this explanation.

EWON also identified that the customer's retail market contract was a stepped tariff where a higher charge applied after the first 14 kWh per day, prorated based on the total kWh in the billing period. The customer had remained on a flat network tariff after the meter was exchanged and when she later signed up to a new plan in late February 2024, she agreed to the stepped price plan. As the customer had a smart meter, the retailer would theoretically be able to specifically see which days the customer exceeded 14 kWh and by

how many kWh, however the retailer applied a more general prorated calculation approach. EWON's review found that although it appeared this approach would make more sense for a basic meter where it was not possible to identify when usage occurred within the period, the approach was in line with the customer's market retail contract.

Question 10: What changes might be required in the future to the interfaces between different energy supply businesses?

The AEMC might consider how the marketisation of key infrastructure delivery – both hardware and software - may inadvertently create additional future difficulties and barriers for consumers accessing interfaces between key energy supply businesses. For example, since the *Power of Choice* reforms, the rollout of smart meters through metering co-ordinators has created a range of barriers and difficulties, including the slow the uptake of smart meters and ongoing problems with basic billing.[15]

As noted in the joint EWO submission,[16] the framework for the arrangements between metering entities and energy retailers should be reviewed to ensure that it is delivering consistent outcomes for consumers. Where contractual relationships between metering parties and energy retailers are not delivering suitable consumer outcomes, they should be better regulated. This could include more stringent and enforceable timeframes for data provision when it is required to resolve a direct retailer complaint or external dispute.

The AEMC might consider how to avoid similar issues in the rollout of future infrastructure required for the interfaces between different energy supply businesses – for example to enable secondary settlement points, real-time data provision and third-party VPP aggregators.

Further, the AEMC might consider how pricing and service offerings from third-party providers providers of energy services (non-traditional retailers) interact and how these might impact bills, relationships with retailers and the supply, import, export, consumption and storage of electricity at the premise.

[15] Joint EWO submission - ERC0399 – Real-time data for consumers Consultation Paper, November 2024.
[16] Ibid.