



26 October 2016

Mr Hugo Harmstorf
Chief Executive Officer
IPART
PO Box K35
Haymarket Post Shop NSW 1240

Dear Hugo

RE: Request for information regarding retail offers available to residential solar bonus scheme customers after 31 December 2016

Thank you for the opportunity to provide information on the retail offers available to residential solar bonus scheme customers after 31 December 2016.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers.

EWON is already receiving complaints related to the ending of the solar bonus scheme and offers and installation of advanced meters by retailers. Our comments are informed by these complaints.

Customers must have access to adequate information to compare offers

The provision of new meters to existing solar bonus scheme customers is the first part of a retailer led roll out of advanced meters.

This is the first time in NSW that electricity consumers are being provided with an energy offer that is bundled with metering services. And, historically, consumers in NSW have not had a choice about metering services provision. Therefore, it is imperative that consumers are given access to clear and comprehensive information to enable comparison between the offers made by all retailers.

It is difficult for customers to make an informed and appropriate decision about fundamental changes to their metering services if they do not have access to crucial information. Some of the key questions customers are asking, or need to ask, are:

- Will accepting new metering services from their retailer change the length/terms of the current retail contract?
- What will be the length of their new energy contract?
- Will the installation of a new meter affect the customers' ability to change retailers?
- What contract terms or fees apply if the customer chooses to accept an offer from a different retailer?
- What is the feed-in tariff that will be offered to the customer after the end of the solar bonus scheme?

- If a new meter is installed at the customer's property, will the structure of the standard tariff change? For example, will the customer be required to accept a time-of-use pricing structure?
- What will be the cost of installing a new meter if the customer wants to defer the decision?

Retailers must also make relevant information available to customers over the telephone

Customers expect that if they are being offered a product by a retailer, they should be able to ring that retailer and be given answers to all of their questions before making a decision.

EWON has already received complaints from customers who have received targeted offers from their retailer which include bundled metering services and a feed-in tariff. In some of these cases, the customer was willing to accept a new meter but also wanted to ask their retailer basic questions about the offer being made, such as information about the feed-in tariff they would receive, however the retailer's customer service staff did not have access to this information.

Retailers should have specialist staff available during contact centre hours to answer questions about their targeted offers, so that their customers can make informed decisions.

Ideally, given this is a major NSW transition project which will take a number of years to complete, and energy retailers' contact centres receive calls from many Australian states, a dedicated team should be established.

The opt-out process for the installation of advanced meters

Some retailers offering metering services to solar bonus scheme customers have chosen an opt-out process for the installation of digital meters.

If a retailer chooses to engage in an opt-out process for meter replacements, it is essential that the process is simple and that customers are able to engage with their retailer easily. EWON has received complaints from customers who have tried to contact their retailer to opt-out of the meter installation, but have received no response or acknowledgement of this decision from the retailer.

Inevitably in EWON's experience, in an opt-out process some customers who did not want a new meter will receive one. Information, and mechanisms for resolving these customers' concerns, need to be improved as EWON's understanding is that re-installing the customer's original meter or installing another Type 6 meter may not be possible. However a Type 5 meter may have the capacity to be configured as an accumulation meter and installed to the customer's satisfaction.

The following issues should also be considered by retailers that are following an opt-out process for meter replacement:

- There should be a claims process in place for potential damage caused during the meter installation process – networks have managed such claims effectively for many years.
- Customer service staff should know how to respond to complaints about the quality or safety of the meter installation.
- Clear information should be available to customers who have received an unwanted meter installation from their retailer about what options they have for "putting them back in the position" they were in prior to the installation, e.g. perhaps a Type 5 meter configured as an accumulation meter.

Conclusion

EWON will continue to monitor customers' experience with the digital meter roll out and feed-in tariff offers and provide feedback to our members and stakeholders. This process should enable improvements to be made to the meter replacement program and ensure a greater level of customer satisfaction.

The end of the solar bonus scheme on 1 January 2017 is only 10 weeks away. Inevitably there will be customers who do not engage with the retailer-led process through either lack of: information; awareness of the need to engage; or the impact of inaction. These customers will enter the post-scheme period with a meter incapable of recording net consumption and no feed-in tariff. As a result, some customers will experience severe bill shock when they receive their first bill in 2017. It is critical that retailers prepare in advance for this situation, identify relevant billing through exception reporting, and proactively engage with these customers. The end of the solar bonus scheme could easily trigger financial hardship in many customers; retailers and industry need to ensure this outcome is minimised.

If you would like to discuss this matter further, please contact me or Rory Campbell, Manager Policy and Research, on (02) 8218 5266.

Yours sincerely

Janine Young
Ombudsman
Energy & Water Ombudsman NSW

Case studies

Case Study: Customers must have access to adequate information to compare offers

The customer received a letter from his retailer offering him a new digital meter. He rang EWON to ask if he would be able to change retailers in the future if he accepted this offer. EWON advised that this would depend upon the contract that he signed. EWON further advised the customer to talk to his retailer about the specific details of the offer and told the customer he could come back to EWON if dissatisfied with the retailer's response.

Case Study: Retailers must also make relevant information available to customers over the telephone

The customer rang EWON with questions about the offer of a digital meter from his retailer. He was concerned that he would be forced on to a time of use tariff and also sought information about how he could change his meter later if he declined the current offer. EWON advised him to engage with his retailer in relation to these questions and told the customer he could come back to EWON if dissatisfied with the retailer's response.

Case Study: The opt-out process for the installation of advanced meters

The customer had contacted her retailer to decline the offer of changing her meter. In her view the retailer did not clearly confirm her decision. They also failed to answer her other questions. The customer said that the retailer had told her failure to change meters would incur additional meter reading costs. The customer called EWON to seek assistance in having the retailer confirm that they had received her opt-out request. She also sought information about whether her decision to retain the current metering would incur additional meter reading costs.

The matter was referred to the retailer at a higher level with the customer's agreement, knowing she could re-contact EWON if necessary

Case Study: The opt-out process for the installation of advanced meters

The customer was away on holiday and, when she arrived home, she found a letter about a proposed meter change which said she had to contact the retailer before a date that had already passed in order to opt out. She then found that the meter had already been changed. She had since been in contact with her retailer about having the new meter removed but had not received any answer to her request.

The matter was referred to the retailer at a higher level with the customer's agreement, knowing she could re-contact EWON if necessary