



# Ethnic Communities' Council of NSW Inc.

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## **Submission in response to the AEMC Draft Rule Change: *National Electricity Amendment (Expanding competition in metering and related services) Rule 2015 and National Energy Retail Amendment (Expanding competition in metering and related services) Rule 2015***

The Ethnic Communities Council of NSW (ECC NSW) welcomes the opportunity to provide comment on the AEMC's Draft Rule Change *National Electricity Amendment (Expanding competition in metering and related services) Rule 2015 and National Energy Retail Amendment (Expanding competition in metering and related services) Rule 2015*.<sup>1</sup>

Since its formation 40 years ago the ECC NSW has been the peak body for culturally and linguistically diverse (CALD) community members and representative organisations in NSW. The Ethnic Communities' Council of NSW main activities are advocacy, education and community development. It is a member of the Federation of Ethnic Communities Councils of Australia (FECCA) and the Energy Advocacy role represents FECCA in the NEM.

The ECC NSW would like to comment on several areas of the Draft Rule Change, namely:

- General communication and information processes for CALD consumers
- The benefits (or otherwise) of advanced metering to domestic and small-to-medium (SME) enterprises in CALD communities
- The challenges of metering change and retailer churn, particularly with respect to tenants
- Opt-in and opt-out processes

### **General communication and information processes for CALD consumers**

The particular differences and challenges that present in any communications process for culturally and linguistically diverse (CALD) communities are well documented<sup>2</sup> and strategies for successful and meaningful communication have been developed and trialled by a variety of

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<sup>1</sup> AEMC Draft Rule Determination *National Electricity Amendment (Expanding competition in metering and related services) Rule 2015 and National Energy Retail Amendment (Expanding competition in metering and related services) Rule 2015*, March 2015

<sup>2</sup> ECC NSW research, *Business Energy Smart Tips (BEST) 2014/5*, final report May 2015  
ECC NSW Research Report, *Experiences of Energy Consumption for Culturally and Linguistically Diverse (CALD) communities*, March 2012  
Queensland Government Dept of Communities: *Engaging Queenslanders: An introduction to working with culturally and linguistically diverse (CALD) communities*  
Government of WA Dept of Local Govt. Office of Multicultural Interests: *Engaging Culturally and Linguistically Diverse Communities A Guide for the WA Public sector*

organisations.<sup>3</sup> One of the guiding concepts in most of these strategies is that traditional communications processes that are utilised in the wider community (brochures, web-based information, surveys and advertising etc) can be largely ineffectual when directed to CALD communities and that different approaches usually need to be adopted for successful engagement and communication.

It is noted in the Draft Rule Change that 'consumers drive the uptake of technology through their choice of products and services'<sup>4</sup> and that 'improved access to advanced metering services provides the missing link ....to give consumers opportunities to better understand and take control of how they use electricity and the costs associated with their usage decisions'.<sup>5</sup>

Such consumer uptake and control presupposes that consumers have all the requisite information, comprehend that information and are then able to make an informed decision about metering and energy use. Research undertaken as part of the Business Energy Smart Tips program<sup>6</sup> and the ECC NSW report on energy consumption in CALD communities<sup>7</sup> among others, strongly indicates that there are significant gaps in energy literacy with CALD consumers and that some approaches to resolving these gaps are much more effective than others.

In particular, in-language information presented by bi-lingual educators who are also part of the community was particularly effective, especially when it was delivered at venues where the community meets regularly. More traditional approaches such as printed material (as brochures or on bills) and websites had limited appeal and much less success, especially in ethno-specific small to medium enterprises (SMEs). The success of these traditional approaches was improved by the use of bi-lingual educators informing their communities about the information available.

Consumers will also need to have relevant and accessible information when presented with the possibility of meter change, regardless of whether it is by necessity (such as an accumulation meter needing to be replaced at the end of its useable life and so no 'opt-out' possibility) or in the event that retailers and their Metering Coordinators (MC) undertake a 'new meter deployment' as indicated in the draft rule change. In the case of a 'new meter deployment' process, the provision of an 'opt-in' rather than an 'opt-out' process would more fairly place the onus of explanation and education about the benefits to consumers of the change on those proposing the change, rather than the expectation that CALD consumers, in particular, will understand those benefits and act on them.

Given large energy price rises over the past five years and the publicity surrounding them, among other things, there is a considerable 'consumer trust deficit' with respect to retailers and networks, not confined to CALD communities. Scenarios whereby accumulation meters need to be replaced (ie without an 'opt-out' possibility) such as where 'a faulty meter requires replacement' or 'testing results indicate that it is necessary or appropriate for the meter to be replaced'<sup>8</sup> will place considerable strains on consumer/retailer relations unless the rationale and

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<sup>3</sup> ECC NSW, Cultural Connections - engaging CALD energy consumers, May 2015  
ECC NSW research op cit  
QLD Government op cit  
WA Government op cit

<sup>4</sup> AEMC, op cit page i

<sup>5</sup> loc cit

<sup>6</sup> ECC NSW research, *Business Energy Smart Tips (BEST) 2014/5*, final report May 2015

<sup>7</sup> ECC NSW Research Report, *Experiences of Energy Consumption for Culturally and Linguistically Diverse (CALD) communities*, March 2012

<sup>8</sup> AEMC, op cit page vii

explanation of why replacement is necessary is carefully explained AND comprehended by the consumer.

### **Recommendation 1**

*That CALD consumers' needs concerning information, understanding and informed consent about advanced metering and metering change be addressed by specific, targeted processes that have been shown to be effective in boosting CALD consumer understanding and engagement and that evidence that such processes have been undertaken be required of retailers and their Metering Coordinators and documented appropriately.*

#### **The benefits (or otherwise) of advanced metering to domestic and small-to-medium (SME) enterprises in CALD communities**

In general, there is a 'consumer trust deficit' concerning their energy provider, for a variety of reasons, and the benefits (or otherwise) of the uptake of advanced metering may not be obvious to consumers. The Victorian experience with the mandatory roll-out of smart meters is not one that should be repeated and their experienced has coloured consumer sentiment to such an extent that the term 'smart meter' is now replaced with 'advanced metering' in an effort to distance the technology from the negative perceptions of the Victorian experience.

It will be most important, therefore, if subsequent advanced meter roll-out is to occur smoothly, that consumers are fully informed about any benefits available to them with the adoption of advanced metering. They will need appropriate information, demonstration and trialling of how these benefits can be accessed in a form that is appropriate to the consumer base to which it is directed. Given the widespread lack of energy literacy across consumer groupings, an in-depth education process will be required if consumers are to access even some of the benefits of advanced metering such as changing their energy usage and profiles, load-shifting and demand management opportunities.

There could well be significant benefits for some consumers in adopting smart metering, some of which are indicated in the draft rule change, but consumers will not willingly adopt the technology unless it is obviously to their advantage. Consumers will also recognise that there are extensive benefits for retailers with an advanced metering roll-out, specifically those to do with remote meter reading, off-site connections/disconnections and the depth and breadth of the valuable data provided on usage by advanced (and connected) metering. They will be looking for the passing through of these benefits in the form of reductions in their energy bills. There are retailers undertaking roll-outs of advanced metering at no cost to consumers because they recognise the benefits that accrue to their business with their use.<sup>9</sup>

Rather, there is the real possibility that consumers will see the dis-benefits of an advanced meter roll-out.

- They will recognise that they will be paying for the new meters through their bills after paying already for their current metering system over time, and in some cases, both at once.<sup>10</sup>
- The safety issues around remote connection/reconnection are considerable, particularly those to do with life support registers (and shared information

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<sup>9</sup> Information presented at AEMC Public Forum on *Competition in metering and related services*, 30 April 2015

<sup>10</sup> AEMC, op cit page iii

between retailers, DNSPs and MCs) as well as remote connection/disconnection/reconnection when the consumer is not at home and appliances are left on, among others.

- Consumers are concerned about the collection and security of data, recognise the value of that data to retailers, DNSPs and MCs and Metering Data Providers and the value of the subsequent use of that data by those entities or third parties.
- There is a possibility of a significant level of distrust around the provision of a range of suitable tariff structures.

While the Draft Rule does not include any requirement for consumers to take up a different tariff structure with the installation of an advanced meter and so may choose to remain on a flat tariff, this is contingent on the retailer having such a tariff available to the consumer.<sup>11</sup> There does not seem to be any compulsion on a retailer to continue such tariff structures on the introduction of advanced metering. At least one retailer (AGL) has indicated that they will provide a flat tariff structure, but what is to be offered by other retailers remains unclear.

If the process of any roll-out is not undertaken with care and due diligence, there is the potential for those consumers who are the least informed, least engaged and least able to adapt bearing the brunt of increased energy charges, because advanced metering and its potential benefits are delivered only to those who have the information, can comprehend it and can access those benefits.

## **Recommendation 2**

*That any process of advanced metering roll-out by a retailer/DNSP/Metering Coordinator is done in a transparent and contestable manner, with full disclosure to consumers of the benefits or otherwise of a change in metering. Information should be provided in a comprehensible form that is accessible across all consumer groups, including CALD consumers.*

### **The challenges of metering change and retailer churn, particularly with respect to tenants**

There are several issues concerning metering changes (meter churn) and retailer churn that will need to be addressed.

It is anticipated that networks, retailers and MCs will establish 'framework agreements' to establish protocols about ownership/use of metering at a small consumer site. These agreements have the potential to remove the possibilities of having either several metering systems in place at the one site (possibly several different retailer/MCs' meters along with an existing accumulation meter) or the process of 'meter churn'.

Without robust agreements in place, if a customer is in the process of paying for (or has paid for) an advanced meter from one retailer and wishes to change retailer, there is the distinct possibility that they will be expected to pay again for a new meter provided by the new retailer/MC. It remains to be seen who pays for any remaining debt accrued from the previous meter and how that debt may be recovered, and from whom.

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<sup>11</sup> AEMC, op cit page ii

Tenants (both domestic and commercial) will have additional issues in relation to advanced metering, for they, as customers of the retailer and hence the MC, will potentially be paying for advanced metering and may not have any options to 'opt-out' of any arrangement. If they change retailer, they may be subject to the costs listed above. If they move rental properties, it may be the case that they continue to pay for advanced metering at the new site beyond the payback period metering at the initial rental. In any rental situation, the landlord will generally be at arms length from payment arrangements, as the tenant will be the customer, not the landlord. The accumulation of metering at the property may present issues for landlords (as additional costs of replacement/upgrade of meter boxes etc), however, and it is not clear how this could be addressed, as there is no contractual agreement between retailer and landlord.

### **Recommendation 3**

*That robust and appropriate 'framework agreements' between retailers and their Metering Coordinators as well as between Metering Coordinators be mandated and overseen by the regulator to ensure that the provision of multiple metering systems to the one site or significant 'meter churn' is avoided.*

#### **Opt-in and opt-out processes**

The choice of an opt-in or opt-out process is determined largely by the outcome(s) that are sought and the simplest path to achieving them. In the case of an advanced metering rollout a successful opt-out process relies on several assumptions and realities:

- The inertia of the consumer - it will be easier for the consumer to let the process take place rather than spend the time/energy to gain the knowledge and understanding and exercise their choice
- That consumers can easily gain the required knowledge and understanding to make an informed choice
- The belief (right or wrong) that advanced metering will have beneficial consequences for most consumers

It is by no means clear that consumers will easily gain the required knowledge and comprehension to be able to exercise their choice effectively, especially vulnerable and disadvantaged consumers, concession holders as well as members of CALD communities, particularly newly arrived and refugee communities.

As indicated earlier, in the case of a 'new meter deployment' process, the provision of an 'opt-in' rather than an 'opt-out' process would more fairly place the onus of explanation and education about the benefits of the change on those proposing the change, rather than the expectation that consumers, and CALD consumers in particular, will comprehend those benefits and act on them.

### **Recommendation 4**

*That the process of a small consumer having an advanced metering system installed where a retailer proposes to replace an existing working meter under 'new meter deployment' be an opt-in rather than an opt-out process.*

*That the onus of providing sufficient information about the benefits of adoption of the new technology and its subsequent understanding and comprehension by the consumer be placed on the retailer, rather than on the consumer, as in the case of an opt-out process.*

If you require additional information please contact Iain Maitland, Energy Advocate on 02 9319 0288 or email [energy2@eccnsw.org.au](mailto:energy2@eccnsw.org.au) .

Sincerely yours,

Mary Karras

A handwritten signature in black ink, appearing to read 'M. Karras', with a horizontal line drawn underneath the name.

Executive Officer  
Ethnic Communities' Council of NSW Inc.