



AGL Energy Limited
T 02 9921 2999 Level 24, 200 George St
F 02 9921 2552 Sydney NSW 2000
agl.com.au Locked Bag 3013
ABN: 74 115 061 375 Australia Square NSW 1215

energy@planning.nsw.gov.au

13 September 2019

AGL Energy (AGL) welcomes the opportunity to provide feedback on the NSW Department Energy, Climate Change and Sustainability's Consultation Paper on Digital Metering: Improving Service Delivery in NSW.

AGL welcomes the Consultation Paper and the information the Department is seeking to unlock the consumer and operational benefits that exist with remote, as opposed to manual site visits, re-energisation and de-energisation services.

Digital meters provide consumers with access to new technologies to assist with monitoring and managing their energy use. For example, AGL has developed My Account and the [AGL App](#), which enable customers to view more timely data and track their energy usage and costs rather than waiting for the next bill to arrive. As such, digital meters and the associated services are important in promoting energy affordability.

The Victorian Auditor-General 2015 Report into Realising the Benefits of Smart Meters¹ found that the single largest benefit achieved in the early stages of digital meter rollout in Victoria relates "to the avoided costs of accumulation meters for things such as their installation and manual meter reading" at a value of around \$1.4 billion. Hence, remote reconnection and disconnection services are large part of the value of digital meters and AGL supports the use of these services.

In response to the information sought by the Department, AGL offers the following feedback:

- AGL believes there are appropriate consumer protection arrangements to ensure disconnection for non-payment occurs as a last resort measure, regardless of whether the disconnection occurs manually or remotely.
- AGL has a wide range of measures and programs over and above the regulatory obligations to support customers before they experience or are in payment difficulties and therefore avoid disconnection for non-payment.
- AGL supports the on-going requirement for meter providers to provide a Safety Management Plan.
- AGL believes the NSW Government can consider an additional safety that allows for auto disconnects if a meter detects electricity usage during the remote reconnect process.

The attachment provides more details on remote disconnection and reconnection services in support of the feedback.

If you would like to discuss any aspects of the submission please contact Con Hristodoulidis, Senior Manager Energy Markets Regulations at [REDACTED] or telephone [REDACTED].

Yours sincerely,

[signed for electronic transmission]

Elizabeth Molyneux
General Manager Energy Market Regulations

¹ <https://www.audit.vic.gov.au/sites/default/files/20150916-Smart-Meters.pdf>



Consumer protections for remotely de-energising a customer's electricity supply

The Consultation Paper seeks feedback if additional measures may be needed to protect vulnerable customers with digital meters if retailers are able to remotely de-energise.

The Consultation Paper, Appendix 1, details existing consumer protections under the National Energy Retail Law and Rules relating to disconnections. It is important to note that these standards would be required to be met regardless of whether the disconnection occurs remotely or on-site.

Further, these are the minimum standards of protections and AGL includes additional communication steps to ensure disconnection for non-payment is a last resort measure. AGL regularly contacts customers through traditional channels (letters and voice) and digital channels (SMS, email). This journey begins with a SMS reminder of an overdue amount through to a pre-disconnection for non-payment SMS which advises customers that a disconnection is imminent, and payment is required. These additional communications steps aim to promote engagement by the customer so that AGL can provide the adequate support required.

[Redacted]

[Redacted]

Apart from the additional measures embedded in our disconnection for non-payment process, AGL has developed a bundle of other programs and communication tools that focus on providing information, guidance and support to customers prior to potentially falling into payment difficulties. We also look to partners with community agencies to broaden the level of support for customers who face acute or long-term financial stress. The purpose of these partnerships is based on the belief the provision of holistic support provides these customers with the best chance to obtain financial independence and avoid disconnection.

Apart from our hardship program, [Staying Connected](#), we have a range of long-standing assistance measures to assist customers with affordability concerns, for example:

- We offer a range of payment plans and options. Customers can seek payment deferrals, payment extensions and also payment plans like bill smoothing payment



- We offer energy efficiency advice
- Monthly billing
- Practical Assistance Program– tailored assistance based on customers’ individual circumstances, AGL My Account/Home Profile, Home Energy Audits, Energy efficiency information, how to lower your bills guide
- Home energy audits and appliance replacements –available on recommendation from Financial Counsellors/Community Partners/Customers Advocacy for customers based in NSW
- Financial Counsellor support – ongoing partnerships with financial counsellors that allows AGL customers access to free financial counselling support.

We also provide support to all customers to help them manage their energy costs with the aim of avoiding payment difficulties, including:

- Energy Insights to customers with digital meters. [Energy Insights](#) provides tailored information on which appliances in the home contribute the biggest cost on customers’ bills and tailored energy efficiency advice
- Energy literacy program: \$6m Financial Literacy program
- [Predictive hardship communications](#): New predictive analysis to assist with early identification of customers who may experience payment difficulties and proactive communication to these customers offering them support with various payment arrangements and access to our Staying Connected program
- [AGL Here to help](#): A new online service that makes it easy for consumers to identify state-based concession programs they may be eligible for
- Thriving communities: In 2017-18 we became a founding partner of the Thriving Communities partnership, a cross sectoral collaboration that aims to ensure that there is universal accessibility to essential services.
- Collaboration with SCOPE to convert AGL documentation on energy efficiency and how to read your bills guide into Easy English.
- Partnership with Office of Environment and Heritage and Land and Housing Commission NSW to provide AGL Staying Connected customers access to solar energy through home energy upgrades (approximately 50 installations have been completed across Dubbo and Western Sydney Regions).

While it is understandable that the NSW Government would have concerns that the increasing usage of smart meters, and the ease to which customers can be remotely disconnected, could have a detrimental effect on customer disconnection rates there is evidence to the contrary.

The diagram below is from the latest Australian Energy Regulator (AER) State of Nation Report² and it shows since the completed smart meter roll-out in Victoria by 2013-14, the number of disconnections in Victoria has shown a trend downwards. While the AER does not report on 2017-18 data for Victoria, the Essential Services Commission of Victoria’s Energy Market Update Report, released in June 2019, shows that disconnections continued to trend down in Victoria³. Prima facie, this indicates digital meters in Victoria have not led to higher disconnection rates and if anything may have contributed to a trend decline in disconnection rates.

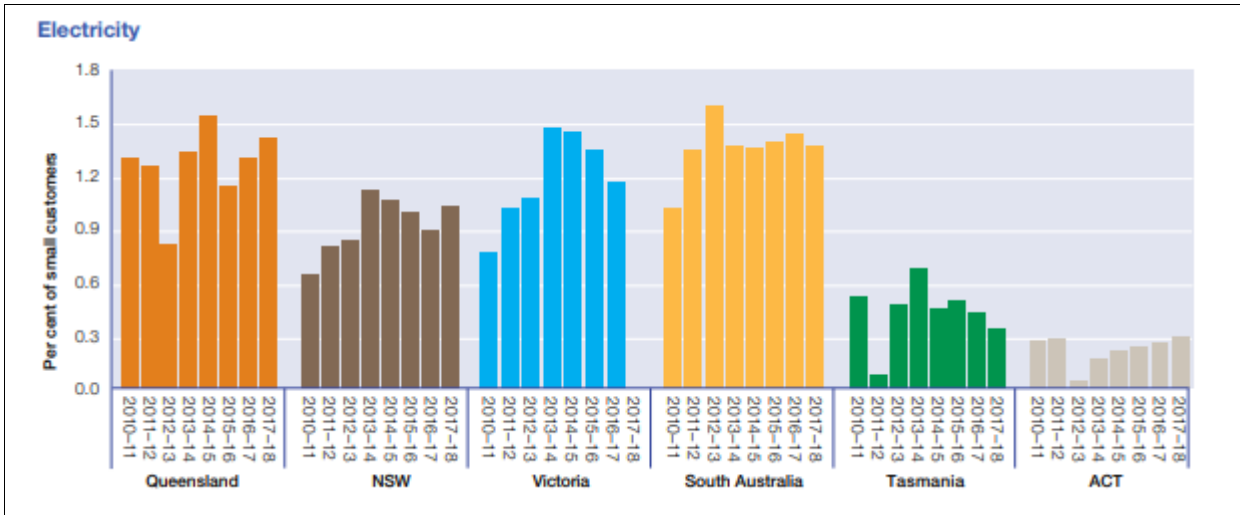
² https://www.aer.gov.au/system/files/State%20of%20the%20Energy%20Market%202018%20-%20Full%20report%20A3%20spread_2.pdf

³ <https://www.esc.vic.gov.au/electricity-and-gas/market-performance-and-reporting/victorian-energy-market-report>



AGL believes this trend is due to digital meters promoting new tools that allow consumers to better track their energy usage and costs and take early actions to potentially avoid payment difficulties.

Disconnection rates by percentage of small customers.



Source: AER

As part of the Consultation Paper and to assist the NSW Government to make an informed decision we undertook an analysis of Victorian customers compared to NSW to understand whether there are any differences in consumer outcomes from remote compared to manual disconnections. We can provide the following insights:

1. Victorian electricity customers are reconnected one day faster on average as compared to NSW electricity customers. As a result, Victorian customers suffer less time off supply. For example, for the time period June 2019 to August 2019, the average reconnection days following a disconnection for non-payment for Victorian consumers was [redacted] days and for NSW [redacted] days.
2. Currently, NSW distributors carry out around [redacted] of manual disconnection service orders successfully whereas Victorian remote disconnection service order completion rates in the [redacted]. The ability to successfully disconnect a customer for non-payment on the first instance results in around [redacted] less accumulated debt as compared to customers who cannot be disconnected due to issues such as no access. [redacted]
3. There is a positive correlation between disconnection for non-payment, re-connection and entry to hardship program. [redacted] As such, disconnection is an important driver for customers engaging with their retailer and accessing payment support services. Hence, combined with insights 1 and 2, a successful disconnection for non-payment is likely to promote customers engaging and seeking support with lower levels of accumulated debt and therefore subsequently increasing their chances of successfully migrating back to normal payment arrangements.



Safety for remotely re-energising a customer's electricity supply

AGL is committed to consumer safety with respect to remote re-connection. We played an active part in the Australian Energy Council's (AEC's) Remote Services with Smart Meters Semi Quantitative Risk Assessment (SQRA) and subsequent Remote Services Code. The assessment and code aimed at providing governments and regulatory bodies with comfort that retailers, metering co-ordinators and providers will undertake remote services safely under the Power of Choice, digital metering competition environment.

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

The key focus of the process is the safety of the customer and the scripting and answers geared towards the customer not placing themselves in harm's way. [Redacted]

[Redacted]

To further reinforce and complement retailer's scripting, AGL believes the NSW government can consider an additional safety measure that is similar to the Victorian regime whereby the meter auto disconnects if a meter detects electricity usage during the remote reconnect process. AGL believes that the current digital meters installed in NSW could be remotely configured to provide auto disconnect functionality.

AGL also supports that meter providers continue to submit a safety management plan to NSW Fair Trading that outlines the steps and process they adopt to provide safe meter installations, operations and maintenance.