

NATIONAL ENERGY RETAIL LAW: SMALL CUSTOMER BILLING REVIEW

February 2014



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1 Introduction

The Australian Energy Regulator (AER) is Australia's national energy market regulator. We administer a range of laws that regulate gas and electricity markets in Australian states and territories.

The National Energy Retail Law (the Retail Law), the National Energy Retail Rules (the Retail Rules) and the National Energy Retail Regulations together comprise the National Energy Customer Framework (the Customer Framework).

The Customer Framework focuses on consumer interests, and consumer protections, in gas and electricity retail markets. Energy businesses—retailers and distributors—must meet a number of legal obligations under the Retail Law and Rules, and the AER has a role to make sure that those businesses comply with their obligations.

The Customer Framework commenced on 1 July 2012 in Tasmania (where it applies for electricity only) and the Australian Capital Territory (ACT), and on 1 February 2013 in South Australia. New South Wales adopted the Framework on 1 July 2013, while Victoria and Queensland are expected to adopt the Framework in the future.

Included in the Customer Framework are requirements retailers must meet in relation to billing small customers.¹ Energy bills are an important part of a household budget, and bills also contain important and useful information for customers about their energy use. At the same time bills can be complex and difficult to understand.

During 2012–13, feedback from various stakeholders indicated ongoing consumer concerns about the billing practices of energy retailers. This feedback came from ombudsman schemes in many states around Australia, as well as from members of the AER's Customer Consultative Group, which includes representatives from organisations that work with vulnerable and disadvantaged consumers.

As a result, the AER has undertaken a targeted review of the small customer billing provisions in the Retail Rules. This report outlines the compliance findings from the AER's review, and provides additional guidance on and

context to those provisions, including identifying and promoting good practices.

1.1 Our approach

The objectives of the review were:

- to examine areas of concern in relation to customer billing identified through market intelligence, and compliance reports from business
- to improve understanding of the Retail Law and Rules and retailer obligations in relation to small customer billing, improving levels of compliance
- on that basis, to highlight and promote best practice approaches to compliance, and
- to explore practices around small customer billing.

Participation in this review was voluntary—that is, we did not exercise our statutory information gathering powers. As such, the review was not conducted as, for instance, a compliance audit, or a formal investigation into potential breaches of the Retail Law and Rules. Rather, it sought information on retailer practices around billing, including information on the systems and processes retailers use to meet the requirements in the Retail Rules. In doing so, it highlighted potential compliance issues among retailers.

The review covered the period 1 July 2012 to 30 June 2013 for retailers in Tasmania and the ACT, and from 1 February 2013 to 30 June 2013 for retailers in South Australia. These dates corresponded to the commencement of the Retail Law in those jurisdictions.

The review focused on particular provisions in the Retail Rules, identified by stakeholders as of concern. These were:

- the contents of bills
- the frequency of bills, and the management of delayed bills
- the basis for bills, including obligations to obtain actual meter readings
- management of over- and undercharged amounts
- circumstances in which bills can be based on estimated consumption, and
- management of bill smoothing arrangements.

¹ Set out in Part 2, Division 4 of the National Energy Retail Rules.

The review was undertaken in two parts. We first sent a standard questionnaire exploring practices with small customer billing requirements to all retailers active in the small customer markets of Tasmania, the ACT and South Australia. The AER's questionnaire sought information on retailer billing practices, including the systems and processes retailers use to meet the requirements in the Retail Rules. The answers to the questionnaire were informative and comprise a large portion of this report.

While retailers were responding to the questionnaire, we conducted a parallel review of billing content using sample bills submitted to us by retailers. This report draws from both the responses to the questionnaire and the sample bills provided.

All retailers we approached (except one) provided responses to the billing review questionnaire and submitted at least one of the two types of sample bills requested. We acknowledge the effort taken by many retailers to participate fully in the review. The following retailers participated in the review:

ActewAGL	Origin Energy
AGL	Powerdirect
Alinta	Qenergy
Aurora	Red Energy
EnergyAustralia	Sanctuary Energy
Lumo	Simply Energy
Momentum Energy	

The review was part of the AER's compliance activities under the Retail Law and Rules. Our activities include using a range of monitoring and information gathering methods to identify conduct that may be non-compliant with the Retail Law and Rules. Where possible breaches of the Retail Law or Rules are identified via this monitoring, we undertake enquiries and investigate to see what further action is required. If it appears that a breach of the Law or Rules has occurred, we have a range of options to enforce compliance. These include raising the matter with the retailer or distributor concerned and seeking voluntary compliance, right through to commencing court proceedings and seeking civil penalties.

The AER has published a 'Statement of Approach' which sets out how we conduct our compliance and enforcement activities under the Retail Law.² The Statement of Approach explains our approach to monitoring compliance and investigating possible breaches of obligations under the Retail Law or Rules,

and how we will determine the appropriate response to identified breaches.

One limb of our compliance activities is to conduct targeted reviews of particular obligations under the Retail Law or Rules, which is what we have done with this review.

1.2 Key findings

Based on responses provided by retailers to the questionnaire and our assessment of sample bills, we found that retailers were mostly compliant with the Retail Law and Rules. The main issue of non-compliance was around missing content of bills. There were two instances of missing electricity consumption benchmarks, an incorrect 24 hour emergency/fault phone number, and a lack of reference to information on concessions (all of which are required by rule 25 of the Retail Rules). Where information was missing or incorrect, we followed up with the retailers to ensure the information is included in future bills.

Another potential compliance issue was reports of delays in issuing bills to small customers. The obligation to issue a bill at least once every three months applies to customers on standard retail contracts. These delays must be reported to the AER under our exception reporting framework, under which retailers and distributors must notify us of potential breaches of the Retail Law or Rules.³ One retailer already reported delays to bills as part of this framework, and the AER has followed up accordingly. We followed up with retailers to ensure that the billing delays were not customers on standard retail contracts, and to remind retailers that they must issue bills for market retail contracts in line with those contract terms.

While we found that retailers were mostly compliant, the Retail Rules often allow retailers discretion as to how they achieve compliance. Retailers therefore differ in their approach to meeting these obligations, leading to good practices and poor practices. This review explains provisions in detail, identifies what is compliance, then discusses the practices we found and highlighting examples of good practice and poor practice.

Key findings from the review about good and poor practice are summarised in the following box.

² Available on the AER website at <http://www.aer.gov.au/node/16111>.

³ See further explanation at footnote 9.

Box 1. Summary of key points about practices

- The presentation of billing information to customers is at the discretion of the retailer. However, the review confirmed that some approaches provide customers with clearer and easier to understand billing information. An example of a good practice is using headings and subheadings to separate out multiple tariffs on a bill.
- Billing delays occur for different reasons: internal process errors, third party provider problems, or a lack of metering data. In such instances, clear, timely and accurate provision of advice about a delay can at least assist the customer plan for the eventual arrival of the bill. Some retailers were more proactive than others in advising customers about a delay.
- Most retailers base bills on actual consumption data, taken from meter readings. Retailers base bills on an estimate of usage when that actual data isn't available, using an estimation provided by meter readers. Some retailers will base a bill on their own estimation where no data is provided. This is a good practice to ensure customers continue receiving bills.
- Where a bill is based on an estimated read, the review identified a good practice where retailers proactively take steps to request the data from the meter readers, and to notify the customer of the reason for the estimation. This extra step of informing the customer of the reason for the estimation may help avoid subsequent estimations.
- Retailers adopt different methods for explaining estimates on bills, with some practices more easily understandable than other. For example, good practice was including 'reading type' as a line item, with 'estimate' clearly printed.
- Undercharging or overcharging can occur for many reasons, and some retailers were better at actively explaining the undercharge or overcharge to the customers and informing them of their rights. A good practice example is calling the customer to inform them of the over- or undercharge and explaining to them their rights.
- The bill smoothing provisions do not require retailers to offer bill smoothing on standard retail contracts; rather the provisions govern how bill smoothing is run. The majority of retailers do not offer 'bill smoothing' arrangements as defined by the Retail Rules. Many retailers offer some form of monthly or fortnightly payment arrangements on market retail contracts, therefore the obligations are not applicable.

2 Billing under the National Energy Retail Rules

The Retail Rules set out requirements retailers must meet in relation to small customer billing.⁴ These requirements cover the basis for calculating bills, the frequency and content of bills, under- and overcharging, and billing disputes and errors.

This section of the report provides an overview of these obligations and gives background on other important features of billing. It starts with a brief description of how a bill is determined. This is important background to help understand some of the obligations retailers have, including around calculating bills, and what happens if a customer is over- or undercharged.

In describing the obligations in the Retail Rules, this section also recognises that not all obligations apply in all cases. Also, retailers have discretion over how they conduct their billing, provided that they meet the minimum requirements in the Retail Rules. This means that some practices by retailers which appear to be problematic may in fact be compliant with the Retail Rules.

2.1 How are energy bills determined?

While retailers adopt different practices, the following is a generic outline of the steps that occur in generating and issuing a bill to a customer. An energy bill includes a component based on the energy a customer uses at their premises, and this amount is recorded by the meter at the premises. Each meter has a unique number that identifies it (the national meter identifier, or NMI).

Regular readings of the meter give retailers the information about how much energy has been used. The meter is part of the distributor's infrastructure, and sometimes the distributor will conduct meter readings itself. In other cases, third party providers will conduct the readings. The term 'meter reader' is used in this report to refer to the distributor or a third party meter reader.⁵

After a read, the consumption data is entered into the retailer's billing system, which calculates the amount owing for the energy used, and generates a bill that is sent to the customer. The bill will include certain content that outlines the customer's usage, and the applicable charges. Other charges not based on usage can also be included, such as service charges.

If the meter cannot be read or the data cannot be validated, consumption can be estimated based on either past consumption at the premises, or on the average usage of a customer with a similar usage profile. These estimates are also called 'substitutes' (that is, a substitute for an actual meter read).

Retailers' billing systems monitor whether the metering data provided reflects actual reads or an estimated amount. Where a customer has not received an actual read over a number of billing cycles, this will trigger a report that prompts the retailer to contact the customer and the meter reader. This seeks to ensure that meter reads are carried out regularly, which is a requirement under rule 20 of the Retail Rules.

Retailers' billing systems will also flag other items for review by the retailer. These include:

- when there is an estimated bill followed directly by an actual bill
- where the consumption level is extremely high, extremely low or negative, and
- where there have been a certain number of days since the last bill was issued.

Retailers also receive reports of customers where meter data has not been received. Retailers use different thresholds, however generally when a certain number of days have passed since the scheduled read was due, the retailer will follow up with the meter reader. Where retailers do not receive consumption data, they can calculate their own estimations of customer consumption, or by taking a customer's own reading of their meter.

A bill sent to a customer will include a range of information, including usage, the applicable charges, discounts, and the date payment is due.

⁴ Division 4 of Part 2 of the Retail Rules.

⁵ The term 'metering data provider' has a technical meaning under the National Electricity Rules, and acknowledges the responsibilities around the collection, processing, storage and delivery of metering data. For simplicity, this report will use the term 'meter reader' to refer to these different parties, but we recognise that the roles and responsibilities differ in different circumstances.

2.2 What do the Retail Rules cover?

The Retail Rules set out requirements retailers must meet in relation to small customer billing.⁶ This section provides an overview of the key requirements, and particular provisions are discussed in more detail in subsequent sections of the report.⁷

2.2.1 Standard retail contracts and market retail contracts

An important preliminary point is that there is a distinction between rules that apply to ‘standard retail contracts’ and ‘market retail contracts’ – the two forms of contract under which energy is supplied under the Retail Law.

A ‘standard retail contract’ has a particular legal meaning under the Retail Law. Put simply, it is a contract that sets out the terms and conditions for the supply of a basic energy service. Many of those terms and conditions of the contract are prescribed by the Retail Law and Rules, and there is little scope for either the retailer or the customer to alter those terms.

In contrast, a ‘market retail contract’ is negotiated and agreed between the customer and the retailer. While there are minimum requirements in the Retail Law and Rules, the contract may include terms and conditions different to those in a standard retail contract. A market retail contract may also be for the supply of energy and for the supply of other services.

Some of the rules about billing apply to standard retail contracts and market retail contracts; some, however, apply only in relation to standard retail contracts.

2.2.2 Obligations in the Retail Rules

The rules around billing are set out in the Retail Rules. Some of these areas are discussed in further detail in this review, but in short, the Rules cover:

- how bills should be calculated (the ‘basis for bills’)
- when bills may be estimated, and what retailers must do to inform a customer if a bill has been estimated
- arrangements for billing over different billing cycles (proportionate billing and ‘bill smoothing’)
- how often a customer must receive a bill
- information that must be included in a bill (‘bill contents’)

⁶ Division 4 of Part 2 of the Retail Rules.

⁷ Please note references to the Retail Rules in this report are intended as a guide only and not a substitute for the words of the Retail Rules or Law.

- the minimum amount of time a customer must be given to pay a bill (‘pay-by date’)
- how bill payments are apportioned if the bill is for energy and additional services
- a customer’s right to obtain historical billing information
- a customer’s right to request a review of their bill, and processes to follow if there is a dispute about a bill
- what happens if there has been an amount undercharged or overcharged to a customer
- different methods of payment that a retailer must accept as payment for a bill
- what happens if a customer has difficulty paying their bill
- circumstances in which a customer can be placed on a shortened collection cycle, and
- what needs to happen for a customer to request a final bill.

2.2.3 Compliance and non-compliance compared with good practice and poor practice

Different retailers adopt different practices in relation to billing, and this is allowed under the Retail Rules. Provided certain minimum requirements are met, retailers have some flexibility over their practices.

Whether or not a retailer meets the minimum requirements in the Retail Rules means the retailer is either compliant or non-compliant with the law. This is different though from conduct that may be described as ‘good practice’ or ‘poor practice’. That is, given the discretion afforded to retailers by the Rules, a retailer may engage in conduct that is compliant with the law, but which may not necessarily be good practice from a customer’s point of view.

An example helps explain this distinction. The Retail Rules include a list of items that must be included in an energy bill. The Rules do not, however, specify how that information should be presented. Consequently, a retailer that includes all the required information in a bill will be compliant with the law, even if that information is not presented in the most easy to understand way.

This distinction underpins the key findings of the review. The review identified some instances of non-compliance, which the AER followed up with the retailers concerned. The review identified many more instances of good and poor practice, and these are highlighted in the following sections of this report.

3 Retailer practices around billing

This section outlines the AER's findings on retailer practices from the billing review. We begin with the requirements about the contents of energy bills, and then move to the requirements about the frequency of bills. The basis for calculating energy bills, and the use of estimations, follows. Issues with under- or overcharging, and with the use of 'bill smoothing' arrangements are then discussed.

3.1 Bill contents

Our review looked at a sample of retailers' bills both for readability and to see if they met the requirements of the Retail Law and Rules. Rule 25 sets out over 30 pieces of information which must be provided to customers (as applicable) on their bill.

The majority of the bills reviewed contained the information required by the Retail Rules and were compliant. In some cases there were minor omissions, but these were rectified by the retailer when raised.

We observed a range of practices around how information is presented on bills, and the effect this had on readability. While the Retail Rules are not prescriptive about the presentation of information, approaches that are clear and easily understood by consumers reflect better practices.

3.1.1 Requirements under the Retail Rules

Retail Rule 25 requires a retailer to prepare a bill so that a small customer can 'easily verify that the bill conforms to their customer retail contract'. It also states that a retailer must include certain 'particulars' in a bill for a small customer—summarised as follows:

- customer's name, account number, address and meter number
- date of issue, the billing period and the pay by date
- total amount payable, including amounts owing and credits (such as discounts or rebates)
- meter reading, the date of the reading, and the consumption, or if an estimation, this should be noted
- tariffs and charges applicable and the basis on which they have been calculated

- average daily consumption for the billing period, and comparison to the same period in the previous year (if issued by the same retailer)
- a telephone number for complaints, a telephone number for account enquiries, and the contact details for the distributor for faults and emergencies
- payment methods available such as credit card, post or BPAY
- reference to the availability of government concession or rebate schemes and any amount deducted or credited under such a scheme, and
- electricity consumption benchmarks (for residential electricity customers).

These requirements apply to both standard retail contracts and market retail contracts.

3.1.2 Information required to be included

Our review found that nearly all retailers included the required information on their bills. There were some exceptions where required information was not provided. The exceptions were:

- one bill provided an incorrect 24 hour fault or emergencies telephone number, being the number for the distributor
- one bill did not provide information on concessions or rebates, and
- two bills did not include electricity consumption benchmarks.

It is concerning that retailers have not included all information on their bills. We do not consider this requirement to be a burden on retailers. The list in rule 25 is explicit. We have raised these issues with retailers, who have subsequently ensured the missing information will be included in future bills.

Enquiries, faults, interpreter and complaints

Some bills reviewed provided a telephone number for account enquiries and included a reference to complaints in the descriptive text. To be compliant with the Retail Rules, the telephone number for complaints must be provided even if the number is the same as for account enquiries. This will ensure consumers are easily able to

contact their retailer if problems arise. A poor practice is where the number provided is both for account enquiries and complaints, but only labelling the number as an account enquiries line.

Electricity consumption benchmarking

Retailers are required to have electricity consumption benchmarks on residential electricity bills. As part of this requirement, retailers must include a reference to Energy Made Easy (www.energymadeeasy.gov.au) to direct customers to further information on consumption benchmarks. In our review, two retailers did not provide any benchmark information on their bills, and one referred customers to Energy Made Easy for information on greenhouse gas emissions, which is incorrect.

The AER has published 'Guidance on electricity consumption benchmarks on residential customers' bills' to assist energy retailers in complying with their obligations.⁸

3.1.3 Presentation and readability of bills

The Retail Rules set out minimum information requirements for a customer's bill. How the information is presented and how language is used in a bill is at the discretion of the retailer.

Presentation is a critical part of ensuring customers can understand how much energy they have used, their energy consumption for a billing period and the associated charges.

While a lot of information needs to be included on a bill, presentation—layout, language, font size, use of colours, shading, headings and tables all contribute to how well that information is communicated to and understood by the customer.

In reviewing retailers' bills we observed a range of different approaches to providing customers with information on their energy service. While some energy bills were well laid out with information on critical parts of the bill clearly displayed, others were cluttered with information not well laid out and small text used to display important information.

The easiest to read bills still provided the required information, with key parts of the bill (usage, charges, pay by dates) separated by shading and boxes. There was minimal non-essential information such as advertisements, and information to help customers

understand their bill, such as where the bill is a statement of account, was included. The most difficult bills to read contained unhelpful shading, small text, and didn't use of headings or boxes.

In general, an approach that is clear and easily understandable by customers reflects better practice.

Terminology

Most bills reviewed were relatively consistent in their use of terminology, with only minor variations: for instance, 'due date' versus 'pay by', and 'amount due' and 'amount payable'. Terminology around tariffs and charges demonstrated more variation. For example, we observed that 'service to property charge', 'fixed charge', 'supply charge', 'availability charge', 'service fee' and 'daily charge' were all used to describe what is essentially the same fee. In some cases terms and abbreviations were used that were not defined, which did not make the bill easy to understand.

Pay on time discounts are commonly offered by retailers. In explaining 'pay on time discounts' many retailers included two total amounts, one being the undiscounted amount due, and the other being the amount due for customers eligible for a discount. This approach was the clearest in explaining to a customer the value of the discount.

Most bills provided information under 'concessions' or 'government schemes'. Some bills advised that a customer could contact the retailer regarding payment issues or concessions under the title of 'account enquiries'. One retailer failed to mention the availability of government rebate or concession schemes on the bill. We followed up with this retailer to ensure the information is included in future bills.

Tariffs and charges applicable

The tariff and charges on a bill provide customers with information about the price they are paying for their energy. It is important information to present clearly in order to help the consumer understand how their bill has been calculated and compare their current contract to other offers.

While it is not an obligation to state the name of the plan a customer is on, we consider it good practice. Six retailers included the particular offer a customer was on as a line item; an approach that we found to be very clear. Another common approach was indicating the name of the plan in the tariff description column of detailed charges.

⁸ Guidance on electricity consumption benchmarks on residential customers' bills is available at <http://www.aer.gov.au/node/9751>

Three retailers' bills did not mention the plan or tariff name at all on their bill which could be confusing for customers, particularly those wanting to compare their plan with others available.

Some retailers charge seasonal rates, or have multiple tariff blocks within an offer. For example summer tariffs and winter tariffs, or the first 200kWh per quarter and everything after the 200kWh. These can be difficult concepts to communicate to customers. We observed that many bills set out different rates or tariff blocks clearly, but there were instances where terms seemed unnecessarily confusing and where important information was missing. For example one retailer used 'peak' and 'next' in combination, but did not define when the 'next' rate would apply.

Communicating a price variation (whether a change in the underlying price or a seasonal price change) during a billing period is often necessary. It can involve communicating the change in such a way that the customer can identify the price before and after the change, the breakdown of dates the tariff applies, and the customer's consumption for the different dates.

In the example bills that we reviewed where a price change had occurred, we found bold headings and subheadings tended to work well as it drew attention to the change. Clearly communicating when the tariff applied could be as simple as having dates in brackets. We found footnotes potentially harder to follow and there were also instances where it was very hard to distinguish when a price change had occurred and why (although this is preferable than having two tariffs listed under the same name, without explanation).

In an example of good practice, one bill had tariffs divided into three blocks. The bill also showed a price change within the billing period, indicated by way of using the dates at which the tariff structure applied as a subheading in bold. Each block was explained in brackets in the description, for example 'block 1- (3.28770 kWh/day)'. This bracket then had a footnote stating that the figure is the customer's usage shown as an average per day over the number of days where the rate applied.

In an example of poor practice, a bill contained tariffs which appeared to be charged twice at different tariff amounts, as well as having steps involved in the tariff structure. From the bill it was difficult to ascertain what tariffs and charges are applicable, and when they were applicable. It was also unclear whether the second set of charges is due to a price change or seasonality. This bill was difficult to follow and understand. It would be clearer if it used subtitles or bolding to show the different rates relate to different dates or seasons.

Calculation basis of tariffs and charges

Expressing the calculation of tariffs and charges is also an important aspect of a bill for customers. The energy amounts each tariff block represents helps customers understand how their bills are calculated.

The clearest bills were ones that showed the usage (including the measure such as kWh or MJ), unit price (\$ per kWh), then the total price for each energy charge. The use of sub-headings, bold font, and a table or a sum-like layout presented the information particularly well. Bills which also clearly defined and explained other charges and/or credits also stood out.

Clear communication and easy to understand definitions helps make the bill more readable. A supply charge that shows the number of days, and the unit price in \$ per day is a good example of clear communication. If a concession is applicable, clearly naming the concession and the dates over which it applied helps the customer understand their entitlements. Discounts can be applied in the same fashion. One retailer clearly set out calculations in a table, with headings and subheadings that made it easy to follow.

Box 2. Summary of good and poor practices

Good practices

- Where there is a pay-on-time discount available to the customer, clearly labelling the total amount due with and without the discount.
- Providing a line item stating the tariff or plan the customer is on.
- Providing a line item stating the meter reading type.
- Showing the unit price in the calculation of total amount.
- Using easy to understanding terminology such as 'fixed charge', 'daily supply charge', or 'service to property charge'.
- Using bold headings and subheadings to differentiate prices or tariffs.
- Where a price change has occurred (due to price change, seasonality or tariff blocks), explaining when different prices or tariffs applied within the billing period.
- Minimal advertising on the bill.
- Defining usage and charges clearly.
- Naming concessions and discounts and the date over which they applied.

Poor practices

- Using small font on bills, especially in the calculation of the total amount due.
- Using excessive shading.
- An overreliance on footnotes for explanations or definitions of important information- such as meter reading type.
- Using obscure terminology such as 'premium availability charge'.
- Using abbreviations that are not defined.
- Where a price change has occurred (due to price change, seasonality or tariff blocks), not defining when different tariffs apply.
- In calculating the total amount, not showing unit price.

3.2 Frequency of bills and billing delays

As set out in rule 24 of the Retail Rules, a retailer must issue a bill at least once every three months for customers on standard retail contracts, or whenever agreed to in a market retail contract.

The review found that a number of retailers reported delays in providing bills to customers, and this has been a topic of concern amongst ombudsman schemes. The majority of these delays were however resolved within the customer's next billing cycle, though there were instances where customers had not received a bill in 12 months or more. Primary reasons for delays were a lack of metering data and internal system failures.

3.2.1 Requirements under the Retail Rules

A retailer must issue a bill to a small customer on a standard retail contract at least once every three months. A retailer and a small customer can agree to a billing cycle with a regular recurrent period that differs from the

retailer's usual recurrent period where the retailer obtains explicit informed consent from the customer. These rules apply only to standard retail contracts.

For market retail contracts, there is no minimum requirement, and the billing period will be what is agreed between the customer and the retailer as part of the contract. Consequently, where a bill under a market retail contract is delayed or not issued every three months, it will not be a breach of the Retail Law and Rules.

3.2.2 Billing delays

All retailers responded that they ensure bills are issued at least every three months in the same process as ensuring that an actual meter read occurs at least once every 12 months. An automated process generates a report if a customer has not been billed in a defined number of days (each retailer has a different number of days). These exception reports are monitored and actioned individually in all cases.

Billing delays have been highlighted as a concern by a number of stakeholders, and the review sought to explore this issue further. An unbilled customer is unrealised

revenue for a company, and it is surprising that some retailers reported they did not monitor unbilled customers according to the amount of time the account had been unbilled.

Of the retailers who reported delayed bills, only one retailer also reported delayed bills for customers on standard retail contracts as part of the AER's exception reporting framework.⁹ This is the only potential breach identified. A significant number of customers had not received bills on time in 2012–13. The retailer reported delays of over 12 months. The matter was managed through the exception reporting framework and was reported by the AER in the annual compliance report for 2012–13.¹⁰

Where other retailers reported delayed bills, we followed up to ensure that those delayed bills were not related to customers on standard retail contracts. We also took the opportunity to remind retailers of their obligations under rule 24. The large majority of delayed bills for customers on market retail contracts were between one and three months late, and the delays were resolved within one additional billing cycle. There were a number of bills which were delayed for two to three consecutive billing cycles. It is concerning that three retailers reported a small number of customers who had not received bills for four or more billing cycles.

3.2.3 Reasons for billing delays

Bills are typically generated via an automated process which occurs after a retailer has received data about a customer's energy consumption from the customer's meter. The process for issuing the bill and obtaining the data are closely linked, and if the data is not available, then there can be a delay in calculating and issuing the bill. Most retailers have indicated that they would delay issuing a bill where there is a lack of metering data, which we consider poor practice, and were it to delay a bill for a customer on a standard retail contract, would constitute a breach of the Retail Rules.

⁹ The AER has established an exception reporting framework, under which energy companies subject to the Retail Law must report to the AER when there is a suspected breach of a legislative obligation. The AER assesses the information provided in these reports and determines an appropriate response.

¹⁰ *Energy Market Update and Annual Compliance Report 2013*.
<http://www.aer.gov.au/retail-markets/compliance-reporting>

Many retailers indicated that they place responsibility for issuing a bill on the receipt of metering data from meter readers, be it an estimated or an actual meter read. Under the Retail Rules for a standard retail contract, it is the responsibility of the retailer to issue bills at least once every three months. Retailers can issue an estimated bill based on the retailer's own estimation of customer consumption.

From the compliance reports submitted under the exception reporting framework, we found that internal system or process errors were also cited as the main reasons for billing delays. As noted, bills are generally created via an automated process, though in some cases manual processing occurs. This happens for certain 'exceptional' events, such as where consumption data isn't available, or where the customer has not been billed for a certain period. Where there are many exceptions, this manual review process can be lengthy. In addition, if there is a system error with the automated process, it can prompt manual processing of thousands of bills, and lead to delays for thousands of customers in receiving their bills.

Other reported reasons for delays were printing errors and postage errors with third party providers.

3.2.4 Communicating delays to the customer

Where these reports do show a failure to issue a bill every three months, there are steps that retailers can take to explain the delay to the customer.

All retailers reported that after a delayed bill is issued, a letter is sent with the bill explaining the delay and offering customers the opportunity to contact the retailer for payment options. One retailer was proactively contacting customers via text message or letter advising of a bill delay, and we consider this to be good practice. We consider it poor practice to only send a letter when a bill has been delayed for two or more billing cycles. Regular communication from retailers with their customers is important to help the customer be aware of the situation and to prepare for a larger than normal bill when it arrives.

Most retailers stated that a customer may make a payment toward their account at any time. In some cases, an arrangement needs to be made with the retailer. In cases where customers have agreed to a periodic direct debit arrangement (rather than direct debit triggered at the issue of a bill), payment will still be deducted without a bill being issued.

3.2.5 Different billing cycles

While all retailers reported a normal quarterly billing cycle, some retailers offer monthly billing periods. These can be based on actual reads (where customers have smart metering technology installed) and some on estimated monthly billing.

Where customers are on monthly billing cycles, retailers have a collection cycle that is longer than the billing cycle. This means that where there is an unpaid bill, subsequent bills will continue to be issued. The unpaid bill will follow the standard collection cycle despite other bills being issued. A number of retailers reported that collection cycles are based on the bill, with future bills issued in accordance with the usual billing frequency (even where the previous bill remains unpaid).

One retailer stated its collection notices include the amount the notice relates to as well as the overall outstanding amount owing. Another retailer states that the invoice itself displays the overdue amount separately and states 'Pay Now'. Reminder and disconnection notices are based on overdue amounts only. Despite the overlap, this practice is common among other monthly bills.

3.3 Basis for calculating bills, including estimations

Most retailers base bills on actual consumption data from meter readings or metering data providers.

Retailers will base bills on an estimate of usage when that data isn't available. In some cases the estimation of consumption can come from the meter reader, the customer's own reading, or from the retailer's own estimation of consumption. Where this occurs, some retailers proactively take steps to request the data from the meter reader, or to notify the customer that the reader has not been able to access the meter.

Retailers adopt different methods for explaining this on their bills, but an approach that is clear and easily understandable is more likely to assist customers to understand their bill. Customers can also seek a review of their bills where amounts have been estimated.

3.3.1 Bills based on consumption data

Customers pay for the energy they use, and part of an energy bill is an amount calculated on the basis of energy consumption. Energy consumption is recorded by the meter at the customer's premises, and regular meter readings tell the energy retailer how much the customer has used. Sometimes it is not possible for the meter reader to read the meter, and sometimes the data collected is invalid. Therefore it is permissible for distributors to make an estimate of consumption and base the bill on that amount.

Two retailers reported they had customers who were billed on a basis other than metering data. Some of these small customers had unmetered supply such as electric fences and exterior lights.

3.3.2 Estimating a bill

There are a number of circumstances in which a retailer can base a customer's bill on an estimation:

- A customer consents to the use of estimation. This is most commonly the case with a bill smoothing or other monthly billing arrangements.
- Where the retailer is not able to reasonably or reliably base the bill on an actual meter reading which can occur where the metering data received is corrupted.
- Where metering data is not provided to the retailer.

Seven retailers responded that they only issue bills where information (either an actual read or an estimated read) was provided by the meter reader—that is, these retailers do not issue bills based on their own estimates of customer consumption.

The Retail Rules do not limit responsibility for estimating consumption to the meter reader and clearly allow for retailers to estimate consumption based on historical data or a comparable customer. Using an estimate of consumption where the actual data isn't available also means that the customer still receives a regular bill, and these retailers should consider using estimates to ensure customers continue to receive regular bills and avoid potential breaches under rule 24.

The five most common customer acts or omissions reported by retailers that led to an estimated bill across all retailers precluding access (in no particular order) were:

- no access to meter
- dog on premises
- locked gate or property
- locked meter box, and
- unable to locate the meter.

Where estimates are used, the retailer can base a bill on an estimation of its own calculation. The estimate can be based on:

- the customer's reading of the meter
- historical metering data, or
- the average usage of energy by a comparable customer over the corresponding period, if there is no historical metering data for the customer.

Rule 21 provides that, where a retailer has issued a bill based on an estimation and subsequently issues a bill based on an actual meter reading, the retailer must include an adjustment to take account of any overcharging that has occurred and offer the customer time to pay in the instance of undercharging. Rule 21 also sets out the requirements for a retailer to offer the customer time to pay (see further section 3.4 on undercharging and overcharging).

Retailers report that the main basis for estimation was estimated consumption data as provided by the meter reader. There were some retailers who based bills on estimated consumption from a customer's own reading of their meter and historical metering data.

3.3.3 Obtaining metering data

Rule 20 requires retailers to use best endeavours to ensure actual meter readings are carried out as frequently as required to prepare bills. In any event, retailers must ensure that meter readings occur at least once every 12 months.

Retailers described two main processes by which they endeavour to do this:

- Where no data has been received after the scheduled read date, many retailers will send a request to provide meter data to the distributor. The data received by retailers may be either an actual read of customers' meters, or estimated reads (this includes substituted reads as provided for in the Australian Energy Market Operator Metrology Procedure).¹¹
- The other process involves notifying the customer they have received a number of estimated bills. In some cases at the second subsequent estimated meter reading, retailers will send a 'no meter access' letter to the customer. This letter requests customers to provide

meter access and provides customers the option to contact the retailer to schedule a special read at a convenient time. As a follow up, some retailers also call customers who have not had an actual reading for three or more consecutive meter reads.

We consider following up a 'no meter access' letter with a phone call to be good practice. It provides an opportunity for the retailer to discover the issues around meter access and possibly help the customer ensure an actual read in the future. We consider the engagement of both the meter reader and the customer to be the approach most consistent with the obligation

One retailer sends a letter to the customer requesting access only after the customer has not had a meter read in 300 days. While technically compliant, we consider this to be poor practice.

Some retailers noted difficulties with the obligations around ensuring meter readings, and that it is not the retailer's direct role to collect metering data. All retailers rely on the meter readers to carry out meter readings on quarterly schedules.

Rule 94 of the Retail Rules outlines an obligation of 'assistance and cooperation' between retailers and distributors. The obligation states:

- (1) The distributor and the retailer must give all reasonable assistance to each other, and cooperate with each other, in relation to the performance of their respective obligations and the enforcement of their respective rights in respect of the sale and supply of energy to shared customers under the Law, the Regulations, these Rules and the Retail Market Procedures.
- (2) In particular, the distributor and the retailer must each use their best endeavours to provide or make available to the other at no cost and in a timely manner information or documentation that the other reasonably requires to carry out its obligations under the Law, the Regulations, these Rules and the Retail Market Procedures.

¹¹ NEM Metrology Procedure Part A v3.0 and Part B v5.0. The Metrology procedures define the obligations and responsibilities of registered participants in the National Energy Market relating to the operation of metering installations and define the processes involved in the collection of metering data. <http://www.aemo.com.au/Electricity/Policies-and-Procedures/Metrology-Procedures/NEM-Metrology-Procedure>

This obligation applies to retailers and distributors in relation to the provision of metering data, and highlights the importance of assistance and cooperation in this area.

Poor practices around meter reading and estimating bills can have flow-on effects for retailers and customers. For instance, a customer may seek review of a bill, or may complain to the retailer or the ombudsman if the bill estimate looks wrong or out of sorts with previous bills. This is an inconvenience for the customer and the retailer. These steps can be avoided with good practices upfront that ensure accurate meter reads and an accurate basis for bill calculations.

3.3.4 Explaining an estimated bill to a customer

Where a bill has been based on an estimated read, rule 21 requires the retailer to advise the customer on the bill itself. Our review found a variety of ways retailers have done this:

- A statement is made on the bill that the bill is based on an estimated read. In some cases the statement is in bold or a larger font to draw the customer's attention.
- The reading type 'Estimated' is a line item on the bill under account details.
- The reading type 'Actual' or 'Estimated' is written in brackets with either the 'Previous Read' or the 'Current Read'.
- Next to the meter read amount is a letter. A key is then provided underneath to explaining the notation. For example A= actual, S= substitute, E= estimation.
- An asterisk is noted underneath the meter number. The key underneath the Current Charges section states that *EN means energy. Where two asterisks are noted, the key shows that this means an estimated read.

While technically compliant, the use of a key to denote an estimate may be more difficult for a customer to notice and understand, especially where it is in a smaller font to the rest of the bill. We consider a good approach to have a statement on the bill that it is based on an estimate, or having a line item to that effect.

Based on the estimated bills provided, a number of retailers also had statements on the estimated bills as to why the bill was estimated and how the customers can ensure an actual read on their next bill. Providing advice on how to avoid a subsequent estimation reflects good customer engagement.

Customers who have received estimated bills have the right to request the retailer to replace the estimated bill with a bill based on an actual meter reading. In these cases, the retailer may pass through to that customer any costs it incurs in doing so. All retailers responded that they only pass through the charge set by the distributor for a special meter read. Fees are listed on retailers' websites.

3.4 Undercharging and overcharging

Undercharging and overcharging can occur from incorrect consumption data being applied to the bill, incorrect rates, discounts not being applied, estimated consumption that is reconciled, and from bills not being issued at all.

All retailers have processes to deal with under and overcharging, and some were better at actively explaining the under or overcharge to the customers and informing them of their rights. Clear and concise customer communication about an under- or overcharge better takes account of the customer's interests.

3.4.1 Requirements under the Retail Rules

Rules 30 and 31 of the Retail Rules deal with retailer management of undercharged and overcharged amounts. These rules apply to circumstances of under- and overcharging resulting from issuing an estimated bill then issuing a subsequent bill based on an actual read, as well as where a retailer has failed to bill a customer, and other billing errors.

Rule 30 sets out the rights and obligations for both retailers and customers in the event of undercharging. If the customer is at fault for the undercharging—for example, if they have not provided safe or unobstructed access to their meter—they must pay the full amount that has been undercharged. However, for all other reasons for undercharging—for example, the bill is based on an estimate due to invalid or invalid meter data—there are limitations on the amount the retailer can recover. In these instances, the retailer is limited to recovering the amount undercharged in the nine months before the customer was notified of the undercharging. If the period during which the undercharging occurred is less than 12 months, a customer must be offered the same amount of time to pay. If undercharging occurred for a period over 12 months, the customer is entitled to a maximum of 12 months to pay. Retailers cannot charge interest on undercharged amounts.

Errors can also lead to customers being overcharged, for example where estimates of consumption used in bills are higher than the amount that the customer has actually used. If a customer has been overcharged and the amount is less than the overcharge threshold (currently \$50), rule 31 requires the retailer to credit the amount to the customer's next bill. If the amount overcharged is more than \$50, the customer can request an alternate method for repayment or request the amount to be applied as a credit on their next bill.

3.4.2 Systems to identify undercharging and overcharging

All retailers reported that the process to determine an undercharge or overcharge is through a system exception report. The retailers' billing systems exception out an actual bill, where an estimated bill immediately preceded it. Retailers also have other exceptions such as negative consumption (where the current meter reading is less than the previous read) lower than normal consumption and higher than normal consumption. These exception reports are monitored and bills are issued manually to check for overcharges and undercharges.

When a subsequent bill is issued based on an actual read there is a reconciliation of the previous estimation. This reconciliation can sometimes lead to the customer being overcharged or undercharged.

After an actual meter read is received by the retailer, there are a number of ways the undercharged or overcharged amount is calculated. Retailers generally replace the relevant data and recalculate the bill, taking any price changes into account. Overcharges and undercharges are calculated on the variance between the estimated and actual reads.

There are two ways that retailers include an adjustment on the next bill to take the overcharge or undercharge into account. The first way is that the retailers calculate the amounts and then include the adjustment on the customer's next bill as a separate line item. In the second method retailers issue new bills with the overcharge itemised as an adjustment.

3.4.3 Undercharging

Where undercharging is not the fault of a customer, the amount recoverable by the retailer is limited. Where a customer was undercharged due to a failure of the retailer to issue a bill, a customer may receive all their previous bills at once. Receiving an unexpectedly large amount payable can be very stressful for customers. It is therefore important for customers to receive clear communication from the retailer as to their rights to extra time to pay and other rights.

In general, the amount of an undercharge is calculated by reference to actual metering data. There are however some circumstances where other data is used. A number of retailers reported that in exceptional circumstances, such as in cases of metering failure or aged debt, an undercharge may be based on a customer's average daily load or a network final substitute.¹² One retailer also reported that on occasion a customer may have been undercharged due to service fees missing, in which case the undercharged amount is based on those fees.

The Retail Rules limit the amount of an undercharge that a retailer can recover. It is limited to amounts undercharged in the nine months before the date the customer was notified of the undercharging, unless the undercharge was as a result of the small customer's fault or unlawful act or omission.

All retailers responded that the process to ensure that recovery is limited is manual. Billing staff investigate potential instances of undercharging, then manually issue bills. Some retailers have also stated that their billing system will not automatically issue a bill where the billing period for greater than nine months.

Rule 30 requires retailers to offer customers time to pay an undercharge by agreed instalments over a period nominated by the customer, but no longer than the length of the period during which the undercharging occurred, if the period was less than 12 months, or 12 months in any other case.

Most retailers reported that a cover letter is attached to an undercharge recovery bill, explaining the amount and advising customers to contact the retailer if they need to make arrangements to repay the amount. One retailer stated that customers are notified by phone or letter to explain the undercharged amount.

¹² A final reading of a meter before the installation is removed or modified. In the case of faulty or otherwise unreadable meters, this final read is based on an estimated read, which is considered final.

In some cases, the instalment plans to recover an undercharged amount were no different to those offered to hardship customers or customers experiencing payment difficulties. One retailer stated that initially it will offer customers extra time to pay, based on an assessment of the customer's capacity to pay. If it is determined that a customer will not meet the instalment plan with a duration of 12 months, they are referred to the hardship team. Another four retailers reported that the only difference between an instalment plan to recover an undercharged amount and an instalment plan for customers experiencing payment difficulties is in the amount of time a customer is offered to pay the amount. Another retailer stated that if a customer requests extra time to pay, this is negotiated on a case by case basis.

3.4.4 Overcharging

Where a customer has been overcharged by \$50 or more, rule 31 requires the retailer to repay that amount as reasonably directed by the customer, or if there is no such reasonable direction, credit that amount to the next bill. The majority of retailers inform customers of the overcharge by issuing a bill containing the adjustment with a cover letter. In many cases, the letter advises the customer to contact the retailer regarding how they would like the overcharged amount to be repaid.

Two retailers stated that where the credit is deemed excessive, they will make a customer service call advising the customer of the overcharged amount and seek direction on how the repayment is to be made. We consider this to be a good practice. Another retailer stated that a cover letter is issued with the new invoice, but that the new invoice does not specify the overcharged amount, which we considered to be a poor practice.

Only one retailer explicitly stated that where an overcharged amount is due to a customer's fault, act or omission, they calculate the overcharge to 12 months prior to the error being identified. Most retailers explicitly state that they do not limit overcharged amounts in any circumstances. Not limiting returning overcharged amounts is at the retailer's discretion.

3.4.5 Customers who have ceased to obtain energy

The Retail Rules also require retailers to use their best endeavours to refund customers who have ceased to obtain energy from the retailer within 10 business days.

Practices by retailers to refund amounts owing to customers varied. Retailers responded that they do not automatically issue refund cheques for customers who have ceased to obtain energy from them. In many cases, a new or separate bill is sent to the customer's registered details requesting the customer contact the retailer for repayment options. Where a customer does not contact the retailer, the retailer follows an unclaimed monies process. Some retailers responded that they also follow up letters with an outbound call to the customer. One retailer stated it sends a credit balance refund application with the letter informing the customer of the credit, and asks customer to fill the form in. Another retailer stated that where a customer does not contact the retailer, it issues a cheque to the customer.

3.5 Bill smoothing

Bill smoothing can help a customer manage their budget by allowing them to make payments in regular instalments—usually fortnightly or monthly—instead of the more traditional quarterly billing cycle. These instalments are based on an estimation of a customer's consumption over any 12 month period.

The Retail Rules do not require a retailer to offer a bill smoothing arrangement to all customers. Instead, the obligations state the retailers may offer bill smoothing arrangements to customers on standard retail contract, only if they comply with the provisions. Retailers can choose to offer these types of arrangement to customers on market contracts.

The majority of retailers responded that they do not offer bill smoothing arrangements as defined by the Retail Rules. However a number of these retailers indicated that they offer some form of monthly or fortnightly payment arrangements.

3.5.1 Bill smoothing as defined in the Rules

Where bill smoothing is offered by a retailer (and explicitly consented to by the customer), rule 23 requires that a retailer estimate the total cost of a customer's energy consumption over a 12 month period. Once a year, the customer receives a bill reflecting the difference between the amount paid and actual consumption, as well as the adjustment to the amount payable for the new 12 months of estimation. The adjustment, should it reflect either an overcharge or an undercharge, is governed under other provisions.

Of the four retailers that reported offering bill smoothing arrangements (as defined by the Retail Rules), all indicated that they base their estimation of the customer's consumption on historical billing data. Two retailers reported that where a customer had been in the premises for 12 months, the estimate is based on the previous 12 months of consumption.

If historical information is not available, one retailer reported the estimate is calculated on the last four quarterly meter reads for that premises, but reviewed at the next quarterly reading. Another retailer reported that the estimate is based on a comparable customer's consumption data. A third retailer based its historical billing data on the customer's last bill, rather than 12 months' worth of consumption.

The bill smoothing provisions in the Retail Rules require retailers to re-estimate a customer's consumption in the seventh month after starting the bill smoothing arrangement. The purpose of the review is to reconcile a customer's account and to provide a re-estimate for the next 12 months of consumption. While all retailers provided an explanation of how the review is triggered in their system, availability of data comparing initial estimates and re-estimates was more limited. Two retailers could not provide any information, and the other two reported differences in the order of 10 to 25 per cent.

Only one retailer was able to provide data regarding account reconciliations, and that retailer reported that over 90 per cent of customers were overcharged. While this would seem concerning, the retailer explained that it had found that customers historically had requested their repayments to be above what was calculated in order to run a credit balance.

3.5.2 Alternative instalment plans

One retailer reported that 12 per cent of its customers consented to being billed monthly on the basis of estimated consumption, and these bills are classified as monthly estimates and not bill smoothing. According to this retailer's website, monthly billing is the default option, unless a customer chooses otherwise. Meter readings occur quarterly, and the bill based on this actual quarterly read serves to reconcile the previous monthly estimated bills. It is on the basis of the fact that customers continue to receive their quarterly bills that the payment arrangement is not classified as bill smoothing.

A further two retailers reported offering a monthly billing option called 'bill smoothing', but neither considered this fell into the definition of bill smoothing in the Retail Rules. Similar to the example above, customers continue to receive their quarterly bills based on actual meter readings, however, the amount customers pay per month or fortnight is based on an estimation of their consumption over 12 months, plus any accrued debt if required. A third retailer provided details of an instalment plan which had similar key features but was not called 'bill smoothing'. A fourth retailer appeared to have a similar monthly estimated billing offering, but did not provide details.

Another retailer reported offering a monthly payment arrangement designed for convenience rather than to address payment difficulties. This retailer based its bills on an estimate of a customer's six-monthly usage, and customers continued to receive quarterly bills as a way to monitor and adjust the instalment amounts.

4 Customer rights in relation to energy bills

This section outlines what customers can do if they have a query about their bill. In most cases this means contacting the retailer, but may also include contacting the ombudsman if the retailer is unable to resolve the issue. Customers can also change retailers if they are unhappy with their service, and the AER's Energy Made Easy website (www.energymadeeasy.gov.au) helps consumers compare different offers.

4.1 Requirements in the Retail Law

The Retail Law requires retailers and distributors to develop, make and publish standard complaints and dispute resolution procedures. These procedures must be substantially consistent with the Australian Standard AS ISO 10002–2006 (Customer satisfaction—Guidelines for complaints handling in organizations).

Under the Retail Rules, if requested by a customer, a retailer must review a bill and do so in accordance with the retailer's standard complaints and dispute resolution procedures. Where a disputed bill is being reviewed, the Rules allow a retailer to require the customer to pay some of the amount from the disputed bill (this being the amount that is not in dispute or the average of the customer's bills from the last 12 months—whichever is the lesser).

If a customer requests, as part of the review of the bill, that the metering data be checked or the meter itself to be tested, the retailer must arrange this, but the customer must pay for the cost of the check or test. If it is found that the data is incorrect or the meter is faulty, the customer is to be reimbursed the cost. Rule 29 also sets out what happens in situations where the bill is correct and where it is incorrect. Finally, the rule also requires retailers to customers of their right to lodge a dispute with the energy ombudsman if still dissatisfied with the outcome.

4.2 Steps for customers to query a bill

Step 1: Simple check to do first

If a customer receives a high bill, the customer should think about the household's energy usage over the billing period. Using air conditioners in summer, heaters in winter, having people home more often or adding new appliances could all be simple explanations for a higher-than-expected bill.

Customers can also check if their previous bill was based on an estimation and see if the new bill includes an extra amount to reconcile the difference between the estimated and actual consumption. Sometimes there is an amount owing from a previous bill. They can also check if the price has increased or if a different seasonal tariff has been applied. Customers who can access their own meter can also check if the reading on the bill is similar to the meter (remembering to allow for usage since the meter was read).

Energy Made Easy (www.energymadeeasy.gov.au) has information to help customers understand their energy bill and tips for reducing energy consumption. Customers can also use Energy Made Easy to compare their household's energy usage to other similar-sized households.

Step 2: Contact the retailer

If a customer is still concerned about their bill, they should contact their retailer. Their retailer should be able to explain any changes to the cost of the customer's energy and explain the application of tariffs. Retailers can also arrange an additional meter reading if the customer is concerned that there has been an error—the retailer can ask the customer to pay for this, but must reimburse them if there an error is found.

Retailers (and distributors) are required to have procedures in place for handling complaints and disputes. These procedures will include a requirement to escalate a customer's complaint to a senior officer if the initial response a customer receives is not acceptable. These procedures must be published on business's website.

Step 3: Contact the ombudsman

If a customer has tried to resolve their concerns with their retailer but is not satisfied with the response, they can contact the energy ombudsman scheme in their state or territory:

Queensland

Energy and Water Ombudsman Queensland
1800 662 837
www.ewoq.com.au

New South Wales

Energy & Water Ombudsman NSW
1800 246 545
www.ewon.com.au

Australian Capital Territory

ACT Civil and Administrative Tribunal
02 6207 1740
www.acat.act.gov.au

Victoria

Energy and Water Ombudsman (Victoria)
1800 500 509
www.ewov.com.au

South Australia

Energy Industry Ombudsman South Australia
1800 665 565
www.ewosa.com.au

Tasmania

Energy Ombudsman Tasmania
1800 001 170
www.energyombudsman.tas.gov.au

Energy ombudsman schemes provide a free and independent dispute-resolution service for electricity and gas customers who have been unable to resolve a complaint with their energy retailer or distributor. Ombudsman schemes can investigate a wide range of complaints, including disputed accounts and high bills.

Step 4: Think about changing retailers

Customers who aren't happy with their retailer can look into switching to another retailer. Energy Made Easy (www.energymadeeasy.gov.au) can help customers compare the energy offers available to them, and search for new offers that may better meet their needs.

4.3 Other consumer protections

4.3.1 Obligation to help customers experiencing financial difficulty

Under the Retail Law, energy retailers are required to help customers who are having difficulty paying their bills. This includes flexible payment options, hardship programs and providing energy efficiency advice. There are also rules for when an energy service can be disconnected. If a customer is concerned about paying their bill, they should talk to their retailer about their options. Retailers should have procedures in place to help identify customers experiencing payment difficulties, but it is not always obvious to the retailer so it is important for customers to self-identify early.

4.3.2 Government assistance and other support

Depending on which state or territory the customer lives, they may be able to apply for government rebates and concessions to assist with paying energy bills. Rebates and concessions vary, but are generally available to low income earners, pensioners and individuals with certain medical conditions. Retailers can help identify government concession programs or rebates that may be available.

Financial counsellors provide information, support and advocacy to people in financial difficulty. Working in community organisations, their services are free, independent and confidential. Financial counsellors have an extensive knowledge of a range of laws and policy, including hardship policies and government concession frameworks. Customers can talk to a financial counsellor by ringing 1800 007 007.

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