

Dear Sir/Madam

We are writing to seek a review of the Maximum Demand Supply charge for Smart Meters by ActewAGL.

The Maximum Demand Supply charge should be proscribed. The Maximum Demand Supply charge is iniquitous, unfair and inequitable. We and other consumers are being price-gouged by this charge.

Also, the information provided by ActewAGL when the smart meter was installed was deficient and false and misleading under s18 of Australian Consumer Law, particularly in relation to the Maximum Demand Supply charge.

HOW THE MAXIMUM DEMAND SUPPLY CHARGE WORKS

Consumers who have been compelled to have a new Smart Meter installed are subjected not merely to a higher daily supply charge but, are subjected to a Maximum Demand Supply Charge as well.

Smart Meter electricity charges are calculated on:

- a) a daily supply charge, which is higher than non-smart meters;
- b) a maximum demand supply charge, which is only applied to smart meters; and
- c) a daily consumption charge, which may be a lower rate for smart meters.

The Daily Supply Charge ("a" above) is calculated on the number of days at a set tariff rate.

The Maximum Demand Supply Charge ("b" above) is calculated by applying electricity consumption during a single half-hour between 5pm and 8pm selected on one day in the month to every other day of that same month.

- The selection of that one day is made by identifying the highest half-hour use between 5pm and 8 pm in that month.
- This amount is then converted to an hourly equivalent (that is, multiplied by 2) and charged for every day of the month.

A lower consumption charge ("c" above) does not offset the higher daily supply charge and the maximum demand supply charge applied to smart meters.

WHY THE MAXIMUM DEMAND SUPPLY IS INIQUITOUS AND INEQUITABLE

The selection of the half-hour of greatest electricity use on a single day of the month (each of which has 28 or more days) that is then charged for every day of that month is not an equitable reflection of usage in the peak period.

- It reflects the greatest usage in a very small time slot. It does not reflect “normal” usage.
- That represents 30 minutes of 5,040 minutes (based on 28 days) over a month; or 0.6% of the measurement period.
- It is at the peak period when consumers are, for example, cooking dinner or, in Canberra, using heating to maintain warmth in their homes.
- It is an artificial calculation that overstates usage by consumers: every consumer is penalised if they have merely one 30-minute period of abnormally high use in a month.

Actual example

On 5 July 2019, between 6.15pm and 6.45pm, ActewAGL measured our electricity usage at 2.243 kW. This was converted to an hourly rate of 4.486 kW.

If this constructed hourly rate is extrapolated to 31 days, it would total 139.060 kW.

Over the 31 days of July, our actual use during the 5pm to 8pm timeslot was 50.883 kW.

This is a difference of 88.177 kW or an overstatement of 273% between the ActewAGL applied rate and the actual usage.

Also, the actual usage during the 5pm to 8pm timeslot on 5 July 2019 was 6.787. As such, the 30-minute period selected by ActewAGL represented 66% of the usage in only 17% of the measurement period.

By contrast, if an average use per hour over the 5pm to 8pm timeslot had been used, the hourly rate would have been 2.262 kW or 50.4% of the charge levied by ActewAGL.

The Maximum Demand Supply Charge calculation is iniquitous and should be illegal. It:

- a) does not reflect any consumer’s actual or normal usage –rather, it reflects the consumer’s greatest usage in a 30-minute period across the whole month;
- b) establishes a charge for every day of that month that is unrepresentatively high of normal usage;
- c) is based on usage that represents less than 1% of total usage in the 3-hour timeslot over the period.

Further, the Maximum Demand Supply Charge fails to advance, let alone meet, its stated objective to allow consumers to better manage their electricity usage. It removes any incentive for consumers to manage their electricity usage and reduce usage in peak periods because they are penalised for a single event in the period of one month.

- Many consumers may have one (or potentially more days) where they entertain family, friends or acquaintances at home. This activity may involve, for example,

greater use of cooking, whitegoods, lights or heating than is normal during the 5pm to 8pm peak period.

- Any strategies a consumer may have in place to better manage electricity use in these peak periods are decimated by a single outlier event.

The Maximum Demand Supply Charge pricing model is unfair and unreasonable. It is draconian and inequitable. It price-gouges consumers.

It should be discontinued and or replaced with a fairer model that encourages consumers to better manage their electricity usage in peak periods.

How any Government and the energy regulator could allow consumers to be ripped-off in this way is beyond belief. It appears that both the Government and regulators aid and abet price-gouging by utilities providers.

Allowing such price gouging is, we'd suggest, why utilities providers rank among the least trusted organisations in Australia (along with the banks) and why Government is becoming increasingly distanced from the populace (or Scott Morrison's "Quiet Australians").

FALSE AND MISLEADING

There are two matters in which the claims and information provided by ActewAGL are false and misleading.

False and Misleading Claims

ActewAGL publications state that demand pricing plans are:

- *More equitable* – because *Each household is charged appropriately for the level of demand it places on the network during the daily peak period of 5-8pm AEST*
- Give consumers *More control* – because *A demand pricing plan gives [consumers] an opportunity to lower [their] electricity bills, simply by using some appliances outside the daily peak period.*

We suggest that these claims are, at best, fatuous and, potentially, false and misleading statements under s18 of Australian Consumer Law. The reasons for our view can be extracted from the above.

The Maximum Demand Supply Charge is neither fair nor equitable. Further, consumers do not have more control over their power usage because they are potentially penalised for a single use of electricity that could represent less than 1 per cent of the period of usage.

False and Misleading Information

The smart meter was required to support the installation of solar panels on my home. We had anticipated a reduction in my electricity costs, not an increase. With this Maximum Demand Supply Charge charging method, our electricity bill has increased by \$93 from 2 October 2018 to 5 July 2019.

We consider that we were not appropriately informed about the change to my electricity charges.

On 2 August 2018, we received approval to connect a PV (Solar) system at my home. The letter from Evo Energy made no reference to changed charging arrangements.

On 2 October 2018, ActewAGL left a card at my home. The front of the card says *"YOUR NEW SMART METER HAS BEEN INSTALLED"* in big lettering covering two thirds of the space. The remaining space at the bottom of the page advises the name of the certified electrician that completed the install and the date.

The rear of the card goes on to state: *"GREAT NEWS!"* in large letters. Then, the size of the font gets progressively smaller until the third tick point that says: *"Your electricity tariff may have changed which means you'll be charged differently for the electricity you use."* At the end of the page it advises *"For more information and frequently asked questions about your smart meter, visit www.actewagl.com.au/smart-meters."*

We only discovered this advice on the rear of the card after searching our records to find out if we should have anticipated an increase in our electricity bill.

On entering the above address into the internet, we found a page *"About smart meters"*.

Under a heading *"new pricing plans with a smart meter"* it states: *"Once your smart meter is installed you may be placed on a new pricing plan. This means your charges may be different. Learn more about demand pricing plans."*

We then clicked to another level of the website to the page *"Making the most of your demand pricing plan"* to find advice that *"a demand pricing plan is now the default pricing plan for residential customers in the ACT with a smart meter."*

We are reasonably erudite persons, but this information was certainly not easily found and took a significant amount of research. Insufficient information was provided when we decided to install solar panels, which we did primarily to reduce greenhouse and to reduce electricity charges.

We consider that anyone enquiring about a smart meter should be properly informed about the additional supply charges that will be incurred. We became aware of it only when my bill went from being in credit to a \$191 debit. This caused us to backtrack through our records and thoroughly search the ActewAGL website.

We think it is unreasonable of ActewAGL to provide vague advice on its card that [sic] our tariff**may** have changed and refer you to a website. It is also unreasonable that the first level page about smart meters also states you**may** be placed on a new pricing plan and refers you to another page. The use of *"may"* is misleading as the Maximum Demand Supply Charge is the default.

The card provided to consumers on installation of the smart meter needs to be updated to state that the account will default to a demand pricing plan and the consequences of that plan must be clearly explained. The website needs to be rewritten to remove vague references to “*may*” be placed on a new pricing plan and be honest about what will occur.

ACTIONS SOUGHT

These problems should be properly investigated by the pricing and consumer regulators.

Consumers should be refunded for the price gouging. The Maximum Demand Supply charge should be proscribed or, as a minimum the calculation made more equitable and reasonable insofar as it better reflects actual usage.

[REDACTED]

We have since changed our utilities provider.

We ask that you properly investigate these matters and deliver reasonableness to consumers.

We look forward to your response.

[REDACTED]