

Australian Energy Market Commission
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Lodged online: www.aemc.gov.au

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Meter installation timeframes

The Australian Energy Council welcomes the opportunity to make a submission to the AEMC rule change consultation on meter installation timeframes.

The Australian Energy Council (AEC) is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses.

The AEC submission will inform this consultation that industry initiated measures are currently underway to improve the customer experience. This submission from the AEC will not be addressing individual retailer performance or retailer processes. Retailers themselves are best positioned to unpack and provide advice on the operational intricacies of their own practices.

Competition in metering will deliver, as competition does in other sectors of the Australian economy, incentives for electricity retailers to optimise efficiency, improve service, develop products that meet customer needs and achieve lower costs so they are competitive. Like other competitive consumer markets, competitive retail electricity markets are best placed to facilitate the development and deployment of new metering technologies to customers.

Issues with the Post Power of Choice Rules Framework

Since the commencement of metering competition in December 2017, retailers have identified aspects of the new arrangements where they are constrained in providing customers with the same level of customer service and flexibility with respect to planned interruptions for a meter replacement than was previously provided by the DNSP.

This has resulted in a negative impact on customer experience giving rise to customer complaints to retailers, and in a limited number of circumstances, escalated complaints to jurisdictional Ombudsman.

The AEC convened a Post Power of Choice Committee, comprising Retailers, Meter Co-ordinators and Meter Providers to address various issues in the Rules and the procedures, to ensure that customers are provided with the best level of service and flexibility with respect to the provision and installation of their electricity meter, without compromising on other key considerations such as safety and risk.

This Committee has lodged proposed rule changes with the AEMC. This consultation addresses that proposal in conjunction with the lead rule change proposal submitted by the Federal Minister. Specific responses are set out below:

Question 1 Requirements for meter installation timeframes

1.1. What are the benefits to customers of imposing installation timeframes in new and replacement situations?

The introduction of new market participants has created additional coordination obligations and interdependencies requiring retailers to adopt a number of new processes and procedures. Despite the requirement for additional role nominations via the Marketing Settlements and Transfer Solution (MSATS) and participant interactions, the timeframes associated with an interruption notification and meter replacement still remain the same.

Rather than imposing new installation timeframes, it is more important that:

- For installations, coordination requirements are permitted that address how customers wish to be engaged as part of a smart meter deployment; and.
- For replacements, customers are provided with the ability to nominate a preferred time for the replacement of their meter.

The most efficient delivery of a meter replacement is when the metering provider can coordinate several installations in the most efficient geographical sequence. In most cases power is only out for an hour and most jobs are completed when the customer is not home so the customer impact is usually minimal. Where a customer cancels an installation, the most efficient response would be for the metering provider to schedule another job within the geographical proximity subject to the customer's consent. If it is convenient for both the customer and the metering provider the replacement can be undertaken at short notice. In this way the customer receives their new meter and the metering provider is not potentially impeded from the installation of an efficient number of meters in a day.

Requiring a 4 day notification removes this flexibility. It results in the metering provider being potentially constrained from the efficient delivery of a service to customers who may otherwise be open to receiving a meter. This results in added inconvenience for customers and higher service costs than otherwise be the case.

Presumably the suggested penalties are intended to improve the customer experience. The AEC submits that a preferred regulatory approach to improve the customer experience will be to amend the regulatory framework to allow sufficient flexibility for the efficient and customer centric delivery of meter services.

1.2. What are the expected costs of imposing installation timeframes?

The expected costs of imposing maximum installation time frames are likely comparable to the current costs of imposing minimum time periods that must elapse before next steps can occur,

presently extant in the rules. Both approaches remove the most efficient response of the provider being able to schedule concurrent job activity within the geographical proximity subject to the customer's consent.

In any impact evaluation in this regard, first consideration should be given to removing existing impediments to efficient service delivery.

1.2. Should there be different requirements for different types of installation scenarios and why?

The different types of installation scenarios fall broadly into New Connections, Faults and Malfunctions, and Replacements,

- New Connections - Provided that the necessary prerequisites are met, meter installation to a new connection in of itself is generally not a complex scenario. However meeting prerequisites, and obtaining notices from a suitably qualified electrician and notices that network related services are completed can be complex. These may become conflated in the customers mind with the meter installation itself.
- Faults and malfunctions - Meter faults and malfunctions can have two impacts:
 - Power outages – although rare these require an immediate response, and
 - Data flow interruptions – these may have an impact on the operation of sophisticated load management systems but should not lead to a customer being off supply. Data flow interruptions may also mean that billing accuracy is compromised.
- Replacements - Many of these replacements are very different to others, and therefore the AEC does seek to differentiate the metering arrangements that apply to small and large customers, especially with regard to notice of interruption to supply. Many larger customers have CT metering, which does not require an outage for a meter change. Most business customers would seek flexibility in agreeing to outage times.

Therefore consideration should be given to differing requirements for different scenarios.

1.5. If a timeframe was imposed for new and replacement situations, at what point should the 'clock' start? That is to say, what preconditions would need to be met before the relevant timeframe should commence for each of the different types of installation scenarios?

The AEC do not recommend this approach. Meeting prerequisites, and obtaining notices from a suitably qualified electrician and notices that network related services are completed can be complex. Metering access requirements are often difficult. Many of these issues are conflated in customer complaints about metering delays. The AEC consider their own rule change proposal addresses the central themes that are frustrating service delivery in the current environment, and urges these be addressed prior to the further consideration of punitive approaches.

Question 2 Potential measures to improve the meter installation process

2.1. For each of the options to minimise process timeframes above (planned interruption notices and the customer notification process):

(a) What are the benefits of the proposal?

The greatest benefit of this proposal is giving customers greater control over the timing of their planned interruption. This in turn allows for installations to be completed in a more timely and efficient manner, ultimately lowering costs for the industry and consumers.

The proposal also supports the development of notification procedures and processes that underpin the delivery of better customer services and helps to ensure that all parties understand their obligations under the rules and how they should interact with other parties to deliver better services.

Creating this certainty will foster operational effectiveness which we believe is an important pre-condition to realise future process improvements and efficiencies;

(b) What costs and risks for participants and consumers would be involved in implementing the proposal? How could these costs and risks be managed, for example through limitations in the NERR on the circumstances in which: planned interruption timeframes could be reduced; or new meter deployment notices could be waived?

The revised rules also impose additional conditions on retailers with respect to retailer-led new meter deployments. Again, these new obligations do not empower customers to either nominate their preferred means of notification or to negotiate their preferred planned interruption for the installation of their meter.

To overcome this, the AEC proposed rule provides that in the event that a retailer proposes to undertake a new meter deployment, the retailer must permit a small customer to elect not to have their meter replaced unless the terms of the small customer's market retail contract authorise the retailer to undertake the deployment. In such instances this would mean that the retailer would not need to undertake the notification processes set out in NERR rule 59(A)(2). In other cases, a retailer would give to the small customer a notice in writing no later than 25 business days prior to the proposed meter replacement and a second written notice no later than 15 business days before the proposed replacement.

(c) Is there any new information that is now available following implementation of the competition in metering rules that should change how the Commission considered these issues in the final rule determination?

We know that metering installation delays have occurred due to market participants adjusting to new service orders and timings. In addition, State-based derogations in Queensland and New South Wales that enabled the LNSP and the customer to agree a preferred date for a planned interruption for the purposes of a meter replacement or repair have not been carried over into the new rules for retailers.

But, by and large the new competition in metering rules that retailers must follow are different and more onerous than previously imposed on the LNSP, and lock in additional time delays. This has resulted in a negative impact on customer experience giving rise to customer complaints to retailers, and in a limited number of circumstances, escalated complaints to jurisdictional Ombudsman.

Paradoxically, the new rules also do apply conditions previously imposed on the LNSP without recognising that in many instances these are not transferable or effective for new participants to undertake.

Question 3 Other issues related to planned interruption notices

3.1. For each of the proposals related to planned interruption notices (the 24 hour enquiry line and notices to large customers):

(a) What are the benefits of the proposal?

The proposal seeks to avoid wasted truck visits. The AEC believe the current form of the rules is likely to result in a material number of wasted truck visits.

Savings are also expected from the reduced need for rescheduling, and consequent resending of notices and letters. While the cost of an individual letter or notice may be small (in the order of \$3), extrapolated over the number of potential resend this is likely to be a material amount.

Savings are also expected from reduced call frequency and handling times. Again, while the cost of a call to address an inquiry regarding a planned interruption notification is individually small (in the order of \$8), extrapolated over the number of calls associated with confusion around the planned interruption for a new meter deployment, this is likely to be a material amount.

(b) What costs and risks for participants and consumers would be involved in implementing the proposal? How could these costs and risks be managed?

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There is no identified risk to consumers associated with this approach.

A competitive future

The transition in the energy sector brings with it a range of technical and regulatory challenges to ensure energy reliability and reduce the risk of poor customer outcomes. The AEMC has noted these challenges in its 2018 Review of Retail Energy Competition in the NEM (NEM Market Review), which reflected on the inconsistent regulatory treatment and experience that customer's face.

Broadly speaking, retailers and the metering industry have sought to be proactive in addressing the reasons for delays, developing their own initiatives and measures to reduce delays, and addressing the barriers to overcoming these delays. The AEC will continue to coordinate as necessary the retailer responses to industry issues.

We acknowledge that there has been a proportion of unsatisfactory customer experience. However we believe there is still a positive case to be made for the way this large scale implementation has been managed to date, and that it is improving. Consideration of changes needs to be made in context of the significant volume of transactions in what is the biggest customer facing change since the introduction of full retail competition.

Any questions about our submission should be addressed to David Markham by email to david.markham@energycouncil.com.au or by telephone on (03) 9205 3107.

Yours sincerely,

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