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Mr James Hyatt
Australian Energy Market Commission
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Submitted electronically: submissions@aemc.gov.au

10 November 2018

Dear Mr Hyatt

Metering Installations – Advanced Meter Communications Rule (ERC 0246)

AGL welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC's) Consultation Paper on Advanced Meter Communications Rule.

AGL supports the Australian Energy Council's (AEC's) proposal to amend the 'Type 4A metering installation' rule in clause 7.8.4 of the National Electricity Rules (NER) Rule. Specifically, to allow metering coordinators at a customer's request to remove the remote communications capability on an already installed type 4 meter.

AGL believes the proposed Rule change by the AEC will provide for greater flexibility in allowing a retailer to meet a customer's preferred outcome at a substantially lower cost and faster timeframe than the rules currently allow for.

It also infers the same consumer rights pre and post meter installation. The AEMC acknowledges that Type 4A meter Rule was made during the Competition in Metering Rule to address two situations, with one of those being where the customer refuses to have a new meter with remote communications installed. Providing consumers with the same right post installation addresses situations where a customer moves into a new premise that already has a Type 4 meter but the customer does not want a communications enabled digital meter.

AGL's comments on specific matters identified in the Consultation Paper are provided in Attachment 1. If you have any questions, please contact Mark Riley on 0475 805 262 or mriley@agl.com.au.

Yours sincerely

(Signed for electronic transmission)

Con Hristodoulidis
Senior Manager Regulatory Strategy



Attachment 1 – Comments on Consultation Questions

What are stakeholders' views on the issues raised by the AEC in the rule change request?

AGL supports the issues raised by the AEC in the proposed Rule.

The Rules published for Power of Choice set the policy position that clearly allowed for customers to refuse meter communications when a new meter was installed but did not contemplate scenarios where customers who do not want communication-enabled meter (Type 4) but move into a premise that already has such a meter installed.

Under the current rules, the only option available to these customers is to request a meter exchange and bear the costs and time associated with a meter exchange. Additional costs include the costs with having to test the reliability of a relatively new meter that has been removed and either having to dispose of it or refurbish the meter in line with Australian Standards, so it can be reused.

The proposed Rule Change continues with the current policy intent but extends the customer right to post meter implementation and allows metering coordinators the options of undertaking a less expensive option.

How prevalent is the issue of a small customer refusing the use of an installed type 4 meter (i.e. an advanced meter with active remote communications)?

The number of affected customers to date is small.

Most meter installations and exchanges undertaken since Power of Choice commenced have focussed on customer led (new connections or meter exchanges for solar) and faulty meters. As more digital meters are rolled out and more meters are installed for other reasons (eg retailer led) there is likely to be a rise in customer requests to remove communications post installations.

Confidential information has been omitted for the purposes of section 24 of the Australian Energy Market Commission Establishment Act 2004 (SA) and sections 31 and 108 of the National Electricity Law

What reason/s are customers giving for their type 4 meter refusal?

AGL notes that there are concerted campaigns to stop the installation of smart meters or at least turn of the communications associated with a smart meter and refers the AEMC to websites such as: <https://stopsmartmeters.com.au/>.

Customer reasons have ranged from health concerns to privacy concerns, with customers actions ranging from signs noting refusals for installation, locked gates and locked meter boxes. Attachment 2 shows examples of customer actions, sourced from <https://stopsmartmeters.com.au/>.



What are the benefits of the solution proposed by the AEC?

The solution proposed by the AEC allows retailers to discuss with customers and recognise customer requests for meter communications to be deactivated without the need to remove the type 4 meter and replace it with a type 4A meter – which is physically the same, but with the communications capability disabled.

This means that the cost of disabling the communications is substantially lower than the cost of replacing the meter. Depending on the meter design it is possible to do this remotely, without a technician visiting the site.

If a site visit is required, then this does not require an interruption to supply, and therefore can be undertaken more quickly, efficiently and at a lower cost than a meter replacement, which requires a supply interruption notice and a site visit to change the meter.

What are the costs of the solution proposed by the AEC?

The solution proposed by the AEC utilises the existing process for recording and capturing customer refusals, so there is no additional cost in administering the process.

The cost of disabling communications will vary by metering provider but is generally quite low compared to the cost of replacing the meter and the time to provide that service and can be in the order of 10% of the cost of replacing a meter.

Are there any alternative solutions that may have greater benefits and/or lower costs?

AGL has not identified any other options which provide as quick or cost-effective outcome, relative to a meter change.

What, if any, is the effect on the Power of Choice reforms of allowing metering coordinators to deactivate communications of already installed type 4 meters? That is, to what extent, if any, would the expanded exemption reduce or delay the benefits of the roll-out of advanced meters, such as access to innovative tariffs and services?

AGL does not believe that this rule change would have a detrimental impact on the benefits of the metering competition rule changes, including the roll out of smart meters. The original Rule, made by the AEMC, provided for customers to refuse the installation of communications when a smart meter was being installed. As a result, retailers have been required to replace smart meters with smart meters (with communications disabled) in order to be compliant with the rules and meet customer choices for disabled communications.

Those customers who do not seek smart meters (or at least active communications) will continue to be able to have meters without communications whether this rule is made or not. The difference will be the cost and timeliness of providing that service to those customers, and how much of that cost is a direct cost, or a sunk cost the market as a whole bears.

Further, customers that have requested Type 4A meter will still have the meter read, but manually rather than remotely, and the retailer will still receive half hour interval data for the customer. Hence, products and services based on this data are likely to remain available for these customers. Further, customers with Type 4A meters who subsequently decide they want to participate or access services that requires Type 4 meters will incur lower costs in re-enabling the communications.



Is the proposed assessment framework appropriate for considering the rule change request?

During the process of making the original rules for meter reforms, the AEMC's assessment framework allowed for customers to refuse the installation of communications for a new meter installation. AGL sees the AEC proposed rule as an extension of the existing rule and would expect it to meet the criteria for the AEMC assessment framework.

The elements of the assessment framework proposed by the AEMC are:

- Price;
- Choice; and
- Competition.

The proposed Rule allows customers the choice to select the level of meter service that they value, at a lower price than the current Rules allow for and does not negatively impact competition as this option would be available to all retailers and Metering Providers by replacing the meter.

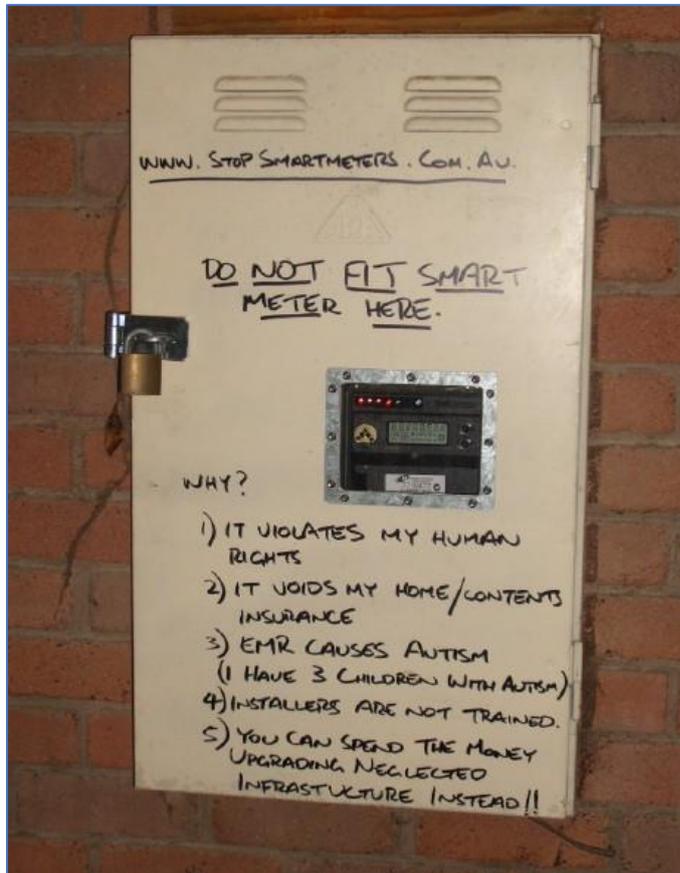
Therefore, AGL believes that the assessment framework is suitable for this proposed rule.

Are there other relevant considerations that should be included in the assessment framework?

AGL does not believe that there are other relevant considerations. It is not expected that transitional rules are required for the implementation of this rule.

Attachment 2 – Examples of Customer Actions

Sourced from www.stopsmartmeters.com.au





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Attachment 3 – Cost comparison

The cost of having the communications on a type 4 meter remotely disabled is [REDACTED]

The cost of changing a meter for non-complex with no connection support work required from distribution business is:

- Issuing of Interruption Notice [REDACTED]
- MP Site Works [REDACTED]
- Location Loading [REDACTED]

As can be seen the cost of replacing a meter is substantially higher than the cost of disabling the meter's communications is substantially higher and takes longer to implement, as an interruption notice must be issued.