

Mr Ed Chan
Director
Australian Energy Markets Commission
PO Box A2449
Sydney South NSW 1235

Submitted online to www.aemc.gov.au/contact-us/lodge-submission

25 October 2018

Metering installation time frames

The Australian Energy Council (the AEC) welcomes the opportunity to make a submission to the Metering Installation Timeframes Draft Determination.

The 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 Australian Energy Market Commission's (AEMC) rule change on expanding competition in metering and related services (competition in metering) was designed to open up competition in metering services and give consumers more opportunities to access a wider range of services. The introduction of competition in metering is the largest single change in electricity retailing since the introduction of full retail competition (FRC) itself, back in the early 2000s. And like the introduction of FRC, there have been some problems at go live.

The AEC is mindful of the need for a proportionate response to concerns in the areas of:

- Meter installation time frames;
- Planned interruption notices to large customers;
- Opt out and variation of the planned interruption notifications notice period, and;
- Other exemptions and transitional arrangements.

Meter installation time frames

The current AEMC draft proposes that metering co-ordinators replace or repair a small customer's malfunctioning meter as soon as practicable, but in any case no later than 15 business days after the metering co-ordinator has been notified of the meter installation malfunction. Further, if the metering co-ordinator is aware that the malfunction cannot be rectified within the applicable timeframe, they may apply to AEMO for an exemption.

The AEMC held a forum on the Draft Rule on Friday 12 October, where there was detailed stakeholder discussion around the proposed Draft Rule. Prior to the commencement of Power of Choice, Distributors conducted metering testing to ensure metering functioned effectively and therefore allowed for energy consumption recording and facilitated accurate billing between industry participants and retailers and consumers final bills. Post Power of Choice, Distributors maintain this obligation for Type 5 and 6 metering as the metering co-ordinators for these types of meters. When Distributors identify a 'family' failure they will provide a list of these meters to retailers to replace with new Type 4 (or 4A) meters. Family failures can range in scale comprising quantities of less than 150 meters types or classes up to large quantities (up to 250,000 meters). Often these meters are still operationally suitable and have acceptable accuracy

performance but are deteriorating and require replacement in a reasonable timeframe before complete failure.

Currently there is no regulatory obligation on Distributors as to when to inform retailers of these meter malfunctions. Hence, retailers receive lists on ad hoc basis and can receive no lists for a period of time or alternatively may receive multiple lists in a short period¹.

<file:///C:/Users/A133860/Downloads/Retailer%20and%20meter%20services%20provider%20handbook.pdf>.

The AEC supports the regulatory obligation that metering co-ordinators notify and discuss arrangements for a rectification plan that is acceptable to AEMO for large family failure situations, and/or that retailers work with their metering co-ordinators replace small family failures as soon as practicable. However, the AEC does not believe the obligation to replace a malfunctioned family failure type 5 or 6 meter type by no later than 15 business days is an appropriate obligation for these types of Distributor initiated meter replacement programs. Depending on the type of fault identified by the Distributors, retailers, through commercial agreements with their metering co-ordinators, are incentivised to carry out work based on meters with the highest risk of breakdown. The incentive is based on the role of retailers, and includes:

- From a customer experience perspective, customers receive accurate and timely billing.
- From a market settlement perspective, retailers can validate and pay accurate network costs they incur on behalf of their customers.
- From a market settlement perspective, retailers can accurately purchase energy in the wholesale market to match their customers' loads.

The AEC propose that these types of meter replacements, where there is minimal customer impact prior to the replacement can be efficiently carried out within scheduling windows, rather than specific appointments, and will be captured in metering co-ordinators' rectification plans to AEMO. In addition, affected customers will continue to be protected by appropriate notification obligations, including Planned Interruption Notices, once the meter at their home or small business has been scheduled to be replaced. Retailers will continue to replace meters as soon as practically possible where a meter malfunction has resulted with a customer being left off supply. This does not require a rule in order for this timeframe to be met. The AEC propose that the Draft Rule be amended to reflect this.

Planned Interruption Notices (PIN) required to large customers:

The AEC recommends the amendment to rule 59C(8) of the NERR to exclude the application of the rule to 'large customers'. The reasons for this recommendation being:

- The National Energy Customer Framework is intended to provide protection to small customers. Large commercial and industrial consumers have sufficient resourcing and bargaining power to uphold their own interests.
- Large customers will not materially benefit from the interruption notification requirements because the majority of large sites have current transformer (CT) meters installed, which do not require supply interruptions for metering works.
- Metering installation and repairs have never been an issue in the past. The large customer market has been managing meter churn and meter maintenance for decades, as Retailers have been managing this activity prior to Power of Choice go-live under its "Responsible Person" obligations. As such this practice has become a business-as-usual activity.

¹ Refer to end of page 59 of SAPN Retailer and Meter Services Provider Handbook, Dec 2017, <file:///C:/Users/A133860/Downloads/Retailer%20and%20meter%20services%20provider%20handbook.pdf>

Opt-out/variation of PIN notice period:

The AEC supports the proposed rule 59C(1) of the NER and therefore, of the view, the proposed rule 99(A)1 should not apply in this instance as it negates the need to inform the distributor of a planned interruption if the customer has already provided consent. The reasons for this recommendation are set out below:

- The rationale behind this requirement was to ensure the Distributor is aware of the *Retailer Planned Interruption* in order to address customer's query during an outage. However in this case the customer has already provided consent to the interruption.
- Practically, there is no evidence till date that Distributors are using this information (since the rule went live from 1st Dec 2017) and hence even if there is a *Retailer Planned Interruption* scheduled for the date, on receipt of a call from the customer, Distributors are already managing this process by attending the site regardless.
- It adds to the running operation cost (times 40+ retailers) with no added advantage to the consumer, and yet it potentially adds significant cost and operational inefficiency.

The AEC recommend that the drafting of rule 99A(1)(a)(ii) be amended to clearly articulate that the retailer has a requirement to host a 24 hour line in relation to interruptions, not for any enquiry a customer may have. As retailers have said during the consultations, where a customer calls at 10pm because they have no power, retailers are happy to assist the customer. However, in terms of a customer who calls at 10pm because they have an enquiry relating to their planned interruption notice and changing their appointment, this request will require business hours contact with the metering coordinator's installer in order to facilitate the change of time, and is therefore not able to be processed at 10pm. Those retailers offering an afterhours general enquiries line may offer these extended services, but the market can decide.

Therefore the AEC recommend 99A(1) to be only applicable under normal circumstances where no customer consent has been received or if a customer has life support requirement.

Adoption of the B2B framework:

AEMO's B2B e-hub supports and facilitates communications between different parties involved in providing services which involve metering. The AEC supports the draft NER where it specifically obligates retailers and Distributors to must use AEMO's B2B e-hub to coordinate key stages of the installation of a small customer's meter, unless another method has been agreed between all parties.

Since AEMC Final Rule Determination, National Electricity Amendment (Updating the electricity B2B framework) Rule 2016 went live from 1st December 2017, B2B e-hub has been inconsistently used by various jurisdictions. With the new proposed (stricter) SLAs that Retailers and Distributors will now be subject to, an improved and consistent B2B framework will be a significant step forward. The key differences are:

- South Australian does not support some of the transactions under the B2B e-hub due to traditional/legacy systems in place, creating inefficiency in the national framework. This not only causes operational gaps for retailers operating in multiple jurisdictions, but also causes customer concerns as Retailers are unable to address their queries due to lack of visibility and lack of control in the end-to-end process.
- New South Wales do not support specific transactions of the B2B e-hub in order to communicate with the Retailers. This presumably causes the same issues as in South Australia however at a different level of visibility due to the existence of ASP scheme in NSW.

- Queensland utilises B2B e-hub almost in its entirety and experience is that the operational processes are more reliable, trackable and controlled in that State.
- Victoria, despite the non-adoption of metering competition, utilised the B2B e-hub in the majority of cases. This has provided stability and greater control to the market participants in tracking status and outcomes.

Whilst we must acknowledge that there can and will always be jurisdictional differences, we are of the view that an improved and harmonised B2B framework would benefit all participants. As such, we suggest the IEC should be taking an action to revise the B2B procedures as a long term solution and in the interim, the current B2B procedures should be adopted by all jurisdictions.

The AEC supports the draft NER where it specifically obligates retailers and Distributors to must use AEMO's B2B e-hub to coordinate key stages of the installation of a small customer's meter, *unless another method has been agreed between all parties*. This phrase "*unless another method has been agreed*" should be further defined to ensure that:

- It's not a unilateral "agreement" (apparent in its current mode of operation) imposed by one party onto another; and,
- If an agreement is or cannot be made amongst parties (e.g. between a Distributor and a Retailer), then both parties must use B2B e-hub as the default.

Other exemptions and transitional arrangements:

The AEC considers that the exemptions provided in the draft NER for inaccessibility, safety, multiple customers requiring interruption provide for some but not all required exemptions. In the retailer experience of deploying meters, the inability to gain contact with the customer is behind a large proportion of works that are unable to be completed. In many cases, where retailers have attempted to contact their customer regarding a meter exchange, there is a lack of engagement by customers which therefore causes delays. This contact usually requires the retailer needing to confirm some information and/or a site condition. We request that this is also included in the exemption list.

At the consultation forum on Friday 12 October, there was a question raised in the discussion regarding what timeframes apply to customers that are waiting for meters currently. We consider that given the timing commencement of the rule and the time of the year (Christmas), we consider it prudent that the transitional commences on 1 February 2019 as opposed to 1 January 2019 as proposed.

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

Yours sincerely,

David Markham
Corporate Affairs
Australian Energy Council