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Australian Energy Market Commission
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Submission on the Metering Installation Timeframes Draft Rule Determination and Draft Rules

Introduction

1. This is Vector Limited's (Vector) submission on the Australian Energy Market Commission's (AEMC) draft rule determination (the "Draft Determination"), dated 13 September 2018, on the proposed *National Electricity Amendment (Metering Installation Timeframes) Rule 2018* (the "Draft Rule") and *National Energy Retail Amendment (Metering Installation Timeframes) Rule 2018*.
2. Vector continues to support the implementation of metering market reforms in the National Electricity Market (NEM), where "the rollout of advanced meters is being driven by consumer choice, rather than regulation". Consistent with the intent of the expansion of competition in metering services in the NEM under the *Power of Choice* reforms, we believe that consumer benefits from advanced meters are best delivered in a competitive market.
3. This submission focuses on the following aspects or proposals in the Draft Determination:
 - a. "Agreed date" between the customer and retailer
 - b. Retailer planned interruption notification
 - c. DNSP coordination for connection and non-connection services
 - d. Exemptions to the timeframes
 - e. Objection period in the appointment of the Metering Coordinator
 - f. Notification of life support customers
 - g. Civil penalties
 - h. Compliance costs
 - i. Commencement date.
4. No part of this submission is confidential. Vector's contact person for this submission is:

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"Agreed date" between the customer and retailer

5. The Draft Rule provides a framework that allows the metering installation date to be agreed between the retailer and the customer. Once agreed, the mandated timeframe obligations and retailer planned interruption notification requirements no longer apply. We believe further flexibility is required to allow the retailer and customer to agree a short date range. This allows the retailer to manage the complexities of rescheduling work when unforeseen events occur that make it prohibitively costly or impossible to install the meter on the agreed date. For example, this could be due to:

- a. delays in completing previous jobs due to unanticipated complexity or hazards, e.g. asbestos that required resolution; or
 - b. delays due to events that occur while travelling to the site on the scheduled day, e.g. accidents, kangaroo strikes, etc, which occur approximately once a month.
6. As the vast majority of metering installations do not require the customer's presence, allowing for a short date range should not negatively impact customer experience. Should a customer need a specific date, that customer is entitled to request it under the proposed rules. In our view, giving customers a date or a short date range satisfies a key objective of the rule change which is to provide some indication of when the customer can expect the job to be done.
7. We suggest that clauses 7.8.10.A(1) and 7.8.10B(1) of the Draft Rule be expanded to allow the retailer and customer to agree on a short date range within which the meter should be installed, as follows (additional text in red):

. . .(1) on a date **or within a short date range** agreed with the small customer; or...

Retailer planned interruption notification

8. Vector welcomes the proposed rule change regarding retailer planned interruption notification. We note that there is no proposed change to this process where a date cannot be agreed.
9. In our view, industry participants recognise that a number of situations will result in a scheduled job being delayed, for example, due to bad weather. When such situations arise, the job will need to be rescheduled.
10. The current obligations under section 59(c) of the *National Energy Retail Rules* (NERR) effectively lock the job to a specific date. Should rescheduling be required for any reason and the customer cannot be contacted to agree a new date, the Metering Provider will not be able to proceed with the job. This is because the planned interruption notice provided to the customer will be for the original date, not for the rescheduled date. This is a material issue today that is adversely impacting the delivery of advanced meters to consumers.
11. We request the AEMC to recognise the above issue, and allow for a short date range to be included in the planned interruption notification. We suggest that section 59(C)(4) of the NERR be expanded, as follows:

(4) The notification must:

- (a) specify the expected date **or date range**, time and duration of the *retailer planned interruption*; and...

DNISP coordination for connection and non-connection services

12. Vector recognises that distribution network service providers (DNISPs) are an important party in the electricity supply chain and can influence consumer outcomes, including consumers' first experience with advanced metering services.
13. We therefore support the proposed requirement on DNISPs in the Draft Rule where a connection alteration is required:

7.8.10C Timeframes for meters to be installed – where a connection alteration is required

(a) ...

- (2) where a *Distribution Network Service Provider* is providing the *connection alteration*, it **must co-ordinate the connection alteration, with the retailer and other relevant parties**, in order to allow the *retailer* to comply with its obligation under subparagraph (a)(1).

[emphasis added]

14. Additionally, we draw the AEMC's attention to what we believe is an omission in section 7.8.10A of the Draft Rule. Current drafting presumes that once a connection service has been established, a site is ready to be metered. This is not always the case. While this is uncommon, Metering Providers do attend sites to install a meter for a new connection only to find that the site is not ready (e.g. the meter protection device has not been installed or the metering panel is defective in some way) and equipment cannot be installed until the customer resolves the situation. We propose that clause (2) of section 7.8.10A(b) of the Draft Rule, which sets out cases where the installation timeframe for a new connection will not apply, be expanded to cover this situation, as follows:

7.8.10A Timeframes for meters to be installed – new connection

(b) ...

- (2) the proposed site for the *meter* at the *small customer's* premises is not accessible or safe, or ready for the meter to be installed, or the *connection service* has not been completed; or. . .

15. We believe the current drafting should also be amended to require DNSPs to provide notice to the retailer of the establishment of the connection service within a set timeframe, rather than relying on a participant's interpretation of "promptly", as currently specified. The AEMC may wish to expand clause 7.8.10A(d) of the Draft Rule, as follows:

7.8.10A Timeframes for meters to be installed – new connection

- (d) Any communications required between the *retailer* and the *Distribution Network Service Provider* under this clause 7.8.10A must be made promptly through the *B2B e-Hub* or any other agreed method. **Where the communication is in respect of subparagraph (a)(2) the *Distribution Network Service Provider* must notify the *retailer* within 1 business day.**

16. We note, however, that while the Draft Determination places new obligations on DNSPs related to establishing a connection service, it does not address **non-connection** services, particularly around 'Temp isolation – Group Supply'. Long lead times driven by DNSPs' requirements of up to 6 weeks' notice to arrange a temporary isolation is impacting the delivery of advanced meters to consumers. We understand that the AEMC is aware of work in the industry related to multi-occupancies; however, this work is not focused on DNSP lead times for DNSPs to attend sites. We strongly encourage the AEMC to address the issues of long lead times by requiring DNSPs to assist retailers in meeting their obligations when temporary isolation is required. We propose an additional clause - clause (e) - to section 7.8.10B of the Draft Rule which will introduce a similar obligation to that which exists for connection services.

7.8.10B Timeframes for meters to be installed – where a connection service is not required

- (e) **Where a *Distribution Network Service Provider* is requested to provide a service to enable a *retailer* to install a meter, the *Distribution Network Service Provider* must co-ordinate with the *retailer* and other relevant parties, in order to allow the *retailer* to meet its obligations under subparagraph (a).**

17. We acknowledge the proposed requirement on DNSPs to use the B2B e-hub unless an agreement to use another method is reached with retailers. This will be helpful in South Australia where SA Power Networks has deployed an 'off-market' solution in which supply establishment work is initiated by the customer directly with the DNSP.
18. Adoption of the formal B2B process will give retailers better visibility of new connections and upgrades where supply services are involved, and enables better coordination between retailers and Metering Providers. While this is a step in the right direction, it should be acknowledged that the B2B process only provides visibility when services are **requested** and then **completed**. Information related to the date that the work is scheduled is not generally available to Metering Providers. This forecast information is vital for Metering Providers to manage their workforce and capacity. It helps ensure they can install meters as soon as possible after supply service work is completed, and when coordination between DNSPs and Metering Providers is required to attend the site at the same time.
19. We recognise that Part 5 of the *National Energy Retail Rules* already requires the DNSP to provide all relevant information to the retailer to enable the retailer to discharge its obligations. We believe these obligations on the DNSP should be extended to providing information to the Metering Provider. This will allow for a more streamlined process to be developed under the formal B2B processes, and remove the latency inherent in the supply chain where DNSPs are only required to notify the retailer. This will go a long way for the Metering Coordinator to be able to meet the 6-day/15-day proposed installation timeframes.

Exemptions to the timeframes

20. The AEMC has requested feedback on situations where retailers should be exempt from meeting the mandated metering installation timeframes. We believe the AEMC should consider the following situations.

- a. *Where the site location cannot be 100% validated*

This includes a situation where market standing data sourced from MSATS does not match with what is found in the field. It is risky to proceed with the meter exchange if information from the field (equipment serial numbers, meter manifest, etc) is not consistent with what the Metering Provider expected. At the very least, this will cause issues providing final reads for the *in situ* meter. At worst, it could introduce risks related to life support. Technicians are currently instructed not to proceed if variances exist.

- b. *Where the customer has requested to be contacted at the site or before the site visit, and the Metering Provider is unable to contact the customer*

In our experience, some customers request to be contacted in the following circumstances (not exhaustive):

- 1) where the site has physical access restrictions (e.g. locked gates or cabinets) that the customer is required to negotiate; or
- 2) where the site location is complex and the Metering Provider must be guided to the location, or the site itself has complexities and the existing meter is difficult to locate. This is common in rural properties where legacy arrangement has allowed for disperse metering points at a NMI, and in new housing estates where infrastructure is still being established; or
- 3) where the customer is having work performed by a third party that must be completed prior to the installation of the meter. The customer has raised the

request in anticipation of work completion but requests the Metering Provider to call before attendance to confirm readiness. This is very common.

Objection period in the appointment of the Metering Coordinator

21. Vector does not support the proposal to change the objection period for the nomination of the Metering Coordinator from 1-business day to 'zero' business day. It is our view that role assignments in MSATS are not necessarily on the critical path in the scheduling and execution of a job. We believe that the drawbacks of implementing this change will outweigh the benefits that a 1-business day objection period brings, and that this change will not result in a material improvement to delivery timeframes.
22. We understand that the 1-business day objection period was adopted because market participants have 'serialised' the nomination process to link the process of raising requests (Service Orders) with their role assignments in MSATS. The current rules require that requested work cannot be physically performed until all participants are in their correct roles; however, this does not stop a request from being raised and a job being scheduled.
23. We also believe that this change effectively removes the newly nominated Metering Coordinator's ability to indicate that it does not wish to take on the role at the time of nomination. While AEMO correctly states that MSATS allow for retrospective 'error' corrections to address the impact of incorrect market transactions, the reversion of an incorrect role assignment cannot be undone by the new Metering Coordinator. It must be done by another party (the Financially Responsible Market Participant or the original Metering Coordinator).
24. Existing arrangements on churn identifies the Metering Coordinator as the only participant that can nominate the Metering Provider to perform the meter exchange, and that the meter exchange cannot be done until all participants are in their correct roles. When correction of an incorrect Metering Coordinator role assignment is required, the installation of the meter is inevitably delayed, which is associated with negative customer experience (especially when a date has already been agreed between the retailer and the customer).

Notification of life support customers

25. The Draft Determination allows a life support customer, like any other customer, to agree a new date with the retailer under section 59C(1) of the NERR. Section 124(1)(f) of the NERR then requires the retailer to provide **written** notice of the agreed date.
26. Where the life support customer and the retailer have an agreed date for the installation of the meter, we anticipate the following situations where written notification cannot be delivered prior to the interruption:
 - a. A life support customer requests a meter exchange.
 - b. A retailer advises the customer that the technician will be in the area in 3 days' time, and is available to perform the job. The customer agrees.
 - c. The customer's nominated method for correspondence (or perhaps only available method) is via postal service.
 - d. The retailer cannot provide notice in writing as required before the technician will arrive at the site.
27. We suggest that the AEMC consider the above situations and determine whether written notice should be required in this case. We note that customers already receive collateral from the retailer with the successful completion of a meter installation.

Civil penalties

28. The AEMC has indicated in its media release on the Draft Determination that “[f]ailure to meet these deadlines would result in fines of up to \$100,000 for each incident, and \$10,000 for each day of delay”.¹ While we see that the definition of a civil penalty does refer to \$100,000 it is our understanding that, to date, issues of non-compliance of this nature are dealt with under Division 5 of Part 6—Proceedings under the National Electricity Law of the *National Electricity (South Australia) Act 1996* (the Act).
29. Section 76 of Division 5 of the Act provides:

76—Infringement penalty

The infringement penalty for a breach of a relevant civil penalty provision is—

- (a) if the breach is alleged to have been committed by a natural person—\$4 000 or any lesser amount that is prescribed by the Regulations in relation to the relevant civil penalty provision;
 - (b) if a breach is alleged to have been committed by a body corporate—\$20 000 or any lesser amount that is prescribed by the Regulations in relation to the relevant civil penalty provision.
30. We seek clarification on the maximum penalty a retailer could face per breach.

Compliance costs

31. In our view, imposing metering installation timeframes will certainly result in higher installation costs. This is due to the trade-off between complying with mandated timeframes (e.g. out-of-cycle attendance) vs scheduling fieldwork more efficiently. The ability of retailers/providers to balance costs against timeliness will now be limited as consumers are set to ultimately bear some or all of these costs.
32. In addition, parties exposed to penalties for non-compliance with mandated timeframes will need to factor this risk into their business cost modelling and planning. It is not possible to meet these timeframes 100% of the time. Given that the AEMC has rejected the concept of ‘best endeavours’ obligation on retailers, it is not clear how much latitude the *National Electricity Rules* will have in considering breaches.
33. We are yet to determine the full cost impacts of meeting mandated metering installation timeframes. Factors we are considering include:
- a. increased field resource requirements, especially in regional and remote areas;
 - b. reduced scheduling efficiency as areas require more frequent visits;
 - c. more back office resources to ensure customers can be contacted when required; and
 - d. costs of system changes that can support the new regulatory reporting requirements

Commencement date

34. Vector proposes that the proposed rule changes commence at the end of the first quarter of 2019, rather than on 1 January 2018. The new arrangements clearly favour an approach

¹<https://www.aemc.gov.au/news-centre/media-releases/have-your-say-making-retailers-meet-new-deadlines-installing-electricity>

where the customer is provided with a date up front, which we agree with. However, this requires changes in retailers' and Metering Providers' systems and processes.

35. At the very least, changes to monitor performance against the new rules need to be in place. It would seem unfair for parties to be exposed to liabilities for non-compliances if the rule changes did not provide sufficient time to enable them to put in place the necessary reporting and compliance systems.

Concluding comment

36. As always, please do not hesitate to contact us if you require additional information or wish to discuss any aspects of this submission.

Yours sincerely
For and on behalf of Vector Limited

A handwritten signature in blue ink, appearing to read 'Richard Sharp', with a question mark at the end.

Richard Sharp
Head of Regulatory and Pricing