



Meter installation — advanced meter communications

Draft determination released for consultation

The Australian Energy Market Commission (AEMC) has made a draft rule that allows a metering coordinator to deactivate the communications on an *installed* type 4 meter, converting it to a type 4A meter. Submissions are due by 7 February 2019.

Competition in Metering Rule

In 2015, the Commission made the *Expanding Competition in metering and related services* final rule (Competition in Metering Rule), which involved significant amendments to the National Electricity Rules (NER) and the National Energy Retail Rules (NERR).¹ Commencing on 1 December 2017, the new rules introduced a competitive framework for metering services, and the roll out of advanced electricity meters, in the NEM. The rule helps consumers benefit from the new ways that they can monitor and manage their electricity consumption. These benefits stem from cost reflective pricing, better information and data, better network services, better retail services and new products and services.

The rules sought to facilitate the market-led deployment of advanced electricity meters. Advanced meters differ from the typical accumulation (type 6) and interval (type 5) meters as that must be manually read and do not provide the high level of detailed data and services that an advanced meter provides.

The Commission anticipated that consumers would drive the uptake of advanced meters, and industry innovation, by choosing the new products and services facilitated by the advanced meters. Retailers can also roll out advanced meters where they see service benefits and efficiencies (such as cost savings from remote meter readings).

Progress on metering contestability

Over 500,000 small electricity customers in the NEM (excluding Victoria) now use advanced meters. These advanced meters are a key foundation for the transformation of the energy market. Customers can better understand and control their electricity use and costs, and access new services. The meters are also a pre-requisite for implementation of cost-reflective tariffs, which will deliver savings for consumers. The take-up of advanced meters is generally being driven by consumer choice, not regulation. Smart meters are now being generally provided by retailers at no upfront cost.

Draft rule determination details

Currently, if a customer has an already installed advanced meter and wishes to have the communications deactivated, the customer has to go through a complex meter exchange process. This rule change would allow metering coordinators to deactivate the communication ability on the installed advanced meter using a simpler and less costly process.

The Commission's draft rule determination is consistent with the solution proposed in the Australian Energy Council's (AEC) rule change request. We have also listened to stakeholders' views and incorporated a requirement for customers to be given information on the cost and practical implications of their decision before the remote communications are disabled. This inclusion, which was not in the AEC proposal, and additional drafting changes to reflect the original policy intent of the Competition in Metering Rule mean the

¹ See: AEMC, *Expanding competition in metering and related services*, Final Determination, 26 November 2015, Sydney.

Commission is proposing a more preferable rule.

Key features of the rule

The key features of the more preferable draft rule are that it:

- **Adopts the core element of the proposed AEC rule change** — allowing metering coordinators to deactivate the communications on an installed type 4 meter when a small customer objects to its continued use, and that refusal is acted on (accepted) by the metering coordinator.
- **Clarifies the original policy intent of the clause** — the way the rule is currently expressed in clauses 7.8.4(d)-(i) of the NER means the relevant policy position from the Competition in Metering Rule may not be clear to all parties in their interpretation of these provisions. Consequently, in this draft rule the Commission has clarified the policy position in the relevant clauses as they relate to the rule change proposal.
- **Imposes an information provision obligation on metering coordinators as a precondition to acceptance of a customer refusal** — requiring metering coordinators to provide (or to ensure that the retailer has provided) information to a small customer objecting to the continued use of an installed type 4 meter. This information provision must occur before the metering coordinator can accept that refusal and arrange a type 4A meter installation. The information that must be provided regards both the:
 - upfront costs and indicative ongoing expenses associated with a type 4A meter that may be payable by the customer
 - differences between a type 4 and a type 4A meter.

The Commission proposes a commencement date of 21 March 2019 for the changes to the National Electricity Rules relating to Meter installation — advanced meter communications. This would be the same date as the publication of the final determination and rule, should they be made.

Benefits of the rule

The draft rule is likely to contribute to better outcomes for consumers in the longer term through both price and consumer value of metering services. The draft rule, if made as a final rule, is expected to:

- Decrease costs to the individual customer for the provision of a type 4A meter by allowing an installed type 4 meter at a small customer's premises to be converted into a type 4A meter. This has been estimated by the AECto be three to five times lower than the current process of a meter exchange.
- Provide cost savings for metering coordinators, retailers and jurisdictional ombudsmen by reducing the likelihood of small customer complaints. This reduction in complaints is expected to occur as the draft rule replaces currently complex requirements to deal with customer refusals of an installed type 4 meter, through a meter exchange process, with a simpler, clearer and more flexible process.
- Uphold the goals of the Competition in Metering Rule that enacted clause 7.8.4 of the NER to enable customer choice. The Competition in Metering Rule aimed to embed a framework that would promote investment in advanced meters and thereby deliver services valued by consumers at prices they are willing to pay. Consistent with that policy goal, the draft rule creates a more flexible process that allows an individual customer to decide the level of service they desire at a price they are willing to pay (including where the customer refuses the communication on a type 4 meter and is prepared to pay a premium for manual meter readings).

Consultation

The Commission is seeking stakeholder feedback on the draft determination and draft rule by **Thursday, 7 February 2019**.

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