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AEMC Submission for using a Regulatory Sandbox for New Technology Trials – AGREE

VRT Systems strongly **agrees** with this approach.

General comments:

- The majority of suppliers in this industry are large organisations;
- Traditionally, large organisations do not do innovation well;
- Typically these large, legacy organisations have the most influence on regulators;
- A combination of inertia and self interest can inhibit innovation from such organisations;
- Smaller organisations have a better track record in innovation – it's essential to their survival;
- Current regulations typically disadvantage small organisation (sledge hammer to crack a nut, too much emphasis on edge cases, unsustainable ongoing compliance costs, etc.);
- Energy costs continue to increase and innovation can help to reduce them.

Some **examples of innovations** VRT Systems is currently involved in:

These examples will help to elaborate on the need to facilitate the involvement of smaller, more innovative businesses in this and future processes.

1. Large energy retailer – we currently supply a software solution that enables the retailer to provide real-time feedback of utility consumption (multi utilities) to their customers, on mobile devices. Some of the upfront enhancements that needed to be made to our software included improving the data privacy aspects of the software and various business processes, partially driven by recent European moves such as GDPR. This upgrade was done in a bi-lateral manner between us and a single large retailer. A more cost effective solution, with broader industry acceptance, may have been achieved via your proposed sandbox.

2. PoC (Power of Choice) Regulations – the involvement of several regulators in producing regulations in this area has resulted a poorly documented and poorly understood set of new regulations, especially in the area of embedded networks. Innovative solutions (technology and process) that have come from outside the traditional utility industry need to be tested against these regulations. This could result in more economical solutions, lower service pricing, and removal of rare edge case

compliance that will serve to inhibit innovation and keep costs higher.

3. DER (Distributed Energy Resources) – we are currently involved with a major retailer in developing an economic solution for the monitoring and control of DER devices in a residential context, using IoT technologies. While we are not aware of any current regulations that would constrain our technology choices, being able to test this in a regulatory sandbox would confirm this assumption, or inform any regulatory changes required.

4. Power Distributor – for several years we supplied power monitoring solutions related to asset management for pedestal substations. When the ACCC reduced the revenue ceiling of DNSPs, the response of this organisation was to cease all provision of smart metering. A better approach may have been to use an industry wide sandbox to evaluate a more economical approach while enabling a continuation of a “digitisation” process.

5. IoT, low power devices – new regulations needed for this market due to the unsuitability of NMI regulations for such devices, e.g. smart equipment on street poles, including smart light controllers, CCTV, environmental sensors, etc. Some individual council / vendor trials are currently underway, but in a relatively isolated manner.

The effective use of the proposed sandbox will go a long way to informing sustainable decisions regarding industry innovation, in aspects including:

- feasibility of the technology, future improvements required;
- economics of the solution;
- data privacy;
- data and network security;
- suitability of regulations, changes needed;
- enhanced customer experience.

All of the above is based on the premise that all such testing can be performed in a manner that **protects the unique IP** of solution providers and their potential customers during the testing process.

Please feel free to call us, John Meehan or Scott Carden, if further clarification is required.

Regards,

John Meehan, CEO.