AEMC

Review of the regulatory framework for metering services

DIRECTIONS PAPER – STAKEHOLDER FEEDBACK TEMPLATE

The template below has been developed to enable stakeholders to provide their feedback on the questions posed in the Directions paper and any other issues that they would like to provide feedback on. The AEMC encourages stakeholders to use this template to assist it to consider the views expressed by stakeholders on each issue. Stakeholders should not feel obliged to answer each question, but rather address those issues of particular interest or concern. Further context for the questions can be found in the Directions paper.

SUBMITTER DETAILS

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PROJECT DETAILS

NAME OF REVIEW:	Review of the regulatory framework for metering services
PROJECT CODE:	EMO0040
SUBMISSION DUE DATE:	28 October 2021

CHAPTER 2 – QUESTION 1: BENEFITS WHICH CAN BE ENABLED BY SMART METERS

a. Are there other benefits which can be enabled by smart meters that are important to include in developing policy under the Review?	There is value in the Smart Meter deployment as this establishes an intelligent edge to the electricity network. At a macro level, the industry will be able to operate more efficiently and introduce new technologies both within and on the edge of the network. There are benefits to the user with visibility, however, this retailer is of the opinion that any expectation that extracting additional revenues from Smart Meter data services or visibility as an over-the-top service from consumers is flawed. Consumers see the increased data and visibility as a minimum expectation from the market, not as an additional pay for use

	product/service. The introduction of online usage portals and access to account information is a minimum expectation from other similar industries, which are inclusions of the standard product or service e.g. mobile, internet etc. Thus, the electricity market will not be unique in the provision of this information and should not expect to rely on any new revenue from consumers.
b. What are stakeholders views on alternative devices enabling benefits? What are the pros and cons of these alternative devices?	It is unclear how introducing alternative devices in a non-standard manner will achieve the desired outcome of increasing Smart Meter penetration in market. Achieving a universal minimum standard in operation and performance from the equipment on the edge of the network is key to reduced variation and cost. Further segmentation in an already segmented market, will further exacerbate the variation and non-standardised approach to distribution regions, state regulations, and decentralised systems/knowledge costs the industry already experiences, which consumes resources and results in higher consumer pricing. Additionally, any proposal to have a reliance on non-network equipment (i.e. Customer premise equipment) introduces significant variation and risk which will detract from the current objective and introduce increased risk of service assurance issues.

CHAPTER 2 – QUESTION 2: PENETRATION OF SMART METERS REQUIRED TO REALISE BENEFITS

a. Do stakeholders agree that a higher penetration of smart meters is likely required to more fully realise the benefits of smart meters? If so, why? If no, why not?	Yes. Standardised market operation is key to enabling increased efficiency and reduced waste. A consideration for the Commission is that the mixed deployment of Smart Meters, non-Communication Meters, and Basic Meters, result in three operational environments increasing retailer operating costs i.e. higher retail pricing. Enabling simplification by mandating a single metering market will benefit consumers.
b. Do stakeholders have any feedback on the level of smart meter penetration required for specific benefits? Or to optimise all benefits?	It is the view of this retailer that the universal deployment of an intelligent edge for the industry is a minimum requirement, that will enable macro benefits at higher market penetration. This retailer does not agree that there is limited benefit or incentives for retailers to deploy Smart Meters. Rather that it is not exclusively retailers that benefit, other market participants also benefit from Smart Meter deployment in multiple ways. However, the issues and difficulty faced by retailers when deploying meters (such as, strict messaging criteria, multi-dwelling premises with shared fusing, asbestos

	switchboards, non-compliant panels etc.) have created an environment where all the cost of deployment is exclusively attributed to the retailer, which disincentivises the activity i.e. Retailers carry all of the cost, some of the benefits, and majority of the disruption risk.

CHAPTER 3 – QUESTION 3: TO REACH A CRITICAL MASS IN A TIMELY MANNER, OPTIONS TO ACCELERATE THE ROLL OUT SHOULD BE CONSIDERED

a. Do you consider that the roll out of smart meters should be accelerated? Please provide details of why or why not?	Agree that action needs to be taken to enable the deployment of Smart Meters. However, the focus needs to be on removal of the barriers that exist in market, so that Smart Meter deployment is not a prohibitively costly and difficult activity. Furthermore, there is a requirement for resolution paths and regulatory support for retailers and distributors to ensure end of life and faulty meters are able to be completed where customer premise equipment requires remediation. For example, where a Smart Meter is required to be installed to replace existing an existing meter/s, due to MFF, but the customer premise equipment is non-compliant/requires remediation, if the property owner refuses to remediate, the retailer and/or distributor have little practical or actionable recourse. Furthermore, retailers are exposed to risk of regulatory intervention; however, the accountable/responsible party has no clear consequence if the customer premise equipment is not remediated. The industry requires regulatory and governmental support to see the various operational and commercial barriers removed, and appropriate investment to address Smart Meter deployment.
b. What are the merits, costs and benefits of each option? Is there a particular option which would be most appropriate in providing a timely, cost effective, safe and equitable roll out of smart meters?	The proposed options by the Commission are not necessarily mutually exclusive. However, as raised in previous and later responses, any proposed initiative can only be realistically achieved if the root causes that prevent Smart Meter deployment are addressed. For example, were the Commission to set a backstop date, and no change to the existing environment to address non-compliant customer premise equipment (Switchboards, shared fusing, asbestos panels etc.), market participants will be unable to achieve the set target.
c. How would each of these options for rolling out smart meters impact the cost profiles of smart meters?	None of the options proposed address customer premise equipment or multi-premise root cause problems. Introducing mandates without solving the root causes, will cost the industry time and resource, whist set outcomes remain unable to be achieved. Additionally, a significant number of premises will end up being treated as exceptions, remaining unresolved, resulting in higher retail consumer pricing due to cost recovery.

d. Are there other options that you consider would better provide a timely, cost effective, safe and equitable roll out of smart meters?	The acknowledgement that the market has a substantial volume of non-Smart Meter ready premises connected to the network, with no clear remediation plan or rectification mandate. It is the view of this retailer that the cost of the Smart Meter does not necessarily need to be extended deeper into the value chain. However, retailers do need to be supported by the other market participants to enable a lower cost and reduced deployment complexity of Smart Meters, through sharing of information such as, identification of premises that are non-smart meter ready, via a centralised systems that include premise Smart Meter Readiness status for each NMI/supply address. Furthermore, the regulatory bodies need to support the removal of barriers to Smart Meter deployment, and clearly attribute the accountable and responsible parties for customer premise equipment rectification. Regulated remediation periods as seen in other industries could be introduced. Government investment where exception cases are present, such as low-income households where remediation works are required. Appropriate investment by government will ensure low-income households do not get penalised by missing out on modern and efficient electricity tariffs, due to being unable to afford a switchboard repair. This retailer does not support changing the current accountable party to a multi-party accountability. This would generate confusion and deferred responsibility resulting in counterproductive ownership and operational interactions.

CHAPTER 3 – QUESTION 4: OPTIONS TO ASSIST IN ALIGNING INCENTIVES

a. Do stakeholders agree that a higher penetration of smart meters is likely required to more fully realise the benefits of smart meters? If so, why? If no, why not?	Yes. Low volume penetration prevents macro scale benefit realisation.
b. Do stakeholders have any feedback on the level of smart meter penetration required for specific benefits? Or to optimise all benefits?	High penetration of Smart Meters, and removal of the exception for non-communication meters, will see efficiency in retailer operational burden of supporting three metering configurations and associated customer support activities (i.e. Basic meter/estimated reads, non-communication meter/estimated reads, and Smart Meters).

CHAPTER 3 – QUESTION 5: THE CURRENT MINIMUM SERVICE SPECIFICATIONS ENABLE THE REQUIRED SERVICES TO BE PROVIDED

a. Do you agree with the Commission's preliminary position that the minimum service specification and	No. Minimum viable product specification should see that all tariff structures need to be supported. At no point should the market have regulatory approved

physical requirements of the meter are sufficient? If not, what are the specific changes required?	tariffs in market, that certain meter coordinators do not support as a minimum performance specification. Furthermore, if a meter does not support the regulatory approved distribution tariff, the removal and replacement of the non-compatible meter needs to be a regulated zero-cost transaction. Retailers or customers should not incur any cost due to non-compatible meters with regulatory approved distribution tariffs. If demand tariffs are the future structure for distributors, all Smart Meters should be required to support those tariffs. Furthermore, the Commission and AER need to consider the additional costs of metering for demand tariffs vs. non-demand tariffs.
b. Are there changes to the minimum service specifications, or elsewhere in Chapter 7 of the NER, required to enable new services and innovation?	The open nature of the Rules do not prescribe a standard. Neither would the expectation be for the Rules to do so. However, it is the opinion of this retailer, that were a more prescribed product specification/standard to be introduced, this would markedly remove the variation in the market, thus having flow on benefit to consumers. For example, distributor demand tariffs. Some Smart Meters support them, some don't. Some distributors require all demand registers, some don't. The open interpretation of existing 'standards' has resulted in segmentation of the market, which requires variation and process duplication within retailers. Variation = costs.
c. What is the most cost-effective way to support electrical safety outcomes, like neutral integrity? Would enabling data access for DNSPs or requiring smart meters to physically provide the service, such as via an alarm within the meter, achieve this?	
d. Do you agree smart meters provide the most efficient means for DNSPs to improve the visibility of their low voltage networks? Why, or why not? What would alternatives for network monitoring be, and would any of these alternatives be more efficient?	
e. Can smart meters be used to provide an effective solution to emerging system issues?	

CHAPTER 3 – QUESTION 6: ENABLING APPROPRIATE ACCESS TO DATA FROM METERS IS KEY TO UNLOCKING BENEFITS FOR CONSUMERS AND END USERS

a. Do you agree there is a need to develop a framework for power quality data access and exchange? Why or why not?	Yes. Open and agreed communication standard/protocol. An agreed standard will facilitate significantly reduce meter replacements where MC changes occur.
b. Besides DNSPs, which other market participants or third parties may reasonably require access to power quality data under an exchange framework? What are the use cases and benefits that access to this data can offer?	
c. Do you have any views on whether the provision of power quality data should be standardised? If so, what should the Commission take into consideration?	
d. Do you consider the current framework is meeting consumers' demand for energy data (billing and non-billing data), and if not, what changes would be required? Is there data that consumers would benefit from accessing that CDR will not enable?	From a retailer perspective, generally yes. Apart from situations where the type of Smart Meter installed does not support the network tariffs. See detail in question 5a.

CHAPTER 3 – QUESTION 7: FEEDBACK ON THE INITIAL OPTIONS FOR DATA ACCESS THAT THE COMMISSION HAS PRESENTED

a. What are the costs and benefits of a centralised organisation providing all metering data? Is there value in exploring this option further? (e.g. high prescription of data management).	Depends entirely on implementation, if this is an additional layer on-top of existing data provided by MCs then it would potentially add cost to the market. There are also existing datastream/data provision relationships to consider that exist between MCs and other parties, this has the potential to negatively impact them within the current market framework.
b. What are the costs and benefits of minimum content requirements for contracts and agreements for data access to provide standardisation? Would such an approach address issues of negotiation, consistency, and price of data?	This would seem a more appropriate response than 7a, enforcing standards within the existing framework should see a lowering of costs without hindering existing agreements and frameworks. If the intent is to act as a centralised mechanism to provided standard datastreams and enforce those standards, rather than the central body to be the 'sole' provider of data to the market, this may be a more viable option.
c. What are the costs and benefits of developing an	Costs are generally high, in terms of both time and money, especially for new market entrants, there needs to be a viable

exchange architecture to minimise one-to-many interfaces and negotiations? Could B2B be utilised to serve this function? Is there value in exploring a new architecture such as an API-based hub and spoke model?	way to facilitate this data without making it mandatory for all providers to be fully integrated within such a framework. (e.g. providing portal interfaces/batch ways to obtain data) until a later time where further investment may be warranted.
d. What are the costs and benefits of a negotiate-arbitrate structure to enable data access for metering? Is there value in exploring this option further? (e.g. coverage tests or non-prescriptive pricing principles).	
e. Are there any other specific options or components the Commission should consider?	

CHAPTER 3 – QUESTION 8: A HIGHER PENETRATION OF SMART METERS WILL ENABLE MORE SERVICES TO BE PROVIDED MORE EFFICIENTLY

a. Are there other potential use cases that third parties can offer at different penetrations of smart meters? What else is required to enable these use cases?	It depends on who is after these services, average Joe consumer is generally not that interested, at least not willing to pay more. However, there are things that some consumers may want, such as monitoring total solar generated to the metering point (before net calculations take effect) and being able to switch on/off circuits within homes remotely. These considerations are nice to have, but it is unclear to this retailer as to why these functions would be supported as a requirement for network equipment. Unless, that is, that the network could benefit as well. Beyond this, it is unclear that other third parties have a role to play in this segment of the NEM, as the end user/consumer is the owner of the usage data. This also does not consider the privacy and data ownership aspects of consumer usage and the associated protections such consumer information is entitled. Any decision to access consumer data, sits with the consumer.
b. Noting recommendations in incentives and the roll out, are there other considerations for economies of scale in current and emerging service models?	

CHAPTER 3 – QUESTION 9: IMPROVING CUSTOMERS' EXPERIENCE

a. Do you have any feedback on the proposal to require retailers to provide information to their customers	Smart Meters are network equipment. It is the view of this retailer, that the treatment of Smart Meters as a consumer led option, with highly prescriptive notifications, consumer opt-outs, and prescribed installation timeframes, have contributed

when a smart meter is being installed? Is the proposed information adequate, or should any changes be made?	to making deployment of Smart Meters more difficult. The view of this retailer is that the level of customer experience is a market differentiator, and the preferred role of the Commission and/or regulator/s would be to establish minimum required parameters, for which all retailers must adhere. As network equipment, it is appropriate to manage power interruption notices leveraging existing planned outage experience. Life Support sites need to remain and must be treated according to the already established process and protections. It would greatly reduce retailer operational burden and thus significantly increase Smart Meter rollout, were there a reduction in non-critical notices, removal of consumer opt-out, and establishment of regulatory/government supported solutions to customer premise equipment remediation/multi-premise isolation issues.
b. Should an independent party provide information on smart meters for customers? If so, how should this be implemented?	Yes. The provision of market information and network equipment should be provided. This is largely achieved today by the Commission, regulators, government, and ombudsman organisations. The caveat to this statement, is that Smart Meters are network equipment. Previous meter replacement activities did not experience this level of publicity and involvement, which has introduced additional attention on an activity that is no different to previous standard network equipment life cycle management. Providing information to consumers is supported and appropriate, however, there is a balance that needs to be achieved as to the role of the meters, meter ownership, and the standard practice of electricity meter replacement. As over communication of Smart Meters can result in unintended consequences that increase risk, cost, and delay to the objective.
c. Should retailers be required to install a smart meter when requested by a customer, for any reason? Are there any unintended consequences which may arise from such an approach?	Not unless the installation of the Smart Meter can be assured i.e. The customer premise equipment is compliant/Smart Meter ready. Without the supply address being Smart Meter ready, certainly the risk of unintended consequences exists (refer 3a). There are numerous scenarios where a retailer may be hindered and prevented from installing a meter within the current market, particularly where remediation costs are identified. In this scenario, the retailer has proposed an outcome, the customer has agreed, and the result is a failed meter replacement, resulting in a dissatisfied customer. Not only has there been an accrued cost by the retailer, for an

	activity that has resulted in no benefit, but the customer will have been advised that there is now an unexpected remediation or repair cost that they are required to engage a third party to resolve. Unless barriers to Smart Meter installations are removed, the proposal that Retailers must install a Smart Meter at consumer request is not operational or commercially feasible.

CHAPTER 3 – QUESTION 10: REDUCING DELAYS IN METER REPLACEMENT

a. Do you have any feedback on the proposed changes to the meter malfunction process?	There is no issue with premises where it is Smart Meter ready. The delays sit with exception issues… Once there is an exception, there are no viable restoration paths. The risk of exception also can delay the initial action.
b. Are there any practicable mechanisms to address remediation issues that can prevent a smart meter from being installed?	Yes. Shared industry investment. <u>Distributors</u> Establish data collection activity as part of existing basic meter read activities for supply addresses that are identified with customer non-Smart Meter supporting infrastructure/equipment. <u>Metering Coordinators.</u> Establish data collection activity as part of existing basic meter replacement activities for supply addresses that are identified with customer non-Smart Meter supporting infrastructure/equipment. <u>AEMO.</u> Uplift existing AEMO market systems to enable the collection, storage, and access for all market participants to the readiness/status an NMI for Smart Meter deployment. <u>Regulatory.</u> Industry regulatory support for customer non-Smart Meter supporting infrastructure, where enforceable upgrade notices for non-compatible premises where Customer Premise Equipment upgrades are required, with regulatory resolution timeframes (e.g. Consider comparison to the mandated Building Cladding replacement requirements for apartment buildings). Where regulated resolution timeframe expires, NMI/supply address disconnected from the network (This needs to be a connection agreement interaction). Regulatory support for relief of mandated individual meter replacement timeframes, to enable retailer and metering coordinator flexibility to undertake efficiency activities for deployment e.g. efficient 'Milk Runs' in regional & remote regions. Establishment of minimum standard for switchboards to ensure no shared fusing or physical space constraints are introduced to market post 'x' date, to prevent further non-

	compliant premises introduced to market. Government Governmental support for vulnerable population where Customer Premise Equipment is required, where investment is provided either via existing energy efficiency scheme (or similar) to ensure future energy efficiency targets are achieved. Existing Government Rebate & Schemes exist for energy services. Investment from Government to ensure that the necessary infrastructure is present to achieve policy objectives, for example PDRS and ESS outcomes. Modification of existing schemes under the Clean Energy Regulator, such as the STC scheme, is a strong candidate. Especially considering this scheme already disproportionately penalises low-income households with higher kWh electricity costs, paying for the STC certificates to subsidise more affluent consumers to install residential Solar PV. It would be encouraging to see the STC scheme benefit low-income households in a positive way. Retailers. Utilise collected market information, new regulatory support, and government investment/schemes, to proceed with Smart Meter deployment at higher pace into the market. Backstop or deployment targets would be appropriate were the foundational solutions are implemented.

CHAPTER 3 – QUESTION 11: MEASURES THAT COULD SUPPORT MORE EFFICIENT DEPLOYMENT OF SMART METERS

a. Do you have any feedback on the proposal to reduce the number of notices for retailer-led roll outs to one?	Agree. Single regulatory notification for power interruption. The meter is network equipment, as such, the customer engagement should be treated as per planned outage notifications.
b. What are your views on the opt-out provision for retailer-led roll outs? Should the opt-out provision be removed or retained, and why?	The issue with the removal of customer opt-out is commercial, as in certain distribution regions, the deployment of a Smart Meter mandates the change of distribution tariff from a flat kWh rate to a mixed per kWh rate and Demand Tariff. If retailers had access to the same tariff suite pre and post Smart Meter deployment, therefore not impacting customer retail plans mid contract, then the removal of consumer opt-out would remove a key objection to the change. i.e. The change of the network equipment at the supply address (i.e. Smart Meters are network equipment and not Customer Premise Equipment) can then be treated in the same manner as all other network upgrades, rather than some separate variation.

	This includes the exception for non-communication Smart Meters unless scientific evidence of a health risk has been confirmed.
c. Are there solutions which you consider will help to simplify and improve meter replacement in multi-occupancy premises? Should a one-in-all-in approach be considered further?	This retailer strongly opposes any further change to the accountable parties for Smart Meter deployment, and strongly suggests a targeted industry effort to address the operational burden. This can be achieved through leveraging the existing industry participant resources and capabilities to implement a mix of solutions, progressively removing the operational barriers that are faced by Retailers to facilitate the Smart Meter deployment. As the entire market benefits from the deployment of Smart Meters, this retailer proposes that Smart Meter deployment requires the wider industry to support retailers. Without addressing the obstacles associated with the operational deployment of Smart Meters, any proposed change of accountability or responsibility will cost the industry time, effort, and money, and the end of the change, the operational challenges will remain. This retailer proposes the industry participants engage in activities outlined in question 10(b) that will collectively facilitate Smart Meter deployment in multi-dwelling premises.

CHAPTER 3 – QUESTION 12: FEEDBACK ON OTHER INSTALLATION ISSUE

a. Do you have feedback on any of the other installation issues raised by stakeholders? Are there any other installation issues the Commission should also consider?	Electrical Switchboard remediation and industry standard specifications/design are key to removing obstacles to Smart Meter deployment. Market notifications, such as PINs, should be accessible and visible to any related market participant. Furthermore, this information should be retained and visible via the central market system. The lack of visibility and accessibility of key service information drastically impacts the health, efficiency, and performance of this industry. Regarding service assurance issues, or recovery from natural disasters. In circumstances where network assets are faulty/malfunctioning/destroyed/damaged and require repair or replacement, the asset owner is the responsible party to undertake repair/replacement. Retailers do not own the meter asset, and should a service assurance event occur, the asset owner should proceed with service assurance rectification activities as soon as it is safe to do so. Retailers should be informed parties in these instances but should not be the instigator of any service assurance activity.

	It is critical for the Commission/regulatory bodies to consider the health and openness of the meter coordinator segment of the market. The introduction of appropriate regulatory market protections to prevent any monopolising of the metering market segment need consideration. Retailers need to have the flexibility to change metering coordinators or replace metering equipment from one metering coordinator to another, without any commercial penalty (unless the asset is not returned) to ensure open competition in the segment and commercial pressures to apply on the market segment. Any such commercial penalty or restriction will result in the effective establishment of monopolies within the metering coordinator segment, stifling market competition and resulting in higher consumer pricing. Anti-competitive practices in this market segment are as critical to manage, as they are in all other segments of the NEM. Metering coordinator consolidation has already occurred in the short period of the segment existing in the NEM. There is a real risk that any accelerated Smart Meter rollout may result in further metering coordinator consolidation, and without appropriate antimonopoly protections for retailers, this market segment will have detrimental impact of retailer competitiveness, ultimately increased consumer pricing, and reduction in consumer choice.

CHAPTER 3 – QUESTION 13: IMPROVEMENTS TO ROLES AND RESPONSIBILITIES

a. Are there any changes to roles and responsibilities that the Commission should consider under this review? If so, what are those changes, and what would be the benefit of those changes	No. The decision to implement the power of choice has been made and any change to the market structure at this point will increase cost, disruption, and delay the required outcome. The challenges facing the deployment of Smart Meters remains the unequitable cost distribution due to the operational challenges, tariff structure, and constrained regulatory environment pertaining to notifications, customer opt-out of network upgrades/maintenance, and ombudsman cost risks. Removal and/or improvement of these root causes will enable the Smart Meter deployment to accelerate. This retailer encourages the Commission to implement regulated framework to ensure retailers are able to change metering coordinators without commercial penalty, as long as asset is returned to Metering coordinator. It is critical that the regulatory environment does not allow the establishment of any monopoly practices by metering coordinators in the NEM.

OTHER COMMENTS

a. Information on additional issues	