

28 October 2021

Ms Anna Collyer
Chair
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2001

[Confidential information has been removed from this submission]

Dear Ms Collyer,

Re: Review of the regulatory framework for metering services (EMO0040) – Directions paper

Simply Energy welcomes the opportunity to provide feedback on the directions paper for the review of the regulatory framework for metering services.

Simply Energy is a leading energy retailer with approximately 750,000 customer accounts across Victoria, New South Wales, South Australia, Queensland and Western Australia. As a leading retailer focused on continual growth and development, Simply Energy supports the development of effective regulation to facilitate competition and positive consumer outcomes in the market.

Simply Energy is also involved in several distributed energy resources (DER) projects that have a high degree of reliance on smart meters. For example, Simply Energy is leading VPPx, which is an ARENA funded project to build the first virtual power plant (VPP) that integrates with a distributed energy market platform. Simply Energy is also collaborating with several distribution network service providers (DNSPs) regarding opportunities for network-owned, retailer-leased, community batteries.¹

Simply Energy is broadly supportive of the Australian Energy Market Commission's (AEMC) approach and options in the directions paper. We are pleased that several suggestions raised in our submission to the consultation paper were adopted in the directions paper, such as reducing the number of notices for retailer-led smart meter rollouts.

In this submission, Simply Energy provides feedback on the proposed options to accelerate the rollout and potential amendments to the installation process that would improve efficiencies.

Simply Energy supports options that will accelerate the rollout

Simply Energy supports an acceleration of the smart meter rollout, which would bring-forward the benefits of smart metering to customers in National Energy Consumer Framework (NECF) jurisdictions. As discussed in more detail below, Simply Energy is broadly supportive of each of the potential options raised in the AEMC's directions paper relating to accelerating the rollout.

¹ For example, Simply Energy has partnered with United Energy for its 'Electric Avenue' program. Further information [here](#).

AEMC potential option 1: Improving incentives to rolling out smart meters by removing inefficiencies in the installation processes, improving cost sharing, and aligning incentives

Simply Energy supports this proposed option, particularly in relation to measures that improve cost recovery and cost sharing. As noted in our submission to the consultation paper, one of the biggest issues with the smart meter rollout is where sites are defective (such as, where there is asbestos on meter panels) and customers must get the site rectified at their own expense to get a smart meter. Rectification costs can act as a significant deterrent for a customer installing a smart meter when they are being asked to pay anywhere from a couple of hundred dollars to a few thousand dollars.

Many of the defects being discovered during the smart meter rollout are long outstanding issues, which should ideally have been resolved by the relevant DNSP over the previous decades. DNSPs have been responsible for the safety of these sites and they should continue to be responsible for all legacy issues. Although the AEMC considers this cannot be facilitated through the National Electricity Rules (NER) or National Energy Retail Rules (NERR), it would be preferable if rectification costs were able to be transparently recovered by DNSPs through network charges.

If DNSPs cannot be required to incur (and recover) rectification costs, Simply Energy suggests that government involvement is the second-best solution. If governments are committed to accelerating the smart meter rollout, they should provide necessary funding to retailers to fund the rectification of defective sites (such as asbestos boards, ceramic fuses, and other works required to be done by customers), which were inherited by customers and retailers.

Simply Energy has also faced issues with jurisdictional-specific costs that can often be difficult to pass through to customers. In our submission to the consultation paper, we noted that in South Australia we have often faced very high costs for installing isolators to enable smart meter installations for our VPP customers. In New South Wales, we are also being charged for the Certificate of Compliance for Electrical Work, [REDACTED]. Any government funding and policy reform should also address these types of jurisdictional-specific barriers to accelerating the rollout.

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Unless there is clarity on how costs will be recovered, it is unlikely there will be a clear path to accelerating the rollout. A specific cost recovery mechanism would provide the industry with certainty that they can proceed with installations and will not be required to absorb costs

AEMC potential option 2: Requiring meters to be replaced once they have reached a certain age, for example 30 years, under an aged-replacement roll out

Simply Energy supports this proposed option and the certainty it would provide in relation to forecasting, budgeting and strategy for the smart meter rollout. We do not have a strong view on what the specified age for retirement should be, but something in the region of 30 years sounds reasonable.

Simply Energy's end-to-end smart meter rollout planning would be significantly improved if DNSPs provided retailers with information on forecasted end-of-life meters on a set and harmonised frequency (such as every January and July). Currently, every DNSP has their own way of determining aged assets and do so at different times of the year. Without consistency in methodology and timing, Simply Energy is unable to provide end-of-life forecasts to our metering coordinators with any accuracy, as we do not receive forecasts on a consistent schedule and the number of end-of-life meters will vary significantly between years.

Simply Energy considers that the issues we have raised under potential option 1 must be addressed before the introduction of an aged-replacement rollout. An aged-replacement rollout would face

significant issues if retailers and metering coordinators are handed sites that do not meet a sufficient standard and require significant rectification costs to be incurred before a smart meter can be installed. Alternatively, a cost recovery mechanism could be introduced to facilitate the rectification of these costly legacy defects.

AEMC potential option 3: Setting targets for the roll out under which a retailer (or the responsible party) will be required to replace a certain percentage of their customers' meters with smart meters each year

Simply Energy supports this proposed option, with the caveat that the opt-out process is refined as proposed (discussed later in this submission) and the operational barriers we have noted under potential option 1 are addressed.

If these issues are not addressed, Simply Energy would be concerned that retailers will be set-up to fail under this option. This may raise significant risks for retailers if the AEMC is considering that retailers would face penalties for missing their targets. It is critical that the key barriers to an accelerated smart meter rollout are addressed before targets are imposed on industry participants.

AEMC potential option 4: Introducing a 'backstop' date or dates by which time all accumulation meters or manually read interval meters must be replaced, for example 90% of meters required to be smart meters by 2030.

Simply Energy supports this proposed option, as it appears that the backstop date would work hand-in-hand with the targets set out in potential option 3 (i.e. the annual targets would be set in a way that aligns with the backstop date). As noted above, Simply Energy considers that the key barriers to an accelerated rollout must be addressed before this option is implemented.

Amendments to the installation process could reduce unnecessary red tape

AEMC preliminary recommendation 1: Improve customers' experience by:

- requiring retailers to provide information to consumers prior to a smart meter being installed
- enabling customers to request a smart meter from their retailer for any reason and requiring retailers to install a smart meter on receipt of such a request

Information notice for consumers prior to smart meter being installed

Simply Energy appreciates that providing consumers with additional information may improve the social licence for the smart meter rollout. However, Simply Energy does not support the specific information notice that the AEMC has proposed to be provided prior to a smart meter installation. In particular, Simply Energy considers that there has not been sufficient consideration of the costs and benefits of providing customers with tariff information prior to a smart meter being installed.

Customers are likely to be subject to different pricing arrangements due to their meter exchange (for example, demand pricing). We are concerned that including specific tariff information could result in increased levels of customer opt-out and prevention. This would not align with the intent of this review, which is to implement changes that would accelerate the smart meter rollout. Price change notices are already provided to customers as part of our NERR obligations, which are separate to the technical metering installation. Simply Energy considers that the current price change notice process is working well and has not seen evidence that suggests the process needs to change. The AEMC's proposal would likely add additional complexity into a process that already inundates customers with complex communications.

Simply Energy considers there is a role for governments in communicating the benefits of smart meters to consumers and improving the public perception of the rollout. In our submission to the consultation paper, we noted that the key benefits of smart meters are currently difficult to provide in NECF jurisdictions due to the low scale of smart meter penetration. The continued dominance of legacy metered sites in NECF jurisdictions means that Simply Energy is maintaining traditional processes rather than fully embracing processes that reflect the capabilities of smart meters.

More generally, Simply Energy does not support the creation of an additional notice to be provided to the customer. If the AEMC seeks to impose any additional information requirements, these should be allowed to be included in the single retailer opt-out notice. Where a consumer has proactively requested a smart meter from their retailer, there does not appear to be a clear benefit from requiring a retailer to send this consumer a prescribed information notice.

Enabling consumers to request a smart meter for any reason

Simply Energy supports the AEMC's preliminary recommendation to enable customers to request a smart meter for any reason and require retailers to action those requests. This appears to be a simple change to accelerate the smart meter rollout. From Simply Energy's perspective, this would not require a change in our processes, as we currently action all customer requests for smart meter installations.

AEMC preliminary recommendation 2: Reduce delays in meter replacement by:

- implementing a practicable replacement timeframe for malfunctioning meters
- considering whether there are any measures which could address remediation issues preventing the installation of a smart meter

Replacement timeframe from malfunctioning meters

Simply Energy does not support this preliminary recommendation, as the current framework that provides one timeframe for all malfunctioning meters is not a significant issue. Simply Energy would prefer the AEMC to focus its reforms on more substantial improvements, such as those highlighted throughout this submission.

Other measures to addresses remediation issues

[REDACTED] The most common reasons for sites being 'unable to complete' are due to access issues or safety hazards, which are often outside of the customer's control. Another key issue driving the high proportion of 'unable to complete' jobs is that DNSPs provide little pre-visit information, which means that installers do not know the meter location, the meter type (for example, plug-in) or if there is asbestos.

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Simply Energy notes that introducing a cost recovery mechanism to fund site rectification costs would significantly improve the rate of successful meter installations. This could be further improved by requiring DNSPs to be more involved in the end-to-end process of the rollout. For example, DNSPs could be required to have a proactive role in maintaining site eligibility for meter exchange (such as by maintaining updated records, performing sample testing, and providing site information to retailers when issuing aged assets). DNSPs currently only perform these roles reactively, which can lead to customer inconvenience when multiple site visits and outages are required.

AEMC preliminary recommendation 3: Support more efficient deployment of smart meters by:

- reducing the number of notices for retailer-led roll outs to one notice
- considering whether a small customer's ability to opt-out from retailer-led roll outs should be removed
- Considering options for improving the efficiency of meter installations in multioccupancy situations.

Reducing the number of notices for retailer-led rollouts

Simply Energy is pleased that the AEMC has proposed to reduce the number of written notices that a retailer is required to send to a consumer from two to one for retailer-led rollouts. This change would significantly improve the efficiency of retailer-led rollouts. The current requirements lead to a lengthy and onerous process that results in a customer receiving almost three months of notice before an installation can take place.

Simply Energy supports the AEMC's proposal that the one notice be provided to the customer at least 15 business days before the proposed installation date. Simply Energy again suggests that the AEMC consider whether Rule 7.8.10B sub-clause (d) and Rule 7.8.10C sub-clause (f) of the NER should be deleted in their entirety.

Simply Energy requests that the AEMC consider further improving the efficiency of these notice requirements by enabling the opt-out notice to be combined with the planned interruption notice.

Whether a small customer's ability to opt-out from retailer-led rollouts should be removed

Simply Energy agrees that removing the opt-out rights for small customers would improve the efficiency of retailer-led rollouts and, for that reason, supports this proposal being considered further. However, Simply Energy acknowledges that there is sensitivity around customer's right to opt-out and further research should be conducted prior to this change being made. Simply Energy considers that it is more critical that we move to one opt-out notice in the short-term.

At this stage, it is not clear whether removing the ability to opt-out would improve or harm the social licence of the smart meter rollout. Simply Energy's key concern would be that removing the ability to opt-out could drive increased complaints from customers that receive notices about an upcoming smart meter installation.

Options to improve the efficiency of installations in multi-occupancy sites

Simply Energy supports the AEMC considering options to improve the efficiency of smart meter installations in multi-occupancy sites. Our key concern is that any new framework could impose more timeframe obligations, which we do not consider would be helpful.

As noted in our submission to the consultation paper, Simply Energy has been seeing an increase in 'unable to complete' smart meter installations due to there being no room on meter boards. This is especially prevalent in multi-occupant sites that are used for government housing or renters. DNSPs have been traditionally responsible for the safety of these sites and should be responsible for all legacy issues related to their decisions not to maintain these sites to a sufficient standard. DNSPs should also be responsible for the costs involved in installing isolation devices where these are needed for the smart meter installation. This would enable the rectification costs to be transparently recovered by DNSPs through network charges rather than billed directly to the customer.

Concluding remarks

In closing, Simply Energy looks forward to continuing to work actively with the AEMC throughout this review to ensure that the smart meter rollout can be accelerated in a way that aligns with the Power of Choice key objectives. If the AEMC would like any additional data to support this submission, we would be pleased to organise that information.

Simply Energy welcomes further discussion in relation to this submission. To arrange a discussion or if you have any questions please contact Matthew Giampiccolo, Senior Regulatory Adviser, at matthew.giampiccolo@simplyenergy.com.au.

Yours sincerely

A handwritten signature in black ink that reads "James Barton". The signature is written in a cursive, slightly slanted style.

James Barton
General Manager, Regulation
Simply Energy