2 February 2023

Mitchell Grande
Project Leader - Review of the regulatory framework for metering services
Australian Energy Market Commission
GPO Box 2603, Sydney 2001

Lodged via AEMC 'lodge a submission' portal: www.aemc.gov.au

Dear Mr Grande

Re: Submission to draft report of review of regulatory framework for metering services

Evoenergy welcomes the opportunity to make a submission to the Australian Energy Market Commission's (AEMC) draft report for its review of regulatory framework for metering services.

Evoenergy owns and operates the electricity distribution network in the Australian Capital Territory (ACT) and gas distribution networks in the ACT and the Queanbeyan–Palerang Regional Council and Shoalhaven City Council local government areas of New South Wales.

Evoenergy supports the accelerated deployment of smart meters and the target of universal uptake by 2030. Evoenergy is committed to the development of a legacy meter retirement plan in consultation with retailers, metering coordinators, the territory government and other stakeholders. However, it is critical that the regulatory framework that enshrines this reform pathway, establishes clear separation of responsibilities between all entities involved in the rollout, including the Australian Energy Regulator (AER) as the approving and monitoring regulatory authority.

Evoenergy highly recommends a basic zero-cost access model which provides Distribution Network Service Providers (DNSPs) with 'basic' data for no charge on a regular basis. DNSPs can negotiate commercial terms for more advanced Power Quality Data (PQD) on a case-by-case basis in a cost reflective manner. This will ensure only efficient costs are borne by customers for data that is, ultimately, owned by customers. Evoenergy supports the beneficiary pays model for advanced PQD services where there is effective market competition to drive an efficient price.

Should you have any questions in relation to this submission please contact Bronwen Butterfield, Group Manager, Customer Delivery, at bronwen.butterfield@evoenergy.com.au.

Yours sincerely

Peter Billing
General Manager Evoenergy

Evoenergy response on specific questions is below:

QUESTION 1: IMPLEMENTATION OF THE ACCELERATION TARGET

1. Do stakeholders consider an acceleration target of universal uptake by 2030 to be appropriate?
2. Should there be an interim target(s) to reach the completion target date?
3. What acceleration and/or interim target(s) are appropriate?
4. Should the acceleration target be set under the national or jurisdictional frameworks?

Response:

Evoenergy supports the target of universal uptake of smart meters by 2030, and consider it is an appropriate timeframe for the replacement of meters in the NEM.

Evoenergy considers the Legacy Meter Retirement Plan is an appropriate avenue for including interim target(s).

QUESTION 2: LEGACY METER RETIREMENT PLAN (OPTION 1)

1. Do stakeholders consider this approach feasible and appropriate for accelerating the deployment of smart meters?
2. Do stakeholders consider the Commission's initial principles guiding the development of the Plan appropriate? Are there other principles or considerations that should be included?
3. If this option is adopted, what level of detail should be included in the regulatory framework to guide its implementation?
4. Do stakeholders consider a 12-month time frame to replace retired meters appropriate? Should it be longer or shorter?
5. Are there aspects of this approach that need further consideration, and should any changes be made to make it more effective?

Response:

Evoenergy supports the Legacy Meter Retirement Plan option for accelerating the deployment of smart meters. Evoenergy is committed to working with retailers, metering coordinators (MCs), the territory government and other stakeholders to facilitate the development of a Legacy Meter Retirement Plan and assist with smart meter deployment.

Evoenergy considers this option is efficient and the most suitable option for an optimal rollout. It allows for collaboration between relevant stakeholders and proper consideration of issues. Evoenergy considers this coordinated approach will deliver the rollout at the lowest possible cost.

However, Evoenergy would like to stress that DNSPs have limited ability to influence the actual physical rollout of smart meters once the AER has approved a retirement plan. Retailers and MC's should have clear incentives to meet targets set in a roll out plan. Further, Evoenergy seeks clarification from the AEMC regarding the AER's role in monitoring progress against approved Legacy Meter Retirement Plans and whether a framework for remedial actions or penalties is required.

Evoenergy considers remediation of site defects will pose a barrier to the universal roll out of smart meters in the NEM. Remediation of site defects can sometimes involve significant cost to customers and can potentially lead to customer complaints. Customers who are unable to afford a smart meter due to prohibitive site remediation costs or any other appropriate reason should be eligible for government support. Not providing adequate support will push the roll out beyond 2030 and see DNSPs incur ongoing costs reading existing meters. Providing adequate upfront support will reduce overall costs and needs to be accounted for in planning.

Additionally, another factor that needs to be considered is accessibility to fuses required for smart meter installation. In certain locations, only Evoenergy staff are allowed to access fuses and are at times required to attend when fuse issues arise due to improper handling, which adds to operating costs.

The level of detail in the regulatory framework to guide the implementation of a Legacy Meter Retirement Plan should provide clarity of responsibility and ensure there is no ambiguity in accountability and responsibilities for participants.

Evoenergy seeks clarity on the questions:

1. *How does Evoenergy recover the costs associated with the work required on the Legacy Meter Retirement Plan development and further progress monitoring and engagement?*
2. *Evoenergy also seeks clarification on the intent of Recommendation 8 – "Remove requirements for the testing and inspection of legacy meters".*
   Is the AEMC's intent that the requirement to test and inspect legacy meters is removed as soon as a meter appears in an approved Legacy Meter Retirement Plan?

Evoenergy and likely all DNSPs will face costs due to likely redundancies and severance payments associated with the implementation of this recommendation. Ongoing provision of a minimum level of service will be necessary to respond to customer requests and may involve a higher per unit charge due to diseconomies of scale.

Given the declining number of customers with a type 5/6 meter it may become appropriate to reclassify metering services as a standard control service to more equitably recover the cost of these services. As metering numbers fall, the costs associated with meter reading will become prohibitively high and it may be better to treat these costs as a standard control service as opposed to an alternative control service.

Evoenergy also seeks clarification on the recovery of costs associated with developing a legacy meter retirement plan given the timing of our regulatory proposal submission preceding the AEMC's final report.

QUESTION 6: FEEDBACK ON NO EXPLICIT OPT-OUT PROVISION

1. Do stakeholders have any feedback on the proposal to remove the opt-out provision for both a programmed deployment and retailer-led deployment?
2. Are there any unintended consequences that may arise from such an approach

Response:

Evoenergy supports removal of the opt-out provision. However, it is critical that circumstances when customers can be exempt from the deployment of smart meters be clearly outlined. It is important that there is a plan to address the requirements of meter reading and other services required for remaining customers with a type 5/6 meter. The provision of these services could potentially become prohibitively expensive due to diseconomies of scale affecting per unit cost. A DNSP's costs associated with compliance with metering requirements in the NER, Metrology Procedures and Service Level Requirements are largely fixed. This is important to avoid unintended outcomes and ensure customers aren't adversely affected.

QUESTION 9: IMPLEMENTATION OF THE 'ONE-IN-ALL-IN' APPROACH

1. Would the proposed 'one-in-all-in' approach improve coordination among market participants and the installation process in multi-occupancy sites?

Response:

Evoenergy supports this recommendation. It will add costs that need to be recovered for any single visit to a site but will ultimately avoid the (substantially higher) costs of requiring multiple visits to the same site.

QUESTION 12: TARIFF ASSIGNMENT POLICY UNDER AN ACCELERATED SMART METER DEPLOYMENT

1. Which of the following options best promotes the NEO:
    a. Option 1: Strengthen the customer impact principles to explicitly identify this risk to customers.
    b. Option 2: Prescribe a transitional arrangement so customers have more time before they are assigned to a cost-reflective network tariff.
    c. No change: Maintain the current framework and allow the AER to apply its discretion based on the circumstances at the time.
2. Under options 1 or 2, should the tariff assignment policy apply to:
    a. all meter exchanges – for example, should the policy distinguish between customers with and without CER?
    b. the network and/or the retail tariffs?
3. What other complementary measures (in addition to those discussed above) could be applied to strengthen the current framework?

Response:

Tariff assignment shouldn't be an onerous exercise. It should be the responsibility of the DNSP to assign a default network tariff, then the retailer to assign a tariff to a customer and to provide that information to DNSPs if they wish to move away from the default network tariff.

Evoenergy supports this recommendation as it is in line with our current practices.

QUESTION 13: MINIMUM CONTENTS REQUIREMENT FOR THE 'BASIC' PQD SERVICE

1. Should the 'basic' PQD service deliver any other variables besides voltage, current, and phase angle?
2. Does the 'basic' PQD service require any further standardisation, e.g., service level agreements? If so, where should these service levels sit?
3. Should the Commission pursue a data convention to raise the veracity of 'basic' PQD?

Response:

Evoenergy considers the variables listed are sufficient at this stage.

Evoenergy recommends service level agreements be left to parties to contract to allow for efficient and useful data procurement. A contract would generally contain terms for service levels, data quality, data storage and availability etc.

A data convention that provides guidance and definitions of the data points being provided is a sensible approach.

QUESTION 14: UTILISING THE RIGHT EXCHANGE ARCHITECTURE FOR THE 'BASIC' PQD SERVICE

1. Should the industry use the shared market protocol? If not, why?
2. Should stakeholders exchange PQD directly, using NER clause 7.17.1(f)?
3. If so, should the Commission prescribe this in the rules, or could this be by agreement between parties?

Response:

Evoenergy agrees that there should be a standard protocol for the format, structure and delivery of Basic PQD. However, Evoenergy does not support the shared market protocol for the format and delivery of all PQD. Leaving the data exchange architecture to DNSPs will allow for flexibility in choosing technology and allow for compatibility with existing systems and efficiency gains at optimal costs.

Evoenergy recommends letting the stakeholders exchange PQD directly thereby ensuring maximum possible flexibility in procurement terms, exchange architecture and data variables.

QUESTION 15: PRICES FOR POWER QUALITY DATA SERVICES

1. Is it sufficient for the prices for PQD services to be determined under a beneficiary pays model, especially with a critical mass of smart meters?
2. Are alternative pricing models, e.g., principles-based or prescribing zero-cost access, more likely to contribute to the long term interest of consumers?

Response:

Evoenergy supports a beneficiary pays model for services, where there is effective market competition to drive an efficient price. For the 'basic' PQD service, Evoenergy highly recommend a zero-cost data model where data is provided to DNSPs for no charge on a regular basis. For 'advanced' PQD services, commercial terms are an appropriate model for negotiation.

'Basic' PQD service provision to DNSPs should be exempted from the beneficiary pays model. This data provides non-substitutable support to the safe supply of electricity to customers in line with the National Electricity Objective. Use cases such as neutral integrity proactive monitoring provide safety benefits to individual customers corresponding to the meters where data is provided, and no corresponding safety benefit to customers where data is not provided. As there are no efficient alternatives to obtaining these benefits for all customers, equal access through provision of 'basic' PQD for all customers is required.

In negotiating access to all data, DNSPs effectively become 'price takers', with limited power to negotiate an efficient price. Negotiation should occur where there is the greatest power to influence efficiency, such as with retailers through their MC appointment process. The 'basic' PQD service could then be provided under the same arrangements as consumption data at zero cost to DNSPs, providing the most efficient outcome for energy consumers.

MCs benefit from this arrangement too, with certainty over utilisation of infrastructure investments and a corresponding reduction in risk-related costs.

For ‘advanced’ PQD services, where universal procurement across all meters is not required and therefore greater diversity of choice is available, charges should be negotiated on commercial terms to efficiently reflect the cost of data provision and the benefits derived by DNSPs on behalf of consumers.

The model that provides the most efficient benefit to consumers from the data that is ultimately owned by them relies on zero-cost access by DNSPs for 'basic' services and a beneficiary pays model for 'advanced' services. In this way, consumers can efficiently receive universal safety benefits, with the DNSP able to flexibly choose additional data that can be shown to provide further efficient benefits. In this way only optimal costs flow through to customers.

QUESTION 16: REGULATORY MEASURES TO ENABLE INNOVATION IN REMOTE ACCESS TO NEAR-REAL-TIME DATA SOONER

1. Do stakeholders support the Commission pursuing enabling regulatory measures for remote access to near real-time data? If so, would it be suitable to:
    a. Option 1: require retailers to provide near real-time data accessible by the consumer in specific use cases (while allowing them to opt-out)
    b. Option 2: allow customers to opt-in to a near real-time service via their retailer for any reason.
    c. Option 3: promote cooperation and partnerships between retailers and new entrants for near real-time data services, e.g., in a regulatory sandbox.
2. If so, could the Commission adapt the current metering data provision procedures?

3. Are there any standards the Commission would need to consider for remote access? E.g., IEEE2030.5, CSIP-AUS, SunSpec Modbus, or other standards that enable 'bring your own device' access.
4. What are the new and specific costs that would arise from these options and are they likely to be material?

Response:

Evoenergy supports the principle of open access for consumers to their own meter data. Evoenergy recommends engagement between retailers, metering coordinators, and consumer groups to determine the most appropriate access model and cost recovery mechanisms.

QUESTION 17: REGULATORY MEASURES TO ENABLE INNOVATION IN LOCAL ACCESS TO NEAR-REAL-TIME DATA SOONER

1. Do stakeholders support the Commission considering regulatory measures for local access to near real-time data? If so, would it be suitable to:
    a. Define a customer's right in access the smart meter locally for specific purposes?
    b. Outline a minimum local access specification, including read-only formatting and unidirectional communications? Are there existing standards that MCs can utilise, for example, IEEE2030.5, CSIP-AUS, or SunSpec Modbus?
    c. Codify a process for activating, deactivating, and consenting to a local real-time stream? If so, could the Commission adapt the current metering data provision procedures?
2. Are there any other material barriers that the Commission should be aware of?

Response:

Evoenergy supports the principle of open access for consumers to their own meter data. Evoenergy recommends engagement between retailers, metering coordinators, and consumer groups to determine the most appropriate access model and cost recovery mechanisms.