2 February 2023

Mitchell Grande
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Email: www.aemc.gov.au
Project reference code EMO0040

Dear Mr Grande

RE: SUBMISSION TO AEMC - REVIEW OF THE REGULATORY FRAMEWORK FOR METERING SERVICES – DRAFT REPORT

Origin Energy (Origin) appreciates the opportunity to provide a submission to the Australian Energy Market Commission's (AEMC) draft report concerning its review of the regulatory framework for metering services.

Origin supports the accelerated deployment of smart meters in conjunction with existing deployment programs. Provided the facilitating arrangements can be expeditiously implemented, we consider the proposed universal uptake of smart meters by 2030 is reasonable.

Origin is broadly supportive of the AEMC accelerated roll out recommendations but notes the need for an effective supporting customer education program to manage customer expectations and ensure a positive customer experience during the roll out. We would expect a broad-based coordinated customer education campaign to be initiated in advance of retailer notifications (preferably by Government), informing customers of the smart meter roll out program, the rationale for the program, including the costs and benefits, the commencement date for the program, what to expect etc. We encourage the AEMC to further engage with Governments to encourage the development of a supporting education campaign.

We consider the AEMC's proposal for an accelerated roll out led via a distribution network service provider (DNSP) legacy meter retirement plan represents an efficient option. However, the efficiency and success of this approach is contingent on ensuring effective stakeholder participation and acceptance of the plan. Negotiation principles and obligations should be incorporated in the Rules and should provide the AER with sufficient clarity to assess compliance and confirm stakeholder involvement and acceptance of the roll out plan. Annual targets based on geographic areas should be set and reviewed annually by the AER. In addition, there must be an ongoing data reconciliation process to ensure meter replacements are assign to the correct party and an exclusion process to cater for changing circumstances.

Origin supports a process to encourage customer remediation of defective sites, but notes that there is no associated obligation on the customer to do so. In some instances, the customer is likely to be unable or unwilling to pay these additional costs, especially if the costs are significant and/or in the case of vulnerable customers. We agree that Government funding is justified on the basis of addressing broader equity and social considerations in the deployment of smart meters and implement arrangements to help support customers in remediation. In the absence of Government funding, we are concerned that universal roll out will be compromised.

We support the development of a defined framework for how access to the value streams arising from smart meters, such as meter data provision are shared and how these are paid for. This should be reflected through a user pays approach based on cost reflective charging allowing the retailer to recover a portion of both the operating and installation costs associated with the meter. Moving forward, where meter data is more widely available, it is critical to ensure the accuracy of this data. We propose the introduction of Guaranteed Service Level (GSL) payments to customers where meter data providers (MDPs) consistently fail to supply accurate meter data.

Origin's response to select issues raised in the AEMC draft report is provided below.

Target date for universal uptake

The AEMC proposes universal uptake of smart meters by 2030 in NEM jurisdictions.

Origin previously endorsed a backstop date supplemented by interim targets. The 2030 proposed target date for universal roll out appears reasonable, although the process for accommodating Rule changes and the development of an agreed roll out plan needs to be factored into any timeframes. Delays to these processes could ultimately delay the commencement of the physical roll out of meters and potentially compromise the 2030 target date for universal uptake. We consider the AEMC should retain the flexibility to extend the target date in the event of unanticipated delays in the commencement of the accelerated roll out program.

The application of interim targets not only ensures a measured approach toward the target date but provides guidance for metering providers (MPs) to assist in resourcing and maintaining their workforce. Given the relatively short timeframe to universal uptake, we consider annual volume targets are likely to be appropriate. To facilitate the efficient planning and resourcing of metering field resources annual volume targets should be clearly articulated well ahead of time.

To ensure consistency across jurisdictions and promote an efficient roll out, we consider that any target date for universal uptake should be established under the national rules rather than jurisdictional arrangements. We do not foresee any significant differences between jurisdictions that would necessitate a jurisdictional rather than national approach.

The volume and frequency of establishing targets must be consistent across the NEM as opposed to the current arrangement (sporadic and inconsistent across networks). The Rules should include a provision to enable reconciliation of assigned targets by the network and reissuance of the data to cater for customer switching. For example, where Origin might have its own retailer-led program, reassessment of the plan would be required to avoid overlaps and forecasting issues.

The current process uses Meter Fault and Issue Notification (B2B), and networks can issue these at any time, however with the larger volume, current process must be enhanced to ensure retailers are not sent daily target volumes but rather an agreed frequency of updates including reconciliation. Policy provisions must acknowledge the need to enhance B2B processes.

Deployment options

The AEMC considers that an accelerated roll out should be led via a DNSP legacy meter retirement plan. Under the plan, DNSPs would work with key stakeholders (retailers etc) to publish a schedule of meters to be retired each year in order to meet the 2030 target. Retailers would be required to replace nominated meters in a set timeframe (e.g. 12 months) and report on the achievement of replacement targets.

The success of the legacy retirement option is dependent on the development of a structured retirement plan that is agreed by stakeholders and seeks to optimise the efficiency of the roll out. Given DNSPs' control of the network and relative negotiating power, we are concerned that a DNSP-led legacy meter

roll out program will advantage DNSPs and not adequately incorporate stakeholder issues. This can result in an inefficient roll out, adding additional time and costs to the roll out for stakeholders and consumers.

It is essential to ensure that DNSPs do not dominate the negotiation process to their own advantage. The regulatory framework should establish the principles for the development of the legacy retirement plan and the requirements/obligations for stakeholder negotiation and involvement in the plan development. We note that the AEMC has provided an initial set of principles for the legacy meter retirement plan. These principles appear to provide a reasonable starting point, but we would expect the principles to be refined, including how the application of the principles will be demonstrated, via consultation. The principles and obligations should be incorporated in the Rules and should provide the AER with sufficient clarity to assess compliance and confirm stakeholder involvement and acceptance of the roll out plan. Further, it is important that DNSPs are held equally accountable for targets set forth under the plan.

We consider the key principles to be applied in the development of the plan include:

- Annual targets agreed across stakeholders.
- Specified exclusion criteria for customer refusal, defects, and natural disasters.
- Roll outs aggregated across geographic areas rather than at NMI level (ensuring DNSPs are restricted from targeting problematic sites for the DNSPs and thus creating logistical hurdles for meter providers).
- Specific provisions requiring DNSPs to enhance “edge case” management processes (e.g., shared fuses, subtractive metering, etc). We suggest a new CATS transaction, which can be sent to several market participants simultaneously, would be a feasible solution for shared fuses where multiple retailers, customers, MPs, and metering coordinators (MCs) will be impacted in a single location.

We consider that the plan should be subject to annual review by the AER to ensure it remains fit-for-purpose. Any stakeholder issues can then be identified, and the plan modified and approved by the AER on an as-needs basis.

In addition, the 12-month replacement timeframe should incorporate an exclusion criterium set out in the Rules to accommodate changing circumstances. For example, if retailer A has been working on a site for say 11 months, before the customer switches to retailer B who only receives 1 month to manage the meter exchange, retailer B is unlikely to be able to complete the roll out in the remaining timeframe and potentially incurs a penalty for failure to do so. There could be a number of such scenarios where the new retailer should not be held accountable due to a reduced timeframe for meter installation. As mentioned above, a frequent (monthly) reconciliation exercise conducted by the network to reallocate retired meters to responsible retailers is necessary to ensure the appropriate retailer is identified. The 12-month timeframe could then be reapplied to the new retailer.

We also propose the inclusion of enhanced penalties for DNSPs who fail to provide sufficient notification to MCs/retailers where a DNSP meter will be removed. This preclusion is important as an accelerated roll out without such provisions could increase the number of customers inadvertently disconnected from supply.

Removing barriers to meter deployment

The AEMC identifies a range of issues associated with the current metering framework that have impeded the efficient roll out of smart meters. The AEMC proposes a number of Rule changes to address these deficiencies including for example the removal of opt-out provisions, reducing the number of notices sent to customers and a process for the treatment of site defects and shared fuse situations. Origin is broadly supportive of the AEMC recommendations but notes the need for an effective

supporting customer education program to manage customer expectations and ensure a positive customer experience during the roll out.

We would expect a broad-based coordinated customer education campaign to be initiated in advance of retailer notifications (preferably by Government), informing customers of the smart meter roll out program, the rationale for the program, including the costs and benefits, the commencement date for the program, what to expect etc. We consider this critical for customer acceptance of the program. It is not sufficient that the first a customer hears of the smart meter roll out is a retailer notification informing them that their meter will be shortly upgraded.

Origin's response to the AEMC proposals is provided below.

Remove smart meter deployment opt-out

The option to opt-out of a meter replacement significantly impacts the effectiveness of a roll out program, with additional costs associated with wasted or multiple visits to a site unnecessary impacting the cost efficiency of the program. Accordingly, Origin strongly supports the removal of opt-out provisions. As indicated above, to be effective and ensure a positive customer experience it is essential that the initiative is accompanied by a comprehensive customer education program.

We note that in practice some customers will still aggressively refuse an upgrade. It is important therefore that an exclusion still exists for retailers where customers categorically refuse meter deployments and/or disallow access to enable meter roll outs.

Remove option to disable remote access

Under current arrangements, customers can choose to disable remote access capabilities (e.g. remote meter reads) upon installation of a smart meter. Origin considers the current process creates unnecessary costs. We support the AEMC proposal to remove the option to disable remote access capabilities under the accelerated deployment program.

We note that there may be certain circumstances where the customer requests that communications are not enabled (e.g., customer may complain about the health risks of remote signals and to resolve the complaint, the retailer is required to disable communications, etc.). We propose that a provision is incorporated to cater for such customer requests.

Reducing the number of retailer notices

The AEMC proposes to reduce the number of notices to be sent to customers by their retailers before a retailer-led deployment from two to one within a specified time period prior to deployment. Origin agrees that a single retailer notice is sufficient and reduces the administrative burden and costs associated with the deployment.

We seek clarification regarding the acceptable forms of communication, for example whether an SMS notification is acceptable.

Reducing testing and inspection requirements

Origin agrees with the proposed exemption from regular testing and inspection requirements for the legacy meter fleet (type 5 and 6) once they are retired under their approved replacement plans. Inspecting and testing meters that are due for imminent replacement represents an unnecessary cost.

Treatment of site defects

Non-standard installation costs including addressing site defects where a customer has not requested the replacement represents a significant impediment to an accelerated roll out. These additional costs can be significant in some instances and up-front recovery is not feasible, especially where the customer is unable/unwilling to pay. Enabling a process for cost recovery is critical.

The AEMC proposes to introduce a process to encourage customers to remediate site defects and enable record keeping of customer site defects (i.e. retailers to record information in a shared database). In principle, Origin supports a process to encourage customer remediation, but notes that there is no associated obligation on the customer to do so. In some instances, the customer is likely to be unable or unwilling to pay these additional costs, especially if the costs are significant and/or in the case of vulnerable customers.

The AEMC acknowledges that funding issues remain a significant impediment and note that these are unable to be addressed under the National Energy Rules (NER) or the National Energy Retail Rules (NERR). Instead, the AEMC proposes that Governments should consider arrangements, including financial support for customers to undertake site remediation. We agree that Government involvement is justified on the basis of addressing broader equity and social considerations in the deployment of smart meters and implement arrangements to help support customers in remediation. Failure to address these remediation costs will likely lead to an inequitable and non-uniform deployment of smart meters and reduce the overall customer benefits of the smart meter roll out. A simple, accessible option for customers in financial hardship/extenuating circumstances to access Government grants should be implemented to support the accelerated roll out. This can be administrated by the retailers to simplify the process.

Governments should earmark a budget to support defect resolutions. In many cases, the defects could predate the customer living on site, could occur in rental properties, could impact customers already in financial hardship, could occur in remote and inaccessible areas, etc. The resolution of these defects creates societal benefits beyond smart meters. We support Government funding of remediation costs and encourage the AEMC to engage Governments on the issue.

Notwithstanding cost recovery issues, we agree with the AEMC that, at a minimum, a process for identifying and recording defective sites is required. This will provide useful information on defects across the network and result in reduce costs, including those associated with wasted site visits.

However, we consider that the process to record site defect information in MSATS should be less onerous for retailers. Maintaining/updating the required information would incur significant operational costs for retailers. Accordingly, Origin suggests:

- The B2M process to be implemented by AEMO where a retailer or metering coordinator (MC) or metering provider (MP) can raise a change request to update MSATS.
- Once a smart meter is installed, site defect information does not require updating, rather the site is made automatically redundant by MSATS as the type 5/6 meter is removed.
- The obligation to update MSATS should be made flexible (not assigned to a retailer only) to allow multiple parties to be able to update MSATS. This will allow for a better process that can be agreed amongst service providers.

Also, the AEMC's proposal requires MSATS to be updated at the end of the defect process after issuing two customer notices. The overall process can take almost 4-6 months. However, if a customer switches retailer in the intervening period, the new retailer holds no information and will initiate the process again. Origin proposes that MSATS be updated by the MC as soon as a site defect notice is left onsite, and if the customer addresses the site defect, the MC can install the smart meter and the site defect information in MSATS is nullified. Updating MSATS at the start of the process (as opposed to the end of the process) provides improved visibility to the new retailer (if a customer churn event occurs) as well as better efficiency in record keeping.

We agree that, to the extent the site is not remediated by the customer, the retailer should be exempt from the meter upgrade and the associated implementation timeline.

The treatment of site defects, particularly the process for recovering non-standard costs and potential Government funding options, requires further examination. In the absence of Government funding, we are concerned that universal uptake will be compromised.

Treatment of shared fuse sites

The AEMC notes that customer sites with shared fusing, for example multi-occupancy dwellings, present a significant coordination issue and pose a barrier to rolling out smart meters. The AEMC proposes measures to support upgrades with shared fusing scenarios via a 'one-in-all-in' approach. Under this approach, replacing one meter on a shared fuse triggers all other legacy meters on the shared fuse to be replaced simultaneously.

We agree that a 'one-in-all-in' approach presents significant efficiency benefits for multi-occupancy dwellings, however we are not in favour of the proposed process. Rather, we suggest a new CATS transaction allowing several market participants should be created to facilitate the required participation amongst several participants (MP/MC/DNSPs and retailers). DNSPs will be aware of all issues at the site across multiple retailers including Life Support customers and are best placed to manage planned interruption notifications and coordinate their crews with the MP. Temporary isolation should therefore be arranged and paid for by the DNSP, with costs recovered through network tariffs.

As DNSPs will arrange the network isolation, this should be managed as a DNSP led outage (no Retail Planned Interruption obligations). We consider that the Rules should prescribe obligations on DNSPs to ensure they issue a Planned Interruption Notice to all impacted customers when they are made aware by the primary retailer of the shared fuse.

DNSPs should provide at least five business days notice of a planned outage to retailers/MCs and re-arrange if transactions are not acknowledged. Further, DNSPs should not be allowed to remove a meter where a co-ordinating MP meter is not scheduled in market. This is predominantly an issue in South Australia; this is also the state where shared fuses are still compliant electrical installations in new builds.

We note the potential to identify further issues at a site (e.g., site defects, transposed meters, etc) will further complicate this process. To that extent, these sites should be scoped by DNSPs (where known share fuses exist) to proactively support defect identification and rectification prior to planned meter exchanges.

Improved information from retailers and smart energy website

Origin supports the proposed expansion and standardisation of information required to be provided to customers from their retailer before the meter upgrade takes place. However, we consider that the amount of information proposed by the AEMC is excessive, creating dissemination issues and potentially an information overload for customers. We consider further consultation is required to determine the type of information that customers will realistically find useful and opportunities to leverage off the proposed smart energy website.

We support the development of a smart energy website where a single source of smart meter and meter deployment information is provided. The website ought to be developed by an independent party, ideally the AER. Given its involvement with the smart meter program, we consider the AER well-placed to develop the website and note that the website could potentially supplement/leverage the AER's existing "energy made easy" website.

The website could include information such as potential tariff changes, specific services available as part of a smart meter vs. basic meter, retailer contact information, and a clear explanation that customers cannot opt-out of smart meter deployment. Ideally, the contact to customers from retailers should simply discuss the upcoming planned meter exchange and expected timeframe/charges. Given responsibility

for the roll out will ultimately fall on retailers, it is important that any messaging provided on the website is developed in consultation with retailers to ensure consistency with retailer views.

Meter upgrade on customer request

The AEMC proposes to make changes to the NERR to explicitly recognise customers' ability to request a meter upgrade for any reason. Origin agrees with the proposal and considers this will enhance smart meter uptake across all retailers and ensure larger retailers are not disproportionately affected by churn/failure of smaller retailers to provide meters at customer request.

We note however that the treatment of complication factors such as site remediation and access issues will need to be considered and agreed with stakeholders before any broad-based proposal can be adopted.

Reduce delays to installation

The AEMC identifies a need to reduce delays in replacement of malfunctioning meters and proposes reduced timeframes for the replacement of malfunctioning meters. In addition, the AEMC proposes to remove the AEMO exemption framework for small customers' metering installations.

Origin agrees with the application of separate timelines for individual (15 business days) and family failures (70 business days) replacements. We acknowledge that the proposed changes to testing and inspection where a meter is subject to a Legacy Meter Retirement Plan means that family failures (and associated bulk replacement volumes) are unlikely to be an issue. To the extent this is not the case and bulk replacements are required, the proposed timeline for family failures may need to be extended to facilitate adequate resourcing/coordination of replacements.

Replacing the AEMO exemption framework with a set of defined circumstances under which the above timeframes will not apply (e.g. site defects, safety and access issues) appears reasonable. We propose that these circumstances be agreed with stakeholders.

Automatic reassignment to a new tariff structure

The AEMC notes that there is a potential for customers who receive a smart meter to be reassigned to a default cost-reflective tariff without the ability to opt-out to legacy tariff arrangements. The AEMC identifies a number of potential options to safeguard customers, including additional transitional measures.

Origin considers that customers will have been provided with sufficient information regarding potential impacts of smart meter deployment prior to upgrades. Delaying the transition to cost-reflective tariffs potentially undermines the purpose of the smart meter roll out and associated customer benefits. We note that retailers retain the discretion to pass through network tariffs to end customers in a manner that best reflects the requirements of their customers.

Access to smart meter data and services

Enable DNSPs to access basic power quality data from MCs

The AEMC identifies a need to minimise the complexities of negotiating data and to provide consistency to a 'basic' service's structure, data points, sequencing, and frequency. We agree that 'basic' power quality data services should be exchanged on a minimum content basis. This data is important for the supply and maintenance of the electrical grid.

We expect the type of data to be determined via consultation with stakeholders. We agree with the AEMC that the duration and frequency of data provision requires further examination.

Interface for power quality data

We agree with the intent behind a standard data exchange architecture. Further, Origin agrees that a peer-to-peer interaction/transaction appears to be the most viable option however details of the interface should be defined by a B2B working group and can then be codified in the Rules by the AEMC.

Prices for power quality data services

The AEMC proposes that prices for both the 'basic' and 'advanced' power quality data (PQD) services should be commercially determined, and therefore beneficiary pays. Origin supports a user pays approach based on cost reflective charging allowing for recovery of a portion of both the operating and installation costs associated with the meter.

We also recognise that the AER determined that DNSPs are entitled to recover the capital costs of legacy metering investments. As part of the accelerated roll out the AER will need to ensure that DNSP operating costs associated with the replaced meters and metering capital costs are removed from future annual revenue allowances.

Access to power quality data

The AEMC considers that the data access framework should be neutral i.e., not limited to DNSPs. Origin agrees that basic data accessible to market participant will encourage competition and create greater transparency for customers. We do, however have some concerns given the inherently personal nature of meter data, that this data could be misused. We propose that customer consent should be required for any new participant to request access to data.

Preparing the market for near real-time usage data innovations

The AEMC questions whether there are potential regulatory changes that could be undertaken to prepare the market for real-time data usage.

Origin supports the requirement for retailers to provide real-time data, accessible to consumers. This will create opportunity for simplified customer switching processes, give customers immediate guidance on reducing their energy usage and ensure customer see the full benefit of smart meters. We consider that a process that allows customers to opt-in to a near real-time service via their retailer (Option 2) is likely to provide the most benefit to customers. However, a regulatory requirement for access to meter data needs to specify the responsibility of data supplied by the MDP to be accurate.

To this extent, the current meter data provisions are insufficient to ensure customers are provided accurate meter data. Clear stipulations need to be made requiring MDPs to avoid substitution data outside of remote access or malfunctioning meters. GSLs requiring customer compensation should be specified where MDPs consistently fail to supply accurate meter data, similar to the supply requirements imposed on distributors in Division 5, Rule 84 of the NERR, *Distributor service standards and GSL schemes*. We suggest that timeframes greater than 30 days would trigger the GSL payments by MDPs.

The AEMC should ensure that remote access customers are excluded from this requirement, but that remote access requirements should be clearly defined and not used as a strategy by MDPs to avoid this type of obligation.

Local access to real-time usage data (as opposed to remote access)

At present, customers and their authorised representatives do not have a right to access local, real-time data from the revenue meter under the NER. The AEMC questions whether local access is beneficial and achievable.

We do not consider that the case for local access to real-time data usage has been established and the potential for abuse or misuse outweighs the potential benefits. Notwithstanding, we note that there are

a number of complicating factors that would need to be addressed before further consideration, including:

- MCs are responsible for the metering installation and data but do not have a relationship with the customer.
- The customer's retailer owns the relationship between the metering installation and the customer.
- Customer would need consent from the MC via the retailer to activate the port remotely (unless the customer could contact the MC directly).

Customer privacy concerns

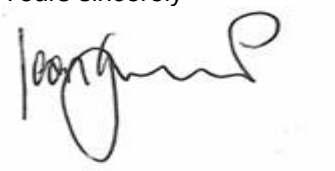
The AEMC notes that potential customer privacy concerns (how personal data is used) could undermine customers' willingness to accept an accelerated deployment and new and innovative services. We agree with the AEMC that, at this stage, current privacy provisions remain appropriate and commensurate with the potential risk.

Cost impact of accelerated roll out

Origin anticipates that the current practice of smoothing the upfront metering installation costs via a targeted fee charged on all meter installations will continue. An ongoing fee for maintenance and servicing is expected to be built into the retail tariffs for all customers. We agree with the AEMC that DNSP reductions in meter reading costs are required to be passed on to customers and that these savings will need to be incorporated in forecast savings in upcoming network determinations.

Origin looks forward to further participating in the AEMC's review of the regulatory framework for metering services. If you have any questions regarding this submission, please contact Gary Davies in the first instance at gary.davies@originenergy.com.au.

Yours sincerely



Sean Greenup
Group Manager Regulatory Policy
(07) 3867 0620 sean.greenup@originenergy.com.au