

2 February 2023

Australian Energy Market Commission
GPO Box 2603
SYDNEY NSW 2001

Dear AEMC

RE: EMO0040 – Review of the regulatory framework for metering services: draft report

Powermetric welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) Draft Report for the Review of the Regulatory Framework for Metering Services (the Draft Report) released 3 November 2022.

About Powermetric

Powermetric Metering Pty Ltd (Powermetric) is an Australian Electricity Market Operator registered Metering Coordinator (MC), accredited Metering Provider and Metering Data Provider operating in Australia's National Electricity Market. Powermetric, which is a wholly-owned subsidiary of Shell Energy Operations Pty Ltd, offers a range of products and services including installation, testing, maintaining and reading type 2-4 meters for corporate, government and industrial electricity customers. Additionally, Powermetric also operate in industries including agriculture, healthcare and small to medium enterprises.

Powermetric delivers smart metering to business energy users across Australia. We work with industrial and commercial businesses, energy brokers and retailers and embedded network providers.

<http://www.powermetric.com.au>

<https://www.shell.com.au/business-customers/shell-energy-australia.html>

General Comments

Powermetric continues to support the development of an innovative energy market where customers are empowered, and energy regulatory frameworks keep pace with intelligent digital efforts fostering the energy transition. We welcome the AEMC's review into the regulatory framework for metering and recognise that an accelerated approach may be needed to align with broader energy transition targets. A harmonised and simplistic regulatory approach, while maintaining safety standards, will support the development of any value-added services, encourage new entrants into the market and ultimately will maximise the benefits for all small customers.

In our response to the associated paper released on 11 February 2021 for the same consultation, we expressed our views that an accelerated rollout will not be successful unless the current barriers are removed, and the framework appropriately allocates risk to the market participants who are best able to manage it. Powermetric remain of the same view and following review of the recommendations outlined in the Draft Report, we do not believe that this feedback has been properly considered. We encourage AEMC to take learnings from the Victorian smart meter rollout experience and where appropriate, include these in the discussed NEM rollout. We also encourage AEMC to consider improvements and learnings from the most recent jurisdiction to implement an arrangement similar to a smart meter rollout plan.



Powermetric strongly encourages the facilitation of collaboration with metering providers (competitive) who were accredited participants during the period of the Victorian deployment and the Distribution Network Service Provider (DNSP) responsible for the Victorian roll out, and ensure we are learning from this rollout and putting processes in place that were most cost effective and efficient. We believe that Industry and Government should use this opportunity to capitalise on lessons learnt with the aim of devising the most effective way to achieve an accelerated deployment.

Powermetric's views are outlined under the subheadings below.

Learnings from VIC rollout

Whilst Powermetric did not participate in the small use customer smart meter deployment in Victoria, we were an active metering provider at the time in all jurisdictions and make the following observations:

- One organisation was responsible for one area (one DNSP).
 - o At a granular level, this meant the same people were walking down the same street and doing the one job. There were not multiple groups/competitive groups looking after the same location. As a result, this meant that current inefficiencies were addressed such as complex customer notifications and shared isolations.

Most importantly, we would encourage consideration of DNSPs to allocate areas for Metering Coordinators and support a fair process for the allocation. This would require a rule change to NER 7.3.2 to the Role of the Metering Coordinator¹ to allow for DNSPs to allocate Metering Coordinators for the accelerated deployment, with geographical areas being assigned to Metering Coordinators. We realise that even with a rule change, a coordinated approach is still required between DNSPs, incoming Metering Coordinator and retailer, given the current structure of metering deployment.

Alternatively, a tender process could be undertaken for the assignment of Metering Coordinators. The above options would be the most cost effective and efficient approach to deploy smart meters and would best support the ambitious timeline of full deployment by 2030.

Legacy meter retirement

We are supportive of a legacy retirement plan approved by the Australian Energy Regulator (AER) and coordinated by DNSPs as per Recommendation 3 however, we strongly encourage the AEMC to be mindful of adding more complexities to the regulatory framework such as additional compliance measures, as this could lead to more regulatory burden and inefficiencies in the framework.

The recommendation for priority replacement of legacy meters is inefficient and we encourage AEMC to consider a mass replacement along with upgrades to existing metering infrastructure (as mentioned below). In the longer term, this is the safest, most efficient and cost-effective approach as a holistic plan to capture all legacy meters regardless of age, and site remediation to all non-compliant sites, will ensure that the accelerated rollout is consistent and all sites going forward will be at the same standard.

We support the legacy retirement plan, however, contingent on this being developed in line with a mass rollout, regardless of the age of the existing asset.

¹ Rule 7.3.2. – Role of the Metering Coordinator, NER Rules.

Replacement of meters and remediation of sites

Due to the strict regulatory compliance requirements and operational inefficiencies in the meter malfunction exchange process, Metering Coordinators face complexities when replacing meters including issues with site remediation and poor site compliance, and households refusing upgrades. We consider the current framework requires extensive coordination between many parties and incentives are often misaligned, which results in an inefficient and complex system.

We note that Recommendation 10 in the Draft Report attempts to address site remediation barriers, however, the recommendation is to better support vulnerable customers. We support this recommendation and request the AEMC apply this to all non-compliant sites. We would expect site remediation to be coordinated and subsidised by Government in order for industry to achieve the legislated target of smart meter deployment by 2030. Primarily, a subsidy will directly impact the ability for industry to meet the target of 2030, and additionally will provide certainty for industry and households.

We seek clarification around business as usual meter replacement/upgrades and note that any accelerated deployment plan would need to capture this. There must be sufficient capacity set aside to ensure business as usual replacements/upgrades can progress without delay, noting that the industry will still need to adhere to NER 7.8.10A and 10B as well as 7.8.10 for ad hoc malfunctions and end of life assets (referred to as a family failure or planned deployment).

We encourage the AEMC to address the abovementioned barriers to meter replacement and deployment, through subsidised site remediation and reducing complexities in the regulatory framework. We note that one of the key recommendations outlined in the Draft Report is to enhance existing metering arrangements and we welcome the AEMC's commitment to improving the current framework through this review.²

Shared fusing

With regard to shared fusing, a recurring issue faced by Metering Coordinators, retailers and DNSPs, is replacement and installation of a meter at a shared site, usually seen in older suburbs with subdivided properties or at multi occupancy sites. A Metering Coordinator could attend a site and find that there are multiple connections and there could be multiple retailers for the same site and therefore, notification would need to be provided by each Metering Coordinator/retailer to the households before a meter can be replaced or installed at that site. This is an inefficient process and as mentioned earlier in this paper, we recommend this be addressed through this review by the allocation of geographical areas to Metering Coordinators (rule change to 7.3.2.). The Metering Coordinator would have control over the shared fuse and this would reduce the regulatory and administrative burden on Metering Coordinators, DNSPs and retailers.

We note that ultimately, Metering Coordinators being able to notify households would address this inefficiency however, this is unlikely to be changed and the above suggestion is a step in the right direction.

Meter Maintenance and Non-Metropolitan Areas Considerations

One of the efficiency issues that Metering Coordinators face today is having sufficient saturation of field operators for meter replacements in non-metropolitan areas and meter maintenance as the existing smart meters age. The above recommendations of allocating Metering Coordinators to areas and legacy meter retirement determined in areas increases the saturation of field staff in an area, increases efficiency in

² Draft Report, Metering Review, pg i.

scheduling works and reduces travel. All of which has a significant cost benefit to the customer for both the roll out and future maintenance particularly for non- metropolitan areas.

Conclusion

In summary, we strongly encourage the AEMC use the Victorian rollout to inform the accelerated deployment in the NEM and note the following key points we have outlined:

1. Recommend a Rule Change where DNSPs have the ability to allocate Metering Coordinators to particular areas for the accelerated rollout;
2. Supportive of a legacy retirement plan being developed by Industry however, encourage a mass rollout as opposed to giving priority to older assets;
3. Recommend Government subsidise site remediation for 2030 target to be achievable;
4. Geographical areas would assist with addressing issues with shared fusing scenarios (amongst others).

Powermetric requests that the AEMC please consider these key issues and address through further analysis and stakeholder consultation. We are of the view that without addressing these concerns, we do not believe that the target of 2030 is achievable.

Please contact Tessa Liddelow at tessa.liddelow@shellenergy.com.au if you would like to discuss our submission further.

Yours sincerely,



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