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2 February 2023

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

Dear Ms Collyer,

Re: Review of the regulatory framework for metering services (EMO0040) – Draft report

Simply Energy welcomes the opportunity to provide feedback on the Australian Energy Market Commission's (AEMC) draft report for the review of the regulatory framework for metering services.

Simply Energy is a leading energy retailer with approximately 700,000 customer accounts across Victoria, New South Wales, South Australia, Queensland and Western Australia. Simply Energy is owned by the ENGIE Group, one of the largest independent power producers in the world and a global leader in the transition to a zero-carbon economy. 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.

There are overarching barriers to the achievement of 100 per cent uptake of smart meters

Simply Energy considers that sites with defects will present the most significant barrier to the successful achievement of 100 per cent smart meters in the National Electricity Market (NEM). As we have noted in submissions throughout this review, one of the biggest issues with the smart meter rollout to-date is the costs for customers to rectify defects at their site (such as, asbestos on meter panels, wiring issues, and the size of the meter panel). Rectification costs can act as a significant deterrent for a customer agreeing to the installation of a smart meter when they are being asked to pay anywhere from a couple of hundred dollars to a few thousand dollars.

Governments should also commit to funding arrangements if they commit to this reform package

The AEMC noted that distribution network service providers (DNSPs) are not best-placed to remediate defects at sites and recover these costs through distribution network charges. In that case, Simply Energy suggests that governments need to be involved in providing funding for the smart meter rollout. If governments are to commit to the AEMC's recommended rule changes to accelerate the smart meter rollout, they need to also commit to providing necessary funding to fund the rectification of defective sites. This is particularly critical for vulnerable consumers that may not feasibly be able to fund rectification works at their site.

If there is no clarity on how site rectification will occur, it is unlikely there will be a clear path to achieving a 100 per cent uptake of smart meters in the NEM. While there are clearly benefits from smart meters (and a high penetration of smart meters), we expect that many customers would not place a high value on these benefits, particularly if they are facing significant rectification costs to access a smart meter. These affected customers may rightly continue to refuse to incur the

rectification costs to have a smart meter installed until the government decides to cover the costs of the rectification.

The proposed defect notification and record-keeping process may have some benefits

Simply Energy supports a formalised process to notify customers that their site has defects that require remediation before a smart meter installation can proceed. We generally support the proposed process for handling customer site defects proposed in section B.4.3 of the draft report. In particular, we support the obligation sitting with the customer to notify the retailer of completed remediation, rather than a retailer sending its metering coordinator to check whether a site has been remediated after a period of time.

However, we do consider that further consultation is needed on the proposed end-to-end process, as the timeframes to install a meter after a customer notifies the retailer of completed remediation should consider the necessary efficiencies of the rollout to minimise costs for all consumers. For example, it may be more efficient for a retailer and metering coordinator to schedule the meter installation during a time that other meters in a similar geographic location are being installed.

We support the record-keeping element of this process and consider that this may provide clearer information on the scope of defect issues across different areas of the NEM and the scope of government funding that may be required to achieve smart meter penetration objectives. However, further consultation is required on the scope of information that should be recorded and where this information should be stored.

The 'one-in-all-in' proposal for shared fusing scenarios should be further developed

We consider that the proposed 'one-in-all-in' approach to replacing meters at multi-occupant sites with shared fuses boards may help improve coordination between market participants and improve the installation process. However, we suggest that there may need to be regulatory rules that govern this arrangement to ensure that coordination between several parties can be successful and cost-effective (recognising the power imbalance between DNSPs and retailers).

In recent years, Simply Energy has seen increases 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. We note that the 'one-in-all-in' proposal will likely face complications in situations where rectification is required at the site.

The use of a legacy meter retirement plan is the best option to accelerate the rollout

Simply Energy considers there are issues with each of the proposed options to deliver a universal uptake of smart meters by 2030. However, we consider that an accelerated legacy meter retirement plan (either option 1 or 2) would be the best approach to meet the 2030 objective. We do not have a strong preference between options 1 and 2, but we do note that option 1 would likely provide more flexibility than option 2 (which would outline the retirement schedule in the Rules or another subordinate instrument). While we do not support option 3 (retailer target), we note that even if this option were to be progressed that it would be unlikely to succeed without also requiring an accelerated legacy meter retirement plan.

As part of any accelerated rollout option, Simply Energy supports an obligation on DNSPs to provide an annual schedule of meters that are due to be retired in the upcoming year. Simply Energy expects that DNSPs would provide us with the list of retiring meters on a prescribed date each year to help us to forward plan the upcoming year with our metering coordinators.

Simply Energy would also support any requirements or assurances that the smart meters installed through the accelerated rollout will have a minimum level of functionality or technical capability in relation to communications. Formalising these expectations would ensure that smart meters installed through the rollout can provide the full suite of benefits of these meters and avoid any risk that installed meters need to be replaced before the end of their useful life.

Based on the AEMC's comments in the draft report, it appears that metering coordinators are comfortable that they have sufficient resources (and metering technology) to effectively install the prescribed number of meters in each quarter through to 2030. We support the most cost-effective approach to accelerating the smart meter rollout and we consider that the AEMC should be open to recommending an end-date later than 2030 if there is evidence that it would be significantly more cost effective to spread the installations over a longer time period.

Explanatory information is critical for consumer acceptance of the mandated rollout

Feedback on the proposed information notice

Simply Energy considers that the AEMC's proposal to remove consumers' right to opt-out of a smart meter installation significantly risks harming the social licence of the smart meter rollout and may result in increased customer discontent and complaints. Our view is that it would be preferable to move to one opt-out notice in the short-term and reassess this approach in future years if there is evidence that convinces the AEMC that the opt-out rates are too high and delaying the achievement of 100 per cent uptake of smart meters.

If the AEMC were to proceed with its proposed approach, we agree that the minimum requirements for an information notice should be expanded to provide consumers with more information on the services available because of the installation of a smart meter and other important information about the installation.

Simply Energy is not comfortable with the AEMC's proposal that retailers include information on 'any changes to the customer's retail contract resulting from the meter installation, including tariff changes' on the notice. Retailers are often not aware of the network tariff that a customer will be placed onto until after the meter has been installed, which means that it is challenging to be able to provide a customer with information on tariff changes with any certainty. As discussed later in this submission, we support the introduction of a transitional arrangement for network tariff structure changes for consumers after their meter is replaced with a smart meter. We expect that this would address the concern that consumers do not understand how their tariffs will change after the meter is installed.

We also consider that the AEMC should require a reference and hyperlink to the Smart Energy website in information notices. As will be discussed below, we consider that this website could be a key resource for customers that explains the accelerated rollout and the benefits of smart meters.

Feedback on the proposed Smart Energy website

Simply Energy supports the development of a website that consumers can be directed to in order to learn more about smart meters and the accelerated rollout policy. Ideally, this would be an independently operated website that can provide a trusted source of facts and information. As noted above, we also consider the website could useful be referenced in notices and information sent to consumers. We consider that this website should be developed in consultation with retailers, as this will be an important resource for retailers to utilise during the accelerated rollout. We are also keen to ensure that the website clearly informs consumers that it is government policy that smart meters are rolled out to all premises by 2030 and that governments have decided that consumers are unable to opt-out from the rollout.

Simply Energy considers that if governments are to commit to the AEMC's recommended rule changes to accelerate the smart meter rollout, they should also commit funding to a widespread information campaign that can be used to improve consumer knowledge and acceptance of the accelerated rollout. It would be a bad consumer experience if the consumers hear about the accelerated rollout for the first time in an information notice they receive from their retailer that is informing them of a scheduled installation.

We support customers being able to request a smart meter for any reason

Simply Energy continues to support the AEMC's proposal to enable customers to request a smart meter for any reason and require retailers to action those requests. 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.

We support a transitional arrangement for network tariff changes

As noted earlier in this submission, retailers are often unaware of the network tariff structure that will be applied to a customer until after the smart meter is installed, which makes it challenging to inform the customer about the retail tariff that will apply in advance of the installation. We agree that it can be a negative experience for customers to have their tariff structure change at the same time as a smart meter installation and possibly experience higher bills in the short-term.

Simply Energy supports the AEMC's proposed option to prescribe a transitional arrangement where customers that receive a smart meter cannot be automatically reassigned to a new network tariff structure for a defined period. This would help to reduce the uncertainty for customers and provide additional time for them to prepare for their new tariff structures. We would also support the ability for customers to opt-out of the transitional arrangement if they want to move onto a cost reflective network tariff on an earlier date (for example, as part of a consumer energy resources installation).

If this option is implemented, we consider there is a need for customers to receive advance notice of their new tariff structure and what this means for their energy usage going forward. Retailers would need early information from DNSPs on the network tariff structures that will apply to the transitioning sites to enable this notification to occur. However, Simply Energy would not support a prescribed requirement to estimate a bill comparison between flat tariffs and cost-reflective tariffs on this notice, as there may be challenges for some retailers in calculating this comparison with their current systems.

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

James Barton
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Simply Energy