

2 February 2023

Mr Ed Chan
Australian Energy Market Commission

Submission made on-line.

Dear Mr Chan

RE Review of regulatory framework for metering services – Draft Report

TasNetworks welcomes the opportunity to respond to the Australian Energy Market Commission's (**AEMC**) draft report on the Review of the Regulatory Framework for Metering Services.

TasNetworks is the Transmission Network Service Provider (**TNSP**), Distribution Network Service Provider (**DNSP**) and Jurisdictional Planner in Tasmania. The focus of these roles is to deliver safe, secure and reliable electricity network services to Tasmanian and national electricity market (**NEM**) customers at the lowest sustainable prices. TasNetworks encourages the utilisation of smart meters to allow consumers to actively participate in the NEM as well as providing the ability to improve safety outcomes to our customers.

TasNetworks has contributed to and supports Energy Networks Australia's (**ENA**) submission and provides the following comments from a Tasmanian perspective.

TasNetworks supports the AEMC recommendation that a 100 percent rollout of smart meters be achieved by 2030. Our preferred approach is for the Legacy meter retirement option (option 1 in the Draft Report). TasNetworks supports the view that there needs to be a mechanism to retire the existing meter fleet in a logical, efficient and systematic manner. This is being achieved in Tasmania by TasNetworks working closely with retailers with the aim of meeting the Tasmanian Government's stated expectation¹ that the rollout will be completed by 2026. Our experience indicates that the industry would benefit from a set of guiding principles ensuring objectives are met while allowing jurisdictional flexibility to manage local issues.

¹ https://www.premier.tas.gov.au/site_resources/2015/additional_releases/real-relief-provided-to-tasmanians-through-aurora-energy

Given our considerable progress with a smart meter rollout in Tasmania, and while TasNetworks supports the concept of an industry coordinated plan to ensure the 2030 target date is achieved, it would seem inefficient to require TasNetworks to have to engage with industry stakeholders to develop a rollout plan when the rollout will be nearing completion by the time the obligation to develop a plan would come into effect.

There will be challenges with achieving a 100 percent rollout of smart meters. Issues, like coordination of multiple parties, will be less frequent in Tasmania due to the highly concentrated retail market. However, there will always be sites that are complex for various reasons; primarily access, isolation and where site remediation is required to be undertaken by either the network or the customer. Any framework that helps parties coordinate and overcome these issues is supported. The issue identified as most likely to hinder the completion of the rollout in Tasmania is the inability of a customer to undertake site remediation to ensure a safe and compliant connection post meter exchange. The inability could be caused by numerous reasons, most challenging being lack of a response from a landlord or the inability to afford the required works. Both these issues potentially require broader policy outcomes to protect these vulnerable customers.

One proposal put forward in the Draft Report is for a 12-month time frame to replace retired meters. It is important that forecast levels of meter exchange agreed between networks and retailers consider reasonable and achievable maximum timeframes. We recommend achievable tranche sizes during the rollout with a maximum timeframe of 9 months to complete, noting that site remediation may take longer, however these must be managed to resolution within an agreed timeframe.

TasNetworks supports the recommendation in Appendix B.3 of the Draft report that an exemption from regular testing and inspection requirements for the legacy meter fleet (type 5 and 6) be introduced. This will remove unnecessary costs for customers from having to test meters that are due to be retired in the near future.

One issue that has slowed the rollout in Tasmania is the customer's ability to opt-out of having a smart meter. Removing this ability to opt-out is required to ensure a 100 percent penetration of smart meters in a reasonable timeframe in addition to enabling the most efficient rollout. This will have the consequence that for sites where remediation issues become a constraint on the installation of a smart meter, customers will have no option but to address site issues. As noted above, there will be some vulnerable customers which will require protection. TasNetworks believes a remediation rectification program/fund will need to be developed at a jurisdictional level to provide adequate support for these vulnerable customers.

Allowing remote meter access to be disabled negates the benefits a smart meter provides the customer along with the associated industry benefits.

TasNetworks believes that the principle of a one-in-all-in approach is required to ensure a 100 percent smart meter penetration. Often, meter replacements at multi-occupancy sites, depending on the ability to isolate individually, may be left un-actioned. Defining procedures and obligations to support a one-in-all-in approach will ensure that all participants at a site have clear responsibilities, and all customers at these premises gain access to the benefits of

smart meters. TasNetworks is generally comfortable with the proposed process defined in the draft review, however this should only be the basis, with industry consultation to define the procedural methodology employed to achieve the most desirable outcome.

The timeframes suggested for actioning multi-occupancy meter replacements are acceptable to TasNetworks. Although we acknowledge there may be cases where such timeframes are not achievable (for example where customer remediation works are required). In these circumstances an extension should only be possible where all parties can agree to a date to complete remediation works. It is imperative for this process to be successful that a thorough site assessment is undertaken by the initial metering provider prior to an isolation being arranged, to alleviate wasted visits for multiple parties on the day of the outage.

TasNetworks considers the existing Temporary Isolation Group Supply process can be utilised to facilitate such meter replacements, albeit with some additional requirements to engage all parties at the site. The responsibility for planning and notifying customers of the planned interruption to supply could be the responsibility of the DNSP, however each retailer should also be required to notify its customers of the meter exchange.

TasNetworks is of the view that any education for customers and the community will benefit the success of a smart meter rollout by informing customers of the benefits and minimising objection or opposition to the installation of the smart meters.

As identified by the AEMC, improving safety outcomes for households is a key benefit from DNSPs having access to power quality data from smart meters. To detect neutral integrity failure, and thereby avoid potentially fatal incidents, requires DNSPs to have access to power quality data from all meters. This will make DNSPs price takers. This in turn creates the risk that metering coordinators (**MCs**) could put in below cost bids to retailers to win the MC contract, knowing they could use their monopoly powers to extract 'super profits' from DNSPs for the power quality data. A potential counter to this would be for a benchmark on the efficient price for the data to be made public. This would require an entity to determine this benchmark and then to find a means of enforcing it. To manage situations where DNSPs could not negotiate costs at or below the benchmark an appeal process could be developed. However, this would most likely lead to the benchmark price effectively becoming the market price. In this situation it would seem more efficient for the price of accessing power quality data to be set by an independent entity (potentially the AER) to avoid the costs of negotiations. A simpler and preferable option is include the provision of basic power quality data as a standard part of the metering service provided by the MC and included in the annual metering charge paid by the retailer. The retailer (as the party who appoints the MC) can negotiate a competitive price for this data, resulting in savings for customers.

A concern raised with providing the DNSPs with the power quality data for 'free' is that it would require the provision of exclusive rights to the data. TasNetworks does not see this as necessary. An obligation could be made to treat the PQ data in the same way as current energy data. Since customers will be paying for this data to be collected and disseminated they should have some control over who uses it. It may be worth considering that parties pay a registration fee to be able to collect the data for free with the value of this fee being passed onto customers through some mechanism – possibly a reduction in network tariffs.

Should you have any questions, please contact Tim Astley, Network Reform and Regulatory Compliance Team Leader, via email (tim.astley@tasnetworks.com.au) or by phone on 6271 6151.

Yours sincerely



Chantal Hopwood

Head of Regulation