

31 July 2025 - PLUS ES Rule Change Proposal

Enabling the Achievement of MC Compliance Obligations

To: Australian Energy Market Commission, Level 15, 60 Castlereagh St, Sydney NSW, 2000, by
upload: <https://www.aemc.gov.au/contact-us/propose-rule-change>

Introduction

Under the National Electricity Rules (**NER**), in most circumstances, it is the Retailer or the *Large* customer that appoints the Metering Coordinator (**MC**). In turn, the MC is accountable for Metering Provider (**MP**) and Metering Data Provider (**MDP**) compliance with the NER. Any non-compliance can result in a varied range of consequences such as Australian Energy Market Operator (AEMO) notices to act, Australian Energy Regulator (**AER**) directives and penalties, civil penalty and even ultimately, deregistration as an MC and ceasing business.

There are some circumstances where the barrier to MC compliance is the result of third-party action or inaction that is outside of the direct control of the MC and outside of the influence of the Rules. These circumstances while seemingly unfair, cannot be used as a justification for MC non-compliance.

PLUS ES is proposing a Rule Change for the NER that targets a root cause of this challenge by ensuring that the terms of the appointment of the MC mandatorily include *all* metering installation test and inspection obligations of the MC at a reasonable commercial rate.

Roles of the Appointed MC that Directly Benefit the Retailer & Customer

Through the MP and MDP roles, the MC facilitates the delivery of numerous services including the installation of smart metering, the repair of non-functioning smart meters, the timely forwarding of market settlement data to AEMO, equivalent data to Retailers and Networks, supply of remote services such as remote disconnect/reconnect for Retailers and Networks, and the supply of additional value-added services, as commercially agreed with the person appointing the MC.

The listed services directly benefit the person appointing the MC, and through supplying these services, the MC also achieves compliance with the associated NER obligations for those services.

Other Roles of the Appointed MC that only indirectly benefit the Retailer & Customer

Also associated with compliance with the NER, the MC facilitates, via the MP, the *maintenance* of metering installations which involves proactive inspection and testing activities, in accordance with Schedule 7.6 of the Rules and/or in accordance with the MC's AEMO-approved Metering Asset Management Strategy (**MAMS**).

The inspection and testing services, while integral to the role of the appointed MC and critical to achieving compliance with the NER, would not necessarily be considered a direct benefit to the person appointing the MC, because it costs money and does not produce any direct benefit, through the eyes of the Retailer or the customer.

Effect on the negotiation of the MC agreement

This disincentive described in the previous paragraph detrimentally affects the metering services contract negotiation. It is only through the person that appoints the MC that a commercial agreement can be established for the achievement of *all* MC obligations. That appointing person, without a

mandated requirement to include the testing and inspection obligations in the commercial agreement, could exclude the obligation from the agreement, to improve the commercial position. This is attractive because a lower price can be negotiated without any perceived loss of service - the value of conducting the testing and inspection is not fully recognised, nor is the compliance obligation felt.

Without the testing and inspection obligations in the MC agreement, there is less incentive to influence the customer, through their electricity supply contract, to support the testing and inspection obligations, by allowing access and temporary supply interruption to allow any required testing and inspection.

Consequence of MC Not Completing Maintenance

If the maintenance component of the MC obligation is not fulfilled, the MC will be in breach of the Rules.

On a Rules Breach:

- AEMO has various escalations including directives to comply and pursuing the participant deregistration path.
- AER escalations including imposing Administrative Undertakings and Enforceable Undertakings.
- In addition to being exposed to a Rules Breach under the scrutiny of AEMO and AER, if the MC does not ensure that the metering installation is maintained by its appointed MP, then the MC exposed to a tier 1 civil penalty provision.
- If the inspection and testing is not conducted in accordance with the NER and MAMS, then the MC is exposed to a tier 2 civil penalty.

Field challenges with metering maintenance

Metering maintenance obligations are often resisted because they can involve the temporary interruption of supply to the customer, which is inconvenient and can have cost implications, and the testing itself can involve unanticipated expense, especially for *Large* high voltage (**HV**) customers requiring the accuracy testing of current transformers (**CT**) and voltage transformers (**VT**).

Commercial challenges with metering maintenance

When negotiating commercial terms between the person appointing the MC (Retailer or *Large* customer) and the MC, there is no direct incentive for the inclusion of proactive maintenance obligations because the compliance obligation is not a direct obligation on the person appointing the MC, and there is no perceived direct benefit.

As a result of the disincentive, the metering services contract often excludes cost recovery for some maintenance activities, especially, for example, for the larger expense items such as HV CT&VT accuracy testing.

The MC still attempts to complete the compliance obligations as best it can but is often unsuccessful. This is because it is outside of the commercial agreement associated with the appointment of the MC, and there is limited or no path available to pursue cost recovery for the maintenance tasks, nor support to achieve access to the customer's metering installation for the maintenance work. Some customers can be persuaded, but there is no obligation for the customer to fund the testing or allow access, so this approach has only limited success.

Recent evidence of challenges

Example 1: For HV CT & VT testing, despite numerous years of best efforts and persuasion, PLUS ES has still not achieved the full objectives of its registered Test Plan, and CT&VT testing obligations remain generally outside of the MC appointment terms and conditions.

Example 2: For low voltage current transformer (LVCT) testing, PLUS ES recent success rate of negotiating with the customer voluntary access to allow MC to conduct its mandatory testing, is approximately one in three, with most being refusal without supporting justification.

Example 3: For whole current (WC) meter sample accuracy testing, PLUS ES recent success rate of negotiating with the customer voluntary access to allow MC to conduct its mandatory testing, is approximately one in two, with most being refusal without supporting justification.

Through consultation with other MCs, PLUS ES is aware that other MCs are in a similar position.

Why don't the present Rules work?

While the MC is obliged to address *all* MC obligations under the NER, with Tier 1 & 2 civil penalties, this obligation is not fully reflected on the person that *appoints* the MC. The inclusion of *all* MC obligations is fully dependent on the commercial arrangement. However, there is no commercial incentive for that person (Retailer or optionally, the *Large* customer) to include the metering maintenance component of the MC obligation into the commercial agreement. This opens the possibility of a compliance obligation being excluded through competitive tension.

For example, when negotiating a contract for metering services from the MC, the Retailer can legitimately, under present Rules, pursue its optimum outcome, such as the offer of guaranteeing large volumes of new, small customer meter installs, to justify the exclusion of costs such as CT&VT accuracy testing from the agreement, to encourage the lowest price for the metering services that they are pursuing. In putting this forward, there may be a balancing argument to say that the HV testing costs could be pursued through the customer, however this is not possible where the MC does not have a commercial relationship with the customer. This circumstance can occur with *all Small* customers and the majority of *Large* customers that do not take up the option to appoint the MC and establish a Direct Metering Agreement (**DMA**) with the MC.

When a contract negotiation excludes a component of compliance obligation, the MC would likely judge that the risk of possible future non-compliance is less risky than losing all the business, up front, to a competitor. The MC has a future chance to pursue compliance, albeit on shaky ground, compared with the immediate risk of losing all the business up-front, with a subsequent and immediate revenue impact. Without the reflection of all compliance obligations in the MC agreement, it is argued that this also reduces the incentive for the Retailer to actively facilitate access to the customer's installation to allow the MC to complete maintenance. Also, in this circumstance, the customer could more easily refuse access without consequence.

The MC still tries to persuade the customer to allow access for a temporary supply interruption, and even recover costs, such as for HV CT&VT testing. However without a commercial arrangement with the customer, it is often unsuccessful, and the compliance challenge remains.

Tackling the root cause

PLUS ES has identified changes to Clause 7.2.1 and Clause 7.6.1 of the NER that can help address the market gap:

Clause 7.6.1

Clause 7.6.1 Commercial nature of the Metering Coordinator appointment and service provision says that the MC assumes *all NER obligations* in exchange for terms and conditions as commercially agreed with the person appointing the MC.

Only the Retailer / optionally *Large* customer can appoint and contract the MC for metering services. However, especially in the case of the Retailer, the service of (a) installation of metering and (b) forwarding of data to market, are prioritised so that they can bill their customers for electricity use.

The MC is responsible for and contracted to deliver (a) and (b). However the MC is *also* responsible for (c) metering maintenance. Because the Retailer is *not* responsible for metering maintenance, they have no natural incentive to pay for that cost or support it through their customers. Presently the maintenance component can be excluded from the commercial terms. To remain competitive, the MC may need to agree commercial terms for (a) and (b) only. However, the MC then carries the risk of how to achieve (c), the MC maintenance obligations, without a defined revenue stream or Retailer support to access the customer's electrical installation to complete the maintenance.

By adding the requirement that the terms and conditions must include *all* compliance obligations, it will become unlawful to exclude any compliance obligations, such as testing and inspection, from the terms and conditions, neutralising the disincentive to otherwise exclude MC maintenance obligations from the commercial terms. Any new commercial terms for appointing the MC would include (a), (b) *and* (c) in the services that are delivered, which would ensure the MC a revenue stream and access to complete the presently at-risk mandatory maintenance obligations in the NER.

Clause 7.2.1

There is also no direct Rules obligation that links the person that appoints the MC for MC services, and including in the commercial terms, all the compliance obligations, including metering maintenance, into the agreement. This is where clause 7.2.1 Obligations of financially responsible Market Participants to establish metering installations could be changed to also require compliance with 7.6.1 as detailed above, such that if not complied with, would empower either AEMO to block the FRMP from being allocated to the NMI, or AER the power to impose Tier 1 civil penalties, to encourage compliance.

Expected outcome

The expected follow-up outcomes are:

- Contracts between MC and appointing entity (Retailer or *Large* customer) would be progressively modified to include all testing and inspection obligations, including associated re-pricing.
- Compliance costs would be recovered through the agreed commercial arrangements because of the requirement that reasonable recompense is offered for all MC obligations, including testing and inspection obligations.
- Gaining access for testing and inspection would be improved because the Retailer would reflect the obligations through to the customer's electricity purchase agreement, and for a *Large*

customer DMA, there would be a direct incentive to support access to the customer site for testing and inspection.

- Retailers would also be incentivised to use their existing National Energy Retail Rules' (**NERR**) powers to improve access to customer metering installations for the MC, so that mandatory maintenance can be achieved.

These outcomes would address the root cause of third-party blockers to MC compliance obligations.

All the while, efficient and competitive pricing for metering services would still be achieved because metering service providers would still be vying to win the same business from the Retailers and *Large* customers.

However, with blockers removed, the MC will be able to move towards full compliance with their maintenance obligations, satisfying the regulators including the AER and AEMO.

Retailer benefits, costs and potential impacts

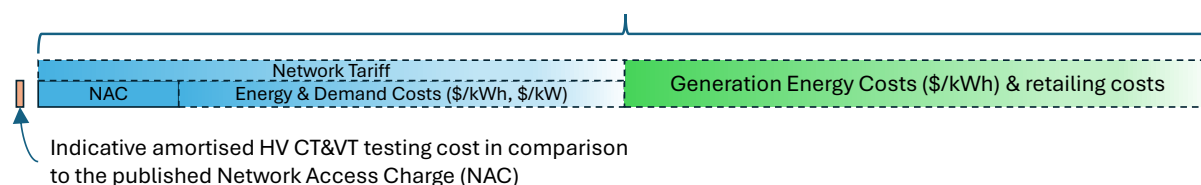
- Indirectly, improved compliance outcomes will improve the assurance of accurate metering for market settlement.
- Commercial agreements for metering services with MCs may require modification and renegotiation to fully accommodate metering testing, inspection and maintenance requirements.
- Cost for metering services may increase to accommodate all metering maintenance obligations, however the increase would be zero or minor for residential and small to medium customer size metering installations, especially in comparison to the core costs of metering installation and ongoing meter reading that dominate the capital and operational costs already borne by the MC. For larger, primarily high voltage connected customers, there would be a step change in metering services costs to accommodate CT and VT accuracy testing due once every 10 years. This step change and the metering cost overall would still represent a very small proportion of the costs associated with electricity generation and distribution that is already borne by the customer.
- If not already present, electricity supply agreements between the Retailer and customer may need to more explicitly detail the obligation to allow access to the metering installation, including temporary supply interruption, for maintenance, and for that to be more clearly articulated and enforced by the Retailer through the electricity purchase agreement.
- The Retailer would more actively facilitate of access to their customer's electrical installation to allow the MC to complete their maintenance obligations. This would also involve facilitating and sponsoring Retailer Planned Interruptions to allow scheduled and sample testing to be completed as one of the conditions of the electricity purchase agreement.
- For larger, primarily high voltage connected customers, Retailers may renegotiate electricity purchase agreements with customers to reflect the costs for CT & VT accuracy testing once every 10 years. Alternatively, the Retailer may encourage the *Large* customer to take up the option to nominate the MC and then enter into a Direct Metering Agreement (DMA) with the MC and through this, cover the metering services costs.

Customer benefits, costs and potential impacts

- Indirectly, better compliance outcomes will improve the assurance of accurate metering and increase customer confidence in the measurement of their electricity usage.

- Residential and small to medium businesses will experience zero difference to their electricity tariff because the maintenance obligation and associated cost is negligibly small, especially in comparison to the combination of Network costs and electricity generation and Retailer costs that make up the vast majority of the customer's electricity bill.
- Impact on residential and small to medium businesses, with respect to temporary supply interruption for metering test, inspection and maintenance, remains small overall because sample testing methods are typically applied, such that only single digit percentage proportions of customers are ever affected by proactive metering maintenance.
- Residential and small to medium businesses would have obligations in their electricity supply agreements to allow access and temporary interruption of supply in the circumstance that metering maintenance is required. Outside of legitimate reasons to exclude, such as life support, or require testing out of normal business hours, such as essential services business, the customer would not be permitted to refuse access indefinitely, so long as the required notification periods of the Retailer Planned Interruption would be applied.
- Larger, primarily high voltage connected customers may experience an additional fee built into their electricity purchase agreement, if market fees are itemised separately to the electricity purchase component of their bill. Even still, the magnitude of any increase would be small, and in the range of a single digit percentage proportion of the Network Access Charge component of the Network tariff component of the combined Network and Generation costs that make up the electricity purchase component¹.

Illustrative HV Customer Electricity Bill



Proposal by Yurika and its comparison with the PLUS ES proposal

Yurika has proposed a Rule Change that focusses primarily on *Large* HV customers. A new Part 6A of the National Energy Retail Rules (NERR) would be introduced to allow the MC to request the Retailer to de-energise the *Large* customer for failing to maintain their metering installation by (a) introducing an obligation on a *Large* customer to maintain their metering equipment, including accuracy testing, and (b) outline activities that the MC must demonstrate prior to the request for de-energisation, including warning notices, and (c) specifies rights and obligations. The Rule change also proposes an amendment of part 119 to allow the distributor to de-energise the customer if requested by the Retailer under part 6A (new rules 122A and 122B). Under the NER, Yurika proposes a softening of the maintenance obligations under Schedule S7.6.1(c) from absolute to “best endeavours”.

PLUS ES believes that Yurika’s proposal is complementary to ours, because it focusses directly on the

¹ For example, the published FY26 Network Access Charge (NAC) component of the Network tariff for a HV customer connected to the Ausgrid Network is \$79.46 per day or \$29,002 per year. This is before the energy and demand component of the network tariff and generation and retail is considered (\$/kWh and \$/kW demand), which dominate the electricity bill. For example, referencing the Yurika Rule Change proposal that quotes a typical HV CT&VT test in the cost range of \$15k-\$20k, using the lower figure, if amortised over the 10-year period, the yearly cost would be in the order of \$1500, which would represent a 5.2% portion of the Ausgrid HV NAC component, which itself is only a small component of the total electricity bill.

Large customer side of the problem, whereas the PLUS ES proposal focuses on the person (usually Retailer) who appoints the MC.

However in contrast, the PLUS ES proposal address the fundamental aspect of tying the compliance obligations of the MC with the person that appoints the MC and enters into a commercial agreement with the MC for those services. This is important because once part of the commercial agreement, there is a direct incentive and contract obligation to support and fund the compliance obligation in the most economically efficient way through competitive tension. Further, this contract obligation will also reflect on the electricity supply agreement with the customer, to ensure that the customer access obligations can be met, and the customer allowing access becomes a condition of the electricity supply agreement.

Another difference is that the recovery of compliance cost is better assured with the PLUS ES proposal. Whether it is the Retailer or (optionally) the *Large* customer that appoints the MC, in both cases, any compliance costs will be built into the “reasonable commercial recompense” component of the obligation.

Role of the National Energy Retail Rules (NERR)

The NERR already supports the facilitation of access for metering maintenance in the following ways:

- Retailer Planned Interruptions can be used for metering maintenance (59B)

Division 9A Retailer interruption to supply – electricity | **59B Definitions** | In this Division: Retailer planned interruption means an interruption of the supply of electricity to a customer that: (a) is for the purposes of installing, maintaining, repairing or replacing an electricity meter; and (b) does not involve either: (i) the distributor effecting the interruption under rule 89; or (ii) interrupting the supply of electricity to a customer who is not the customer of the Retailer arranging the interruption; and (c) is not a distributor planned interruption.

- If, alternatively, a Network Planned Interruption is required for metering maintenance, then the Retailer can request a Network Planned Interruption and the Network must respond (91A)

91A Metering coordinator and distributor to assist and cooperate – electricity | Where: (a) the installation, maintenance, repair or replacement of metering equipment is to be undertaken by the metering coordinator; and (b) such installation, maintenance, repair or replacement requires an interruption of supply to the customer's premises; and (c) a Retailer planned interruption cannot be undertaken in order to effect the interruption; and (c1) the Retailer has requested the distributor to carry out a distributor planned interruption, then: (d) the distributor must effect the interruption: (i) on a date agreed with the Retailer and the small customer for installing or repairing a meter under clause 7.8.10A, 7.8.10B or 7.8.10C of the NER; or

- The Retailer can even de-energise a customer for denying access for metering installation maintenance (113)

113 De-energisation for denying access to meter | (2) A Retailer may arrange for de-energisation of a customer's premises if the customer does not provide the Retailer or its representatives safe access to the customer's premises in accordance with any requirement under the energy laws or otherwise for the purposes of: (a) testing, maintaining, inspecting or altering any metering installation at the premises; (b) checking the accuracy of metered consumption at the premises; or (c) replacing meters, and if: (d) the Retailer has given the customer a disconnection warning notice; and (e) the customer has not rectified the matter that gave rise to the right to arrange for de-energisation of the premises.

- The model terms of a standard retail contact lists customer obligations for allowing access for metering maintenance and the associated supply interruption (Schedule 1)

5 SCOPE OF THIS CONTRACT | 5.1 What is covered by this contract? | (a) Under this contract we agree to sell you energy at your premises. We also agree to meet other obligations set out in this contract and to comply with the energy laws, including, where we sell you electricity, the provision, installation and maintenance of your meter.

9 ACCESS TO THE PREMISES | 9.1 Your obligations | Under the energy laws, you must provide us and our authorised representatives (together with all necessary equipment) safe and unhindered access to the premises, including taking appropriate action to prevent menacing or attack by animals at the premises, at any reasonable time to allow us to: (a) read, test, maintain, inspect or alter any metering installation at the premises; and

11 METERS (a) You must allow us and our authorised representatives safe and unhindered access to your premises for the purposes of (where relevant): (i) reading, testing, maintaining, inspecting or altering any metering installation at the premises;

11A INTERRUPTION TO ELECTRICITY SUPPLY | 11A.1 Retailer may arrange Retailer planned interruptions (maintenance repair etc) (a) We may arrange Retailer planned interruptions to the supply of electricity to your premises where permitted under the energy laws for the purpose of the installation, maintenance, repair or replacement of an electricity meter,

23 GENERAL | Simplified explanation of terms | Retailer planned interruption means an interruption that: (a) is for the purposes of the installation, maintenance, repair or replacement of an electricity meter; and (b) does not involve the distributor effecting the interruption; and (c) is not an interruption which has been planned by your distributor.

From this perspective, for the PLUS ES approach, no change to the NERR is required.

Instead, the PLUS ES change focuses on the “missing link” of introducing an appropriate *incentive* for the Retailer to enact these powers and thus facilitate the metering maintenance required for MC compliance obligations. Addressing this “missing link” is the proposed NER change, as detailed by this document.

Broader benefits

The National Electricity Objective (**NEO**) talks about promoting “*efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers*” including aspects of price, quality, safety, reliability and security of electricity supply and the NEM. The benefits listed align with this objective.

The following details how this is achieved with the proposed rule change:

Improved Efficiency

The proposed change better links the maintenance compliance obligation – the third-tier duty of the MC, after metering installation and meter reading/data forwarding – back to the only person who can appoint and pay for the MC service, in the first place.

While the first and second tier duties largely take care of themselves, because they align directly with the objectives of the person appointing the MC, the third tier does not. Therefore by mandating the inclusion of this third-tier duty into the commercial agreement for the appointment of the MC, it ensures support and cost recovery for that duty in *all* cases.

By eliminating the resistance to the completion of metering maintenance compliance obligations, there will be an improvement of overall market efficiency.

For example, after the December 2017 Power of Choice reforms commenced, like other metering companies, PLUS ES inherited the Metering Coordinator role, and we have expended significant effort to target full compliance for HV CT&VT testing, as well as for LVCT and WC meter testing. Despite those efforts, much of which was wasted efforts due to customer push-back and inability to recover costs, PLUS ES cannot yet claim full compliance to the requirements of the NER. This remains a risk for PLUS ES, and arguably the market as a whole. However with the implementation of the proposed changes, resistance to completing the maintenance would reduce and efficiency would increase because of less wasted effort to achieve the required outcome.

This aligns with the efficiency goals.

Maintains competition for metering services

With the implementation of the proposed Rules changes, the MCs would still compete for the delivery of metering services to the person appointing the MC. This would maintain a downward pressure on the pricing for metering. Moreover, it would encourage the most efficient and workable cost recovery mechanism to complete all three tiers of the MC service.

This aligns with the efficiency goals.

Compliance & Improved Assurance of Metering Accuracy

With the removal of the barriers to the achievement of compliance, the MC has the opportunity to achieve and maintain full compliance with the requirements of the NER, and to the satisfaction of the AER.

By supporting the NER required testing and inspection to take place, the Retailer and end-use-customer is more assured of correctly functioning and accurate metering installations, which contributes to the correct settlement of the market energy data, and customer billing is more assured of being based on actual, accurate data.



Indirectly, the proposed Rule Change should also promote the broader conversation of ensuring that metering systems remain accurate and how this can best be achieved efficiently through cooperation between the Metering Coordinator, the Retailer and the customer.

This outcome aligns with the quality and reliability goals.

Rule Change

The Rule Change is presented on the next page:

Proposed changes to National Electricity Rules with new text in highlighted blue

Part B Roles and Responsibilities

7.2 Role and Responsibility of financially responsible Market Participant

7.2.1 Obligations of financially responsible Market Participants to establish metering installations

- a) Except as otherwise specified in paragraph (c), before participating in the market in respect of a connection point, and for so long as the financially responsible Market Participant continues to participate in the market in respect of a connection point, the financially responsible Market Participant must ensure that:
 - (1) a *Metering Coordinator* is appointed in respect of the *connection point* in accordance with clause 7.6.1 and 7.6.2
 - (2) the *connection point* has a *metering installation* and that the *metering installation* is registered with AEMO; and
 - (3) prior to registration, a *NMI* has been obtained with respect to the *connection point*

Note:

This paragraph is classified as a tier 1 civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

- b) AEMO may refuse to permit a financially responsible Market Participant to participate in the market in respect of any connection point in relation to which that financially responsible Market Participant is not in compliance with its obligations under paragraph (a).

Part C Appointment of Metering Coordinator

7.6 Appointment of Metering Coordinator

7.6.1 Commercial nature of the Metering Coordinator appointment and service provision

- a) A *Metering Coordinator* assumes responsibility in respect of a *connection point* under this Chapter 7, and must perform all of the obligations of the *Metering Coordinator* under the *Rules* and procedures authorised under the *Rules* on terms and conditions (including as to price) to be commercially agreed between the *Metering Coordinator* and the person who appoints the *Metering Coordinator* under clause 7.6.2.
- b) Subject to the terms of its appointment under clause 7.6.2 and in accordance with the *Rules* and procedures authorised under the *Rules*, a *Metering Coordinator* may supply services in respect of the *metering installation* in addition to those provided under paragraph (a), including access to the services provided by the *metering installation* and *metering data* from the *metering installation*, on terms and conditions (including as to price) to be commercially agreed between the *Metering Coordinator* and the requesting party.
- c) The terms of the appointment must include an obligation on the person responsible for appointing the *Metering Coordinator* to facilitate and ensure safe access to the relevant connection point to allow the *Metering Coordinator* to achieve, in full, all of the *metering installation* test, inspection and maintenance obligations of the *Metering Coordinator* under the *Rules*, the procedures authorised under the *Rules* and the *Metering Coordinator*'s AEMO approved Asset Management Strategy. The terms of the appointment must also include reasonable commercial recompense for the *Metering Coordinator*'s performance of those test, inspection and maintenance obligations.