



Open access and common communication standards

Publication of supplementary paper on regulatory framework

The framework for open access and common communication standards review is considering ways in which access to the functionality of smart meters may be obtained to provide energy services to meet the requirements of consumers. Today's supplementary paper proposes that the market for these services should be allowed to develop without regulatory intervention.

Draft findings

Smart meters will likely enable new products and services to be provided to consumers. This requires the ability for multiple parties to gain access to a smart meter's functionality. A party will be required to act as a 'gate keeper' to manage these access requirements, which may include managing the security and congestion at the smart meter.

We have considered whether the access to smart meter functionality, and any charges for this access, should be regulated. Our draft findings have considered arrangements under a framework where there is contestability in metering services for residential and small business consumers. However, we note that the arrangements for introducing metering contestability is the subject of a rule change request.¹

Our draft finding is that there is insufficient evidence to support regulation of access to smart meter functionality and access charges at this time. Whether these services are provided by independent third parties, retailers or network businesses, there are likely to be incentives to promote the achievement of efficient outcomes. However, we recommend that a competition review be undertaken at an appropriate time following the introduction of metering contestability for residential and small business consumers. It would be prudent to reconsider these arrangements once the market has been in operation and is more mature.

We acknowledge that transitional provisions will be required to implement recommendations under this review. This is particularly the case for Victoria given the advanced roll out of advance metering infrastructure that has occurred in that state.

Background and progress of review

The AEMC is undertaking this review at the request of the Standing Council on Energy and Resources (SCER). This review has two separate components:

- whether to adopt common communication standard(s) for smart meters and, if so, what would be appropriate standard(s); and
- whether access to smart meter functionality and access charges should be regulated and, if so, what would be appropriate forms of regulation.

Our draft report published in December 2013 for this review included draft findings and recommendations on whether to adopt any common communication standards. The draft report recommended that a 'common market protocol' to be adopted. We have received a number of submissions on the draft report and will take them into account in preparing our final advice. Our final advice will also include consideration of how the adoption of common protocols, if any, would be enforced. This supplementary paper does not consider issues relating to the communication standard aspect of the review.

¹ SCER has submitted a rule change request to the AEMC: "introduction of a new framework in the National Electricity Rules that provides for increased competition in metering and related services". The AEMC will address this through the rule change process under the National Electricity Law.

Consultation and next steps

Submissions on the supplementary paper are due on 7 March 2014. A public forum for this review is also being held in Sydney on 27 February 2014. Details of the public forum are published on our website.

Our final advice will be submitted to SCER by 31 March 2014 and published within two weeks thereafter.

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