

**AEMC Public Forum – Competition in metering and related services
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Presentation Two – Marc England, Group Head of Strategy and New Energy, AGL

The energy market is undertaking a major change, and policy is heading in the right direction by focusing on customer choice and promoting innovation and competition. Our policy makers, the COAG Energy Council, in 2012 declared the expansion of metering competition and a market approach to metering deployments. The AEMC's Power of Choice review and subsequent reviews sought to implement this vision and set the national policy direction. I congratulate the AEMC for the effort and positive outcomes to date that seek to promote a customer driven energy market transformation.

A more engaged consumer making active choices can only be good for the reputation of our industry.

Grid electricity demand is falling due to increased electricity prices, improved efficiency of appliances and continued investment in small scale residential solar. Technology is evolving rapidly and becoming a disruption to the existing utility business models. As a result our customer needs are changing. We talk about that as moving broadly from being passive to being engaged.

The AEMC metering rule change draft determination is a fundamental driver to enabling metering competition and to develop the regulatory framework which will continue to support greater access to new technologies and consumer choice. So what makes this rule change right? Well, over the last six months policy has moved rapidly to enhance metering competition and related services in the NEM.

So what does success look like going forward? Our policy and regulatory development must continue to encourage innovation and competition in the energy market, providing dynamic, flexible and light handed regulatory approaches that promote a customer driven market.

We want providers within the market to compete openly on their merits for different products and services. We would like the implementation of policy decisions and direction applied consistently across all states. Reforms are necessary to the current regulatory network pricing framework to ensure that cost recovery and investment by networks is efficient, transparent and justifiable. Network businesses wishing to compete for the provision of new products and services in competitive markets where they're not regulated should be ring-fenced legally, structurally and financially, and be subject to the same rules as others competing in those markets.

We believe deregulated retail pricing that allows innovation and pricing structures that promote customer choice, such as time of use tariffs which smart meters also enable, ensures that customers get better deals when there is competition, and the market is monitored rather than regulated. Providers of new products and services that sell energy should be required to meet certain minimum consumer protection standards.

In support of the metering policy direction approach, AGL will be launching a competitive metering business called Active Stream.

As the first major retailer to embrace the market-led rollout it is important that Active Stream operates with the right separations so that it can provide insulation and data services to other market participants. AGL's rationale for setting up and investing in the Active Stream business was to ensure that meters were installed and rolled out at as low a cost as possible, and that the customer experience in the installation process was as good as possible.

So what else is AGL doing in the market? We're engaging with network businesses to enable the installation of not only meters but other new technology such as storage and other home energy management systems.

As consumers' needs change it's going to be vitally important that the industry structures evolve to smooth the path to a more engaged and technology driven consumer experience. That's what consumers are demanding of us and that's what we need to give them.

I commend the AEMC for implementing a competitive market-led rollout, that builds on lessons learned from other parts of the world, and focusing on what's best for the end consumer and ensuring costs are kept to a minimum.