
1 October 2015

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South, NSW 1235

Dear Mr Pierce,

**RE: ERC0169 METER CONTESTABILITY ADDITIONAL CONSULTATION ON SPECIFIC ISSUES**

The Victorian distributors welcome the opportunity to make a submission to the Australian Energy Market Commission's (**AEMC**) additional consultation on specific issues relating to the introduction of metering contestability.

The Victorian distributors support the submission of the Energy Networks Association (**ENA**). Our submission focuses on the Victorian specific matters. The Victorian situation is unique because Advanced Metering Infrastructure (**AMI**) has already been rolled out to 2.8 million residential and small business customers. The objective in Victoria therefore is not to facilitate mass roll out of smart meters but to ensure Victorians realise the full potential of AMI benefits.

The Victorian distributors' positions on the proposed amendments to the draft rule are as follows.

- **Network device:** Permitting the Metering Coordinator (**MC**) or Metering Provider (**MP**) to remove the network device will render the by-pass option significantly less effective and limit distributor's ability to access information order to derive network benefits. As a consequence, many of the current benefits to Victorian customers of the AMI smart meter roll out will be unwound and the potential future benefits will not be realised.

  To mitigate the loss of AMI benefits to Victorian customers, we recommend the Final Rules prohibit a MC/MP from removing or rendering a network device inoperable without prior consent of the distributor and require a distributor to not unreasonably withhold consent.

- **Access to data and services:** Requiring the meter data provider (**MDP**) ensure free access to energy and metering data necessary for distributors to meet their regulatory obligations under the NER and NERR is a step in the right direction. However we recommend that:

  - free access also be provided for data or services necessary for distributors to meet their jurisdictional obligations. For example access to voltage data enables Victorian distributors to monitor, and hence maintain nominal voltage levels as required to meet their obligations under the Victorian Distribution Code; and
  - free access to data required to support the distributor's network tariffs also be provided;
  - the data and services be delivered by the MDP to the distributor in a standard format. The current drafting suggests the distributors would need to access each MDPs database which would result

in significantly higher IT costs for distributors compared with the MDP providing the data to the distributor.

- **Retailer initiated supply interruption notifications**: Enabling a retailer, via the MC, to initiate a supply interruption notification for the purposes of installing or maintaining a meter is appropriate. However it is necessary to:
  - clarify that the retailer must arrange an interruption through the MC or distributor;
  - clarify that the retailer initiating the planned interruption is subject to jurisdictional safety requirements and liable for adverse impact to customers, rather than the distributor;
  - ensure large customers be afforded the same protections as small customers; and
  - ensure there is an effective compliance and enforcement regime.
- **Consent for services:** We support no prior customer consent being required where either the metering installation or network device is providing a service which is being used by the distributor for the purposes of supporting the safe, secure and reliable operation of the network.
- **Remote reading of non-type 4 meters:** The proposal to enable type 5 and 6 metering installations to be remotely read without changing their classification to type 4 should be extended to capture the situation where existing AMI meters in Victoria are being remotely read, but the communications connectivity is insufficient to support smart meter capabilities to meet the national minimum service specification.
- **Customer smart meter refusals:** We understand the need to provide exceptions to manage customer refusals. The Victorian distributors recommend tightening the requirements for type 4A meters to ensure customers receive maximum benefits from smart meters.
- **Transmission connection points:** It is appropriate to provide an exemption to recognise the special situation with respect to metering coordinators for transmission connection points.

Each of these is discussed in more detail below.

Further, the Victorian distributors are concerned that only these seven matters are subject to additional consultation and drafting review. A number of other fundamental matters have been raised by stakeholders and should be subject to a final round of review to avoid unintended consequences.

The Victorian distributors would be pleased to discuss any aspect of this submission with the AEMC.

Please contact Megan Willcox on 03 9236 7048 or mwillcox@powercor.com.au.

Regards

**Renate Tirpcou**
**Manager Regulation, CitiPower and Powercor Australia**
on behalf of the Victorian Electricity Distribution Businesses

## 1. Network devices (refer section 5 of the AEMC consultation paper)

**Key messages:**

The MC/MP should have less discretion on when to remove the network device.

As a result of the loss of the network device:

- there will be an unwinding of the existing and future benefits to Victorian customers from the AMI roll out; and
- effective access regulation will be required to enable the realisation of network benefits.

The Victorian distributors support the proposed amendments to the draft rules to:

- revise the definition of network devices. We recommend however the word 'protection' in the definition is replaced with 'equipment' to ensure the definition is technically correct;
- allow the network devices to be used for network services that support the safe, secure and reliable operation of the network; and
- permit the network device to be used for remote de-energisation and re-energisation.

However, the Victorian distributors do not support the proposed amendments that would enable the Metering Co-ordinator (**MC**) or Metering Provider (**MP**) to remove a network device if it considers there is insufficient space on the meter board for both the network device and the new metering installation. The proposed amendments raise a number of concerns, including:

- the MC/MP will have an incentive to remove the network device;
- the AMI benefits to Victorian customers will be lost;
- the by-pass option for seeking access to network services will be significantly less effective;
- practical issues associated with the replacement of existing load control arrangements; and
- practical issues associated with no prior notification of the removal of the network device.

Each of these is discussed further below.

### 1.1. MC/MP will have an incentive to remove the network device

The proposed change gives a significant amount of discretion to the MC/MP to determine when there is or isn't sufficient space on the meter board. The decision is a matter of judgement and the MC/MP will have strong incentives to consider there is insufficient space, because:

- the time and cost of undertaking rewiring to place a second meter on a meter board exceeds the time and cost of simply removing the existing meter/network device and replacing it with a new meter. Therefore the MC/MP can save time and money by determining that there is insufficient space;
- removing the network device improves the MCs negotiating position, effectively creating a monopoly, as the distributor no longer has an effective by-pass option to revert to;

- there is no mechanism provided to ensure that the MC/MP has appropriately assessed whether sufficient space was available. The draft amendments provide for no monitoring or enforcement regime and no reversion rights if the MC/MP is subsequently found to have incorrectly applied its discretion; and
- notably, the distributor is not afforded an opportunity to make its own assessment of whether there is sufficient space before the original meter/network device is removed. Nor is the distributor provided any time to establish evidence (i.e. photographic) of the existing meter board space.

### 1.2. By-pass option becomes ineffective

The AEMC's main intentions in recognising a need for a network device was to provide a by-pass option for distributors if negotiation with an MC for the delivery of data or services was unsuccessful. Effectively the network device would improve distributors negotiating position with the MC, and effectively place a cap on the price that an MC could charge distributors for data or services to facilitate network benefits.

However, the ability for the MC/MP to remove the network device at its discretion, as to whether there is sufficient space, renders the by-pass option significantly less effective. As noted above, the MC/MP will have an incentive to remove the network device and faces no enforcement mechanism for doing so.

If the AEMC maintains its proposed amendments then it will be necessary to introduce effective access regulation on the MC to ensure distributor access to the data and services necessary to realise network benefits.

### 1.3. Benefits to Victorian customers will be lost

The proposed amendments to the draft rule will increase the likelihood of network devices being removed from service. As a result, Victorian customers will not realise all of the benefits of the AMI roll out and there will be unwinding of the benefits realised to date.

As previously submitted, the Victorian AMI minimum meter specification enables a much broader range of advanced services than the proposed national minimum specification. The additional services available under the Victorian minimum specification facilitate improved efficiency in the operation of the distribution network. For example, the Victorian distributors are already realising the following network benefits:

- improved network capacity utilisation and reduced network investment due to direct load control;
- quicker identification and resolution of faults, due to meter outage notifications;
- improved customer service by providing remote notification of faults to customers before the customer calls;
- improved customer service and reduced wasted truck visits through the identification whether the fault is on the customer or network side, via a meter ping;
- improved safety outcomes for customers, including reducing the risk of electrical shock, through identification of neutral integrity issues;
- earlier identification and rectification of voltage issues before the customer raises a concern, for example in relation to household appliance performance; and

- improving the ability of the network to accommodate connection of renewable generation, therefore enabling greater penetration/connection of renewable generation.

In addition to the $750 million of AMI benefits realised by 2014, the Victorian distributors are continuing to work on new ways to extract network improvements through information sourced from the Victorian AMI meters. The Victorian Auditor General's report noted the potential for an additional $2.6 billion in savings to be realised for Victorian consumers resulting from the AMI roll out between 2015 and 2028. For example, the following future services would provide benefits to customers through lower network prices:

- routine and emergency supply capacity control to reduce network investment;
- the 'explosion of AMI data' will allow the networks to better prioritise investment and improve reliability, through earlier identification of network constraints, transformer loading problems and potential asset failures; and
- smarter network demand management will allow customers to opt into demand reduction schemes thereby reducing peak load in return for discount prices.

With the removal of the network device and weak incentives for the MC to negotiate to provide network services, Victorian customers will potentially not receive the benefits of Victorian AMI meters which they are paying for today. Under the proposed national minimum services specification there is no requirement for the new market meters to provide the services that are currently available or being developed by the Victorian distributors using Victorian AMI meters. There is also no obligation on an MC to negotiate with Victorian distributors to deliver these services through the market meter. Absent a network device, there are no limits on the price that a MC could charge for network services, if willing to supply at all, and therefore it is reasonable to expect the MC to attempt to capture the full value of the network benefits.

Victorian customers have already paid for the data capture and delivery through the AMI roll out, however under the new arrangements they will now be faced with either:

- paying twice for the same benefits, once through the AMI roll out and again in the metering contestability environment; or
- potentially not receiving the benefits at all.

### 1.4. Practical issues with the replacement of existing load control arrangements

The Victorian distributors currently have significant customer load under direct load control via the internal contactors of the Victorian AMI meters. Currently 498,500 Victorian customers are on hot water or slab heating controlled load through dedicated circuit controlled load tariffs (through the use of two element or multiple meters). These customers have relinquished load control timing to the distributor through access to concessional tariff pricing. The timing of that load control is determined by the distributor to suit local and wider network capacity constraints, which therefore allows for the avoidance of network augmentation due to hotwater peaking.

The ability of the MC/MP to remove network devices without prior notification to, or consent from, the distributor will likely lead to the following perverse outcomes:

- no load control is provided in the market meter and the control of this off peak load reverts to fixed time switches, resulting in customers' load becoming concentrated in the traditional 11-7 hot water off-peak demand window, increasing the likelihood that network augmentation is required;
- load control is provided through a single element market meter, but this does not match the timing flexibility of the distributor's load control arrangement which is available under the agreed network tariff. As a result:
    - the tariff will need to be changed to a single element time of use tariff (**TOU**);
    - the customer's load becomes concentrated in the traditional 11-7 hot water off-peak (TOU) window, increasing the likelihood that network augmentation is required; and
- load control is provided through a multi element market meter and is aligned with the network preferred timing via remote control. However the distributor will likely be required to pay the MC for this service as it is additional to the national minimum services specification. Therefore network operating costs increase.

The AEMC has previously rejected calls to require the development of load control protocol as part of the meter contestability rule change, instead referring the matter to COAG. However, the proposed amendments to the draft rule to allow the network device to be removed introduces urgency on developing load control protocols before the introduction of contestability on 1 December 2017, and ensuring MC compliance under those protocols.

### 1.5. Practical issues with no prior notification

The proposed amendments provide no prior notification to distributors of the removal of a network device. This introduces the following practical issues:

- the distributor will only observe a sustained power outage and won't know for certain whether this is due to the removal of the network device or a network fault. The distributor may send a truck to the site and find it's not needed but costs would still need to be charged to the customer/retailer. Providing no prior notification therefore results in unnecessary inefficiency;
- as noted above, if the market meter does not replicate the load control settings currently applied by the distributors meter, and the distributor has no prior knowledge of the change, then there is a real risk of unmanaged network overloading, increased network augmentation, delayed tariff reassignment and bill shock for customers; and
- there is no opportunity for the distributor to negotiate with the MC for the continued provision of data or services that will no longer be able to be accessed through the network device. Consequently there is a risk that some essential network services are ceased immediately and not provided for in the meter, such as diversified load control, meter outage notifications, supply capacity control and network load monitoring.

AEMO and the industry have long recognised that for orderly meter exchange, to avoid impacts on metrology and continuity of meter data services, there needs to be prior notification to the incumbent parties of the removal of a meter. This requirement is drafted into Sections 4.11.2 and 4.11.3 of the current Service Level Procedure: Metering Provider Services Category B for Metering Installation Types 1, 2, 3, 4, 5 and 6. The AEMC proposal as currently drafted would remove that notice with likely impact on metering data in the market. The introduction of metering contestability creates further practical issues,

as identified above, with respect to removal of a network device and the resulting loss of smart meter services without notice.

### 1.6. Recommended change to network device rules

Based on the above, the Victorian distributors recommend that final decision:

- prohibit a MC/MP from removing or rendering a network device inoperable without prior consent of the distributor; and
- require a distributor to not unreasonably withhold consent.

Notwithstanding, if the AEMC maintains the MC/MP discretion to remove the network device then the Victorian distributors recommend that:

- operational procedures include a protocol that requires the MCs to negotiate with distributors in relation to access network related metering data and services in advance of commencing a roll out or replacement program in the distributors network area. This provides a negotiation opportunity before the network device is removed;
- operational procedures include a mandatory process that the MC must follow when it has removed a network device (the consultation paper suggests the proposed procedures would be optional). These procedures should at a minimum include:
  - the minimum timeframe for notifying the distributor prior to the removal of the network device (5 days prior notice would be appropriate and commensurate with the notice period distributors are required to provide the MC before installing a network device);
  - the process for returning the network device to the distributor;
  - a process to ensure the retrieval of the remaining data contained within the network device; and
  - an enforcement regime to manage circumstances where a party fails to meet the procedures.
- load control protocols are required to be developed before the introduction of meter contestability on 1 December 2017 ;
- a dispute resolution process is introduced to afford distributors an opportunity to dispute the MC/MP decision that there is insufficient space on a meter board
- an enforcement regime is introduced to penalise MC/MP that are found to have mis-used their discretion, including either cost recovery for the distributor to reinstate the network device or for the network device to be reinstated at no cost to the distributor; and
- access regulation on the MC is introduced to ensure distributor access to the data and services necessary to facilitate network benefits, and at a reasonable price and service level; and
- a review of access regulation arrangements is specified in the rules to be completed within three years of the introduction of meter contestability.

In conclusion, if the AEMC retains its proposed amendments then it needs to be convinced the benefits of allowing MC/MPs to remove the network device outweighs the loss of AMI benefits which Victorian consumers are paying for today.

## 2. Access to data to meet regulatory obligations (refer section 2 of the AEMC consultation paper)

**Key messages**

The Victorian distributors support AEMC's policy intention that distributors be provided access to energy and metering data necessary to meet their obligations in the Rules and NERR, and that this data be provided free of charge.

However we recommend that the MDP:

- also be obligated to provide data and services necessary for the distributor to meet its jurisdictional obligations, free of charge;
- be required to provide necessary data to support the distributor's network tariffs;
- be required to deliver data to distributors, and in a standard format, rather than allowing distributor access to a database, as the later would involve considerably higher IT costs; and
- clause drafting be reviewed to ensure it reflects the policy intention and stakeholders are afforded an opportunity to review before the Final Decision.

### 2.1. Access to data and services to include jurisdictional obligations and network tariffs

The proposed amendment to the draft rule requires AEMO to ensure that the procedures do not require the Meter Data Provider (**MDP**) to provide access to data except to the extent that the data is required by the person to perform its obligation under the Rules and NERR (refer rule 7.10.3 (b)). We understand however the policy intention was for distributors (and other parties) to also be provided data necessary to meet jurisdictional obligations.

This is proposed drafting is problematic therefore because:

- Victoria has not yet adopted NECF and therefore the NERR and the future amendments to the NERR do not apply in Victoria and AEMO has no obligation to make procedures consistent with the corresponding Victorian regulations; and
- Victoria, and likely other jurisdictions, have additional regulatory obligations for which access to smart meter data/services is either essential or significantly enhances the distributors' capability to fulfil their obligations. Some examples include:
    - under the Victorian Electricity Distribution Code, clause 4.2, distributors have obligations to maintain nominal voltages on their networks. Before smart meters were rolled out Victorian distributors could largely only react to voltage problems reported by consumers and could only respond by deploying voltage test recorders onto the adjacent network. Smart meters enable the ongoing monitoring of voltages throughout the network and proactively overcome issues before customers are impacted; and
    - distributors have obligations and performance measures to minimise the customer outage time on our networks and return customers supply as soon as possible. Smart meters enable distributors' control rooms to interrogate meters on their network and hence to better

understand and react to faults and outages and better manage field crews to locate and repair faults in reduced timeframes.

The Victorian distributors recommend that the drafting in clause 7.10.3(b) include a requirement for procedures to require the MDP to provide data to a person to perform its regulatory obligations under jurisdictional legislation (including Codes, guidelines, orders etc.). The data should also be provided free of charge as distributors have no alternative but to comply with the jurisdictional obligations and therefore negotiation with an MC would be severely imbalanced. Therefore the rational for providing data (without cost) to meet the NER and NERR obligations extends to jurisdictional obligations.

Additionally, the MDP should be required to provide data necessary to support the distributors network tariff, including:

- 15 minute data where large customers are on a demand tariff;
- KVar data where any customers is on a kVA demand tariff;
- four quadrant capable metering for multiphase customers;
- two quadrant capable metering for single phase customers other than those on a kVA Demand;
- additional data streams as required to support dedicated circuit load control tariffs; and
- make remote changes for free where an AER approved tariff reform is being implemented.

If the distributor is not able to receive the data to support the customers tariff it will be necessary to default the customer to a non-demand, non-controlled load tariff. This would result in an undermining of the intention of the AEMC rule change to introduce cost reflective network tariffs. This is unlikely to be in the long term interests of consumers, as cost reflective tariffs would reduce network costs over time leading to lower charges for customers.

### 2.2. Clarification that data be provided by the MDP to entitled parties

The Victorian distributors are concerned that the proposed drafting creates some ambiguity as to how the energy and metering data is to be transferred between parties.

The proposed drafting currently suggests that the process for obtaining data has changed from the MDP being required to deliver the data in a standard industry format, to the MDP having an additional obligation to provide entitled parties access to its database, from which the party can source the data themselves.

These two mechanisms are significantly different from an IT perspective as:

- the provision of data to a party is a push mechanism which requires the MDP to push the data to the entitled party. This retains security controls to the MDP database and provides parties with the data in the industry agreed formats. This the standard regulated approach which is the obligation of all current MDPs and hence for these parties does not fundamentally change their system approach; while
- the provision of access to a database is a pull mechanism whereby the MDP grants entitled parties access to a portal type arrangement from which the entitled party must pull out the data. Whilst this may be available from some current or prospective MDPs, this would entail a significant step change

in system approach to allow this type of access in a rigorous and secure manner and hence represent a significant step change in system costs for most current MDPs if this was mandated.

Importantly, if distributors (or other parties) are required to pull data out of multiple non-standardised MDP databases, this would significantly increase IT costs to distributors which will ultimately be passed onto consumers.

Hence, whilst the Victorian distributors understand the potential benefits for some parties of a portal type approach to data access, the minimum services should be delivered through a standard B2B transaction as is the capability of all current MDPs. Portal access should be a potential alternative based on an agreement between the MDP and the data recipient.

The Victorian distributors recommend that the drafting clearly articulates that the MDP obligation is to deliver data to entitled parties. The operational procedures should then ensure that the format of the data provided is standardised across all parties.

### 2.3. Draft of Final Rule would benefit from review by stakeholders

The Victorian distributors have identified a number of areas where there is drafting ambiguity or inconsistency which could inadvertently lead to mis-understandings and unintended consequences.

For example, the current drafting of the data access provisions in clause 7.7(a) provide that the parties listed are entitled to access energy data or to receive metering data, NMI Standing Data, settlements ready data or data from the metering register for a metering installation. The drafting of 7.10.3(a) however limits the entitlement to access data in the following manner:

- no longer clear that distributors are entitled to access energy data from the metering installation;
- NMI standing data is limited to 'relevant' NMI standing data for no clear policy reason; and
- no longer provides access to data from the meter register.

We have also identified inconsistency in the drafting in clauses 7.10 and 7.11, particularly in relation to whether data is being provided or is accessible through a database and whether distributors would need to replicate the AEMO settlement data in the distributor billing system. These inconsistencies are set out in the ENA submission.

Further the AEMC consultation paper, page 11, explains that drafting of the clauses to give effect to the policy intent that data is provided to enable distributors to meet their regulatory obligations has not been completed. The explanations of drafting still to be provided does not appear to clearly give effect to the stated policy intent that distributors with be provided with data necessary to meet regulatory obligations (NER, NERR and jurisdictional) and free of charge.

The Victorian distributors recommend that the drafting be reviewed to ensure it clearly reflects the policy intention and ambiguities and inconsistencies are removed. We also recommend that stakeholders be afforded an opportunity to review and respond on drafting that will give effect to the stated policy positions before the Final Rule is made.

## 3. Supply interruptions to install or maintain a meter (refer section 3 of the AEMC consultation paper)

**Key messages**

The Victorian distributors support the retailer planned interruptions notifications to customers including life support customers. However we recommend the Final Rules clarify the following matters:

- the retailer must arrange an interruption through the MC or distributor;
- the retailer initiating the planned interruption is subject to jurisdictional safety requirements and liable for adverse impact to customers, rather than the distributor;
- clarify that large customers be afforded the same protections as small customers; and
- ensure there is an effective compliance and enforcement regime.

### 3.1. Obligations relating to retailer planned interruptions

Currently clause 88 of the draft amendments suggests a retailer planned interruption would be captured within the definition of a distributor planned interruption for planned or routine maintenance. This raises the risk that the distributor is held to account on matters to which only the retailer has control over. In particular, meeting jurisdictional safety obligations or compensating customers for adverse impacts resulting from the supply interruption.

For example, the Occupational Health and Safety Act (Victoria) 2004 requires Victorian distributors to ensure, so far as is reasonably practicable, the safety of any workplace that distributor manages or controls. This obligation extends to any person at the workplace, including, for example, employees and any contractor to perform services. Also, Section 75 of the Electricity Safety Act (Vic) 1998 requires Victorian distributors to take reasonable care to ensure that all parts of the network it owns and operates is designed, constructed, operated, maintained and decommissioned in accordance with the regulations and that the network is safe and operated safely. These obligations are non-delegable, and ongoing, duties to ensure the health and safety of persons who may be affected by the state of the assets.

Further distributors have supply obligations to customers under the NER, NERL and connection contracts which impose liabilities on distributors for loss or damage suffered as a result of supply interruption.

The Victorian distributors recommend that the Final Rules clearly:

- delineate between a distributor planned interruption and a retailer planned interruption;
- require retailer, not distributors, be subject to jurisdictional safety obligations, noting this will likely require revised jurisdictional energy legislation[1]; and

[1] Note the following requirements currently apply to non-distributor interruptions for electrical work:

- The fuse removal must be carried out by a suitably qualified Registered Electrical Contract (REC)
- The REC must notify the relevant distributor both before removing the fuse, and before reinserting the fuse
- No party other than a distributor can carry out the interruption (i.e. pull a fuse) for meter installation or other meter work.

- require retailers, not distributors, to be liable for losses or damage suffered by customers as a result of the supply interruption.

In the NERR and the NERL, the distributor provided customer connection services includes

- initial energisation,
- re-energisation and de-energisation, and
- on-going supply.

The drafting in the NERR will need to be amended to allow re-energisation and de-energisation to be carried out by the retailer, but the Victorian distributors consider this redrafting must ensure that the initial energisation of a premise with a new or upgraded supply line remains a distributor responsibility and the retailer's subcontractors are precluded from undertaking this work.

### 3.2. NER should ensure large customers are afforded the same protections as small customers

The AEMC proposes that the NER be amended to prohibit the MC from arranging a retailer planned interruption at a small customer premise, except where the request is made by the retailer and is in accordance with the NERR and jurisdictional energy legislation in Victoria. This prevents the MC from managing non-compliant or faulty metering installations without consulting with the retailer each time prior to any retailer interruption notice.

The Victorian distributors consider that this provision be extended to include large customers, i.e. it should apply to all customers. This is because there will be some large customers who have direct connected metering and will need to have a supply interruption for a meter exchange to occur and the large customer may have opted for the retailer to select the MC to arrange the metering.

The Victorian distributors consider that all customers should be afforded the same protections regardless of their size and who is undertaking the work.

### 3.3. Effective compliance and enforcement regime (NERR)

The NERR currently provides a compliance and enforcement regime in relation to a distributor in the following circumstances:

- where customers are not provided at least four business days notice of a supply interruption;
- where life support customers are not provided at least four clear business days not including the date of receipt of a notification of a supply interruption; and
- where the distributor does not restore supply in a timely manner.

These clauses are subject to distributor licence obligations, compliance with the NERR and an effective enforcement regime, including, compliance reporting, infringement notices and civil penalties.

Under the metering contestability rule change it is now important that retailers and/or MCs also have compliance reporting obligations and civil penalty arrangements in a similar manner as the distributor. The Victorian distributors consider there is no reason for customers to be afforded less protections in relation to interruptions associated with metering when it is undertaken in a competitive market.

Additionally, the obligation on the retailers not impacting another retailer's customer should be an obligation in a rule (under the NERR) as opposed to being captured as an obligation via a definition, refer clause 59B (b)(ii), and should also be subject of a civil penalty.

Where the distributor is undertaking a distributor planned interruption notification for a retailer's metering installation, then the distributor is subject to civil penalties relating to the timely restoration of supply by the retailer's sub-contractors. The obligation on the retailer to appropriately manage compliance with all laws and regulations, including timely resolution of issues and notification to the distributor for supply restoration is important.

The assistance and co-operation obligation in draft clause 91A is placed on the MC and not the retailer, further there is no effective compliance or penalty regime. The retailer cooperation and coordination obligation should be clearly applicable for a distributor restoration of supply as per clause 90(3) where the interruption is for the retailer, and should be the subject of a civil penalty.

The new definition in clauses 59B, 59C (5) and 90 (3) should all be civil penalty clauses which encapsulate retailer management of the meter installation, supply interruption and energisation.

## 4. Customer consent (refer section 4 of the AEMC consultation paper)

**Key messages**

The Victorian distributors support the clarification that customer consent is not required to provide services for the shared network.

The Victorian distributors support no prior customer consent being required where either the metering installation or network device is providing a service which is being used by the distributor for the purposes of supporting the safe, secure and reliable operation of the network.

The distribution network is a shared customer service where the distributor is responsible for managing the whole network to ensure a safe and reliable supply for the benefit of all customers in its network area. Given the shared nature of the network it should not be necessary for the distributor to receive prior consent from individual customers.

We agree that prior customer consent should be required where the service is requested for a specific customer, does not affect any other customer, and is not necessary for the purpose of ensuring safe, secure and reliable supply of electricity for the benefit of all customers.

## 5. Alterations to type 5 and 6 meter installations (refer section 6 of the AEMC consultation paper)

**Key messages**

Victorian distributors recommend that type 4A meters be able to be remotely read without being classified as type 4.

In Victoria, by the effective date of the metering contestability rule change, almost all residential and small business customers' meters will be converted to smart meters being remotely read and delivering actual data daily by 6:00am on the majority of days.

There will remain however three situations where smart meter installations will not be remotely read:

1. the customer has refused to have a smart meter and/or has refused access. This situation will be recognised under the proposed amendments to the draft rules to provide a qualification on the MC/MP obligations to install a type 4;
2. a smart meter is installed but remote communications to the premise is uneconomic. This situation would be recognised in future as a type 4A classification under the draft rules; and
3. a smart meter is installed and some communication connectivity is available, but it is insufficient to provide smart meter services, including those required to meet the national minimum specification. This situation is not addressed in the draft rules.

Situation 3 may exist on the effective date of metering contestability, or could develop after by virtue of degradation of the communications to the premises. For example sites with marginal communications capability, increased surrounding vegetation, or increased interference.

Under the draft rules, meter installations in situation 3 would not be eligible for classification as type 4. However these installations may offer the capability to provide remote access sufficient to enable interval metering data to be remotely retrieved with a level of reliability more akin to the type 5 data obligations, i.e., the communications connectivity may be sufficient to allow metering data to be retrieved remotely to meet the three monthly Next Scheduled Read Date timeframe required for type 5 meters.

Utilising this restricted communications capability could provide savings for the associated MC, and/or enable lower estimated data rates, particularly as these communication constrained meter installations are more likely to be located in sparsely populated remote areas where the cost of manual reading is disproportionally high, and/or the reliability of access for manual reading relatively poor.

Hence the Victorian distributors recommend that the proposed amendments to the draft rules be expanded to allow meter installations to be remotely read without being classified as a type 4, in the circumstances where communications connectivity is available but is insufficient to support smart meter capabilities.

## 6. MC obligations when customer refuses advanced meter (refer section 7 of the consultation paper)

**Key messages**

The Victorian distributors recommend tightening the requirements for type 4A meters to ensure customers receive maximum benefits from smart meters.

The proposed amendment to the draft rules (clauses 7.8.4(b) and (b1)) allow a MC/MP to install a type 4A meter in circumstances where, in their reasonable opinion, the small customer has refused the installation of a type 4 meter. Consequently, the requirement for AEMO to approve an exclusion for an installation without suitable communications is replaced with a customer refusal based on the MCs self-assessment on reasonableness grounds.

The scope of 'reasonable opinion', particularly in the context of the broad criteria set out in clause 7.8.4(c)(1), are very broad, particularly the 'conduct' criteria. This could result in a number of problems:

- the lack of clarity presumes the adoption of type 4A meters will be the exception, however it could become the norm. It is possible that a loose interpretation of the criteria could result in a higher proportion of type 4A meters being installed than the policy intent, the consequence of which results in inefficiency and reduced access to smart meter services;
- over time a two tier system could evolve with one tier containing a significant proportion of type 4A meters. If this were to eventuate then inefficiencies would arise by having to manage two metering systems across the NEM, including:
    - the costs of having to manage manual meter reading and read date billing systems for the type 4A meter; and
    - depending on the MC billing approach, a potential cross subsidisation of the benefits of remote reading from those customers with type 4 meters to those customers with type 4A meters.

To ensure the roll out of type 4A meters is the exception rather than the rule greater clarity and formality in the reasonable opinion test should be included. In particularly the 'conduct' criteria under clause 7.8.4(c)(1) should be made specific to address the smart meter refusal, site access refusal, or site access obstruction by providing evidence of the refusal and taking 'photo graphic' evidence of site access issues.

We note however the opt-out provisions will be specified in the NERR and therefore will not be applicable in Victoria, unless, and until such time as, Victoria adopts NECF. Victorian customers will therefore not be entitled to opt-out in new meter deployment situations as is the case under the current jurisdictional arrangements.

## 7. Application of the framework to transmission connection points (refer section 8 of the AEMC consultation paper)

The Victorian distributors support the need for changes to the March Rules drafting to recognise the special situation with respect to MCs for transmission connection points.