

Final rule to increase consumers' access to new services

The Australian Energy Market Commission (AEMC) made a rule today which will provide consumers with greater opportunities to access new products and services to help them manage their electricity bills.

What issue does the final rule address?

The final rule introduces new arrangements to address issues raised by the Council of Australian Governments (COAG) Energy Council about how electricity metering services are provided to Australian consumers.

Metering services encompass a number of activities, from making sure a customer has a working meter and providing necessary parties with metering data for billing, to providing the many services that an advanced meter can offer to different parties.

The majority of residential and small business consumers in Australia have their electricity use measured by 1950s-style electricity meters that have limited functionality. As a result, most Australians have limited information available to them from which to make informed decisions about their electricity use and costs.

Advances in metering technology, and the energy products and services this technology enables, can give consumers more choice and control. With the right technology, information and price signals, consumers are better able to make decisions about how and when they use electricity, and manage the costs of those decisions.

On a larger scale, the choices consumers make about how they use electricity can affect the operation of the electricity system and the prices that all consumers pay for the electricity they use.

What does the final rule do?

Despite the benefits advanced meters can offer, the current regulatory framework allows, and potentially encourages, the continued installation of meters with only limited functionality. Under the existing rules, there is also limited competition to provide metering services.

The final rule provides a framework for the competitive provision of advanced meters for residential and small business consumers. This approach is being introduced on the basis that competition is more likely to drive innovation and facilitate the deployment of advanced meters and services to consumers at the lowest possible cost.

When the new rules commence on 1 December 2017, small customers will not need to do anything new. Distribution network businesses will continue to provide metering services at a consumer's premises until that consumer and their retailer decide to install an advanced meter or a meter needs replacement.

However, behind the scenes a number of parties, including retailers, distribution network businesses and third party energy service companies, will be working to provide customers with new and innovative products and services and managing their businesses in more cost effective ways.

Consumers, or their authorised representatives, will continue to be able to obtain their electricity consumption data at no cost from their retailer or distribution network up to four times a year. The new rule also establishes a framework for the commercial provision of electricity consumption data to those parties that need it to keep the market running or to provide consumers new services like mobile phone apps that show near real time usage and cost information.

The AEMC has made new rules to promote competition and investment in advanced meters and services which provide consumers new ways to monitor and manage their electricity consumption.

The final rule includes arrangements for Victoria, where advanced meters are already installed. These arrangements will support a smooth transition to the new, national framework in a way that allows the expected benefits of the Victorian government's metering rollout to be achieved.

How will the proposed changes benefit consumers?

The final rule is intended to promote innovation and lead to investment in advanced meters that deliver the services valued by consumers at a price they are willing to pay.

Like a mobile phone or pay TV box, advanced meters are an enabling technology that consumers can use to access a service that they value. Consumers with an advanced meter will be able to choose from a range of electricity services and pricing options on offer from retailers and other service providers, giving consumers new ways to monitor, manage and adjust their electricity consumption.

The benefits of advanced meters can be broken down into five areas, which are outlined in the infographic on page 3 of this information sheet.

How will consumers be protected?

The final rule maintains existing arrangements that protect consumers in their dealings with electricity retailers and network businesses. It also introduces new protections to restrict who has access to the data and services enabled by an advanced meter.

The new arrangements also introduce an ability for consumers to opt out of having an advanced meter installed if they have an existing, working meter.

The *Power of Choice* review: A program for reform

This rule change forms part of a program of electricity market reforms that was set out in the AEMC's *Power of Choice* review. The AEMC and other parties are working on a number of changes to the regulatory framework to support these reforms, including:

1. *Consumer information*: New rules made by the AEMC in November 2014 make it easier for consumers to obtain information about their electricity consumption. This information can help consumers make more informed decisions about switching retailers or choosing an electricity plan.
2. *Technological innovation*: The competition in metering rule change will help provide consumers with the technology that is needed to support choice in electricity products and services.
3. *Poles and wires reform*: New rules made by the AEMC in November 2014 require network businesses to set charges that reflect the costs of supplying electricity to individual consumers. The network charges that consumers pay will better reflect the cost of supplying electricity at different times. New demand management incentive scheme rules made by the AEMC in August 2015 incentivise networks to invest in innovative demand management solutions as an alternative to network expenditure.

The primary objective of these reforms is to provide consumers with the tools and information to make more informed choices about how they use electricity.

For information contact:

AEMC Chairman, **John Pierce** (02) 8296 7800
AEMC Chief Executive, **Paul Smith** (02) 8296 7800

Media: Communication Manager, Prudence Anderson 0404 821 935 or (02) 8296 7817

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CONSUMER BENEFITS

The final rules enable the competitive deployment of advanced metering – allowing people to find new ways to monitor, manage and adjust their use of electricity to suit their budget.



BETTER INFORMATION

- Access to **more detailed** and timely data about what you use and when and associated costs
- More **accurate billing**
- **Easier for you to shop around** for retail offers that better suit your lifestyle and budget



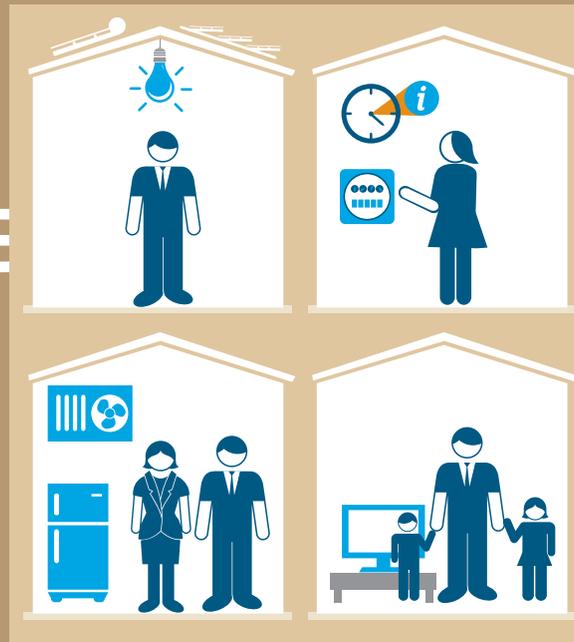
COST REFLECTIVE PRICING

- **Network charges that better reflect the cost of supplying electricity** at the time you use it
- **Cost reflective tariffs likely to lower bills for majority of consumers**, including low income or hardship customers, as they provide greater rewards for reducing peak demand
- **Lower future network costs** as a result of reductions in peak demand, which are passed on to all consumers



BETTER NETWORK SERVICE

- Potential for quicker and **lower cost response** to power interruptions
- Potential for lower network costs flowing from **more efficient operation** of, and investment in, poles and wires



BETTER RETAIL SERVICE

- Retailers will be able to offer **more innovative pricing**, service and product options
- Faster process to switch retailers
- Potential bill savings due to **remote (rather than manual) meter reads** and more efficient retail services
- More **flexibility** for people who want more frequent bills



NEW PRODUCTS AND SERVICES

- **Bigger range of electricity products and services** to choose from such as a web portal or in-home display
- **More control** over smart appliances to manage usage
- Support for **take-up of other technologies** such as battery storage and solar

Service offerings for individual consumers will depend on a range of factors. Competition and consumer choice, rather than regulation, will be the drivers of innovation in new products and services.