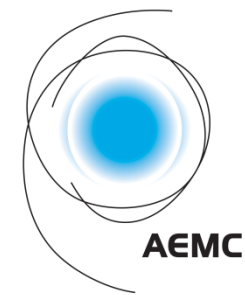


Session 2

Minimum services specification and
opt out arrangements





Minimum services specification



Governance arrangements

Draft rule

- Requires all new and replacement metering installations installed at small customer connection points to be type 4 metering installations that meet the minimum services specification (MSS)
- Sets out a description of the services that all new and replacement small customer metering installations must be capable of providing
 - Requires AEMO to develop detailed procedures

Rationale

- MSS requires assessment of costs and benefits across the supply chain
 - best set out in the NER
- Allows any person to propose a rule change to the MSS following a clearly understood, consultative approach

List of services

Draft rule

- The list of services in the MSS are:
 - Remote disconnection service
 - Remote reconnection service
 - Remote on-demand meter read service
 - Remote scheduled meter read service
 - Meter installation inquiry service
 - Advanced meter reconfiguration service

List of services

Rationale

- The MSS reduces the transaction costs of negotiating access to commonly used services that have broader market benefits
- There is a risk of over-specifying the list of services, with customers paying for services that are not taken up or could be offered more cheaply through alternative technologies
- A relatively low MSS allows the market to drive service and technology outcomes
 - Investment, innovation and technological development to respond to consumer preferences

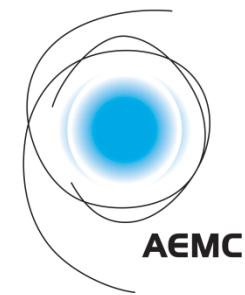
Meeting the minimum services specification

Draft rule

- The MC must ensure new and replacement meters meet the MSS
 - This means a metering installation must be capable of providing the services set out in the MSS, and be connected to a telecommunications network that enables remote access
- MCs may apply for an exemption where there is no existing telecommunications network to facilitate remote acquisition but...
 - ...metering installations must still be capable of providing the minimum services where an exemption is granted by AEMO

Rationale

- This approach maximises opportunities to achieve efficiency gains from advanced meters balanced against the costs



Opt out arrangements



Overview of the draft rule

Draft rule

- Small customers are able to opt out of having their meter replaced under a “new meter deployment”
- Small customers cannot opt out of having a meter installed that meets the MSS in the following circumstances:
 - Where a consumer chooses to take up a product or service that requires a new meter to be installed
 - Maintenance replacement, where meter testing indicates it is necessary or appropriate to replace the meter
 - Replacement due to fault
 - For a new connection (e.g. new house or development)

Overview of the draft rule cont...

Rationale

- It is important that faulty meters are replaced quickly to avoid billing on the basis of estimated consumption for prolonged periods
- The incremental costs of installing an advanced meter that meets the MSS are relatively low compared in a new accumulation meter
- Allowing consumers to opt out risks locking in old technologies that are not in the best long term interests of consumers
- Consumers will still have the option to choose from a range of products and services

Obligations on retailers to notify their customers

Draft rule

- The draft rule requires retailers to give their small customers sufficient notification to allow them to opt out of having their metering installation replaced under a new meter deployment
- Retailers must provide two written notices that include:
 - That the customer may opt out of having its meter replaced and the way in which the customer may exercise such a right
 - The last day on which the customer may opt out
 - Any upfront charges the customer will incur
 - The expected date and time on which the meter is proposed to be replaced
 - The retailer's contact details

Rationale

- This notification process provides a consistent and enforceable mechanism for retailers to allow consumers to opt out