



Backgrounder: consumers and new energy services

Expanding competition in metering and related services – draft determination released for public comment

The AEMC is seeking submissions on proposals to change the National Electricity Rules and National Energy Retail Rules so consumers have more opportunities to access new products and services that would help them manage their electricity bills.

What issues do the draft rules address?

These proposals aim to allow consumers to drive the uptake of metering technology through their choice of products and services which suit their individual lifestyles and budgets.

Most residential and small business consumers in Australia have their electricity use measured by 1950s-style electricity meters with limited functionality. As a result, most Australians have little information 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 everyone pays for electricity supply.

What do the draft rules do?

They provide a framework for the competitive provision of advanced meters and services to residential and small business consumers.

This approach is based on evidence that competition is the lowest cost way to drive innovation and facilitate the deployment of advanced meters and services to consumers..

The draft rules maintain 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 advanced meters.

How will the proposals benefit consumers?

The draft rules are 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 advanced meters will be able to choose from a range of electricity services and pricing options, giving them 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 at the end of this information sheet.

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The Power of Choice review: A program for reform

These rule changes form 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 consult with consumers before prices are set for 2017 and beyond. The network charges will better reflect the costs of supplying electricity to individual consumers with networks required to take into account total efficient costs, consumer impacts and any jurisdictional pricing obligations

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.

Submissions

The AEMC invites submissions on the draft determination and draft rule by 21 May 2015. Submissions can be made on the AEMC website.

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CONSUMER BENEFITS

The draft 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.

