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Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

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Expanding competition in metering and related services – consultation paper

The Energy Supply Association of Australia (esaa) welcomes the opportunity to make a submission to the AEMC on the Expanding competition in metering and related services rule change proposal consultation paper.

The esaa is the peak industry body for the stationary energy sector in Australia and represents the policy positions of the Chief Executives of 34 electricity and downstream natural gas businesses. These businesses own and operate some \$120 billion in assets, employ more than 51,000 people and contribute \$16.5 billion directly to the nation's Gross Domestic Product.

The adoption of advanced metering is a necessary part of the transformation of the electricity sector. Without advanced meters it is not practical to offer customers cost reflective tariffs, it limits options for demand side management, and will impede the implementation of a smart grid. As such, it is important that the policy settings for metering achieves a cost-effective framework which facilitates advanced metering and that maximises the associated benefits.

As a general principle, any part of the supply chain that can be subject to competition should be. As there is no compelling reason why metering could not be provided on a competitive basis, this service should be contestable. That said metering is an enabling technology rather than an end in of itself. When considering approaches for how metering contestability should work, it will be important to assess options against how it will impact the implementation of tariff reform and whether it will prevent the more efficient operation of the network.

The consultation paper proposes replacing the existing Responsible Person role with a new market participant, the Metering Co-ordinator, to operate as a gatekeeper for metering services. The issues paper suggests a gatekeeper is required to achieve objectives around access, security functionality. The paper also suggests that the Metering Co-ordinator could be an accredited third party thus ensuring competitive tension in the market for metering. The issues paper does not offer any compelling evidence that a new market participant is required to enable smart meter services, nor whether having the role as a potential third party service will see it taken up by mass market customers and hence provide a worthwhile alternative to the existing participants. As the introduction of a new participant will impose costs on the system,

options to achieve the metering objectives through clear rules for existing market participant classes should be considered as an alternative.

Some additions and changes to traditional market roles and responsibilities will inevitably be part of the revised metering framework. However, these changes must be carefully considered to ensure that the fundamental National Energy Objective of meeting the long term interests of consumers with respect to quality, safety, reliability, and security of supply are achieved.

In addition to the question of what should be included in the minimum standards for meters, is whether the standard should be national or state based. It would be preferable to have national minimum standards for new and replacement meters, instead of state based requirements. In theory having a single national minimum standard should lead to lower costs.

Given the improvement of the electricity system is in part dependent on advanced metering, there needs to be a no reversion policy. Once a premise has had an advanced meter installed (whether it is a smart or interval meter), even if the premise changes hands, the new customer should not have the option to switch to a meter with less functionality. This will ensure steady progression towards a more efficient system and help to minimise asset stranding costs.

This feeds into a broader point of whether a customer should be able to choose their meter, as opposed to merely choose their tariff option that comes with a given meter (with the cost implications for the decision spelled out). It is unlikely that allowing small customers to choose their meter will improve outcomes. Third party businesses that need to access meters to deliver energy services can be ensured access by the regulatory framework.

Any questions about our submission should be addressed to Fergus Pope, by email to fergus.pope@esaa.com.au or by telephone on (03) 9205 3107.

Yours sincerely



Kieran Donoghue
General Manager, Policy