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Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

ERC0169 - By electronic lodgement

**Additional consultation on specific issues – Expanding competition in metering and related services rule 2015**

Origin Energy (Origin) welcomes this opportunity to respond to the Australian Energy Market Commission's (AEMC) additional consultation paper on the amending rule change to the National Electricity Rules (NER) and the National Energy Retail Rules (NERR).

In Origin's view some of the proposed amendments may have the effect of increasing the cost or discouraging the deployment of contestable meter services unnecessarily. In particular we consider that:

- All services provided by meter providers, meter data providers and metering coordinators should attract a commercially determined fee, even if those services are required to support statutory obligations of market participants.
- Services that are statutory need to be clearly defined. For example, would the provision of kW or kVA data be considered statutory if it is required to implement tariffs set out in a distribution network service provider's (DNSP) tariff structure statement?
- Notification obligations for planned interruptions to supply for the purpose of installing a meter should take into account the purpose of the interruption, alternatives that customers may agree to, and obligations that will apply to retailers and metering coordinators (MCs) with respect to the opt-out approach. Reflecting existing NERR requirements applying to DNSPs may increase the cost of deploying advanced metering unnecessarily.
- The permitted use, retention and installation of new network devices require further clarification. Installing a new or retaining an existing network device needs to be justified where the services it enables could be provided on a contestable basis.
- Similarly, upgrading type 5 and 6 meters to support remote acquisition is an activity that should be tested by offering the opportunity to a MC in the first instance.

We respond to specific matters identified in the consultation paper below. Should you wish to discuss the contents of this response, please contact David Calder, Manager Regulatory Strategy on (03) 8665- 712 in the first instance.

Yours sincerely

A handwritten signature in black ink, appearing to read "Sean Greenup".

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## **Comments on additional specific issues**

### **1. Arrangements for accessing energy and metering data (NER)**

While Origin understands that certain parties require data to undertake their statutory functions, we do not agree with the proposal that meter data and settlements ready data be provided free of charge.

DNSPs are users of the data generated by an advanced meter that will often be installed on a commercial basis and at the discretion of a financially responsible market participant (FRMP) and their appointed Metering Coordinator (MC).

All users of data should contribute to the cost of meter provision and data provision. Historically, DNSPs did not receive data free of charge as they paid their contracted service providers for the data and passed on these costs in turn to FRMPs to recover from customers. Safety requirements are also statutory obligations of DNSPs, yet these services are not provided free of charge; they are part of the operating and capital costs that DNSPs seek cost recovery from the Australian Energy Regulator (AER).

The proposed amendment would see DNSPs access higher quality data than they otherwise would have at no charge (basic versus interval data). Access to and use of such data has commercial value that DNSPs might reasonably leverage to market products to end-use consumers (in competition with electricity retailers and third parties). Defining what constitutes statutory data is therefore important.

Requiring meter data providers to allow access to their metering data services database (MDSD) will create data security and access protocol issues and costs for all active meter data providers in the NEM. Origin does not support this obligation as it runs the risk of delaying the implementation of the rule change as industry (DNSPs, MDPs, MCs) will need to agree on protocols and standards for data access (in addition to work required to implement the shared market protocol). We believe that access to data should be provided to the Australian Energy Market Operator's (AEMO's) MDSD for all parties entitled to data to support their statutory and regulatory obligations.

Origin understands that the proposed changes to chapter 7 of the NER would not support the provision of data other than metering data free of charge to access seekers (for example, meter event logs, demand data in kVA/kW etc). We support strengthening the delineation between data and services that are discretionary and statutory in nature.

Finally, Origin recommends that the AEMC restore the term 'financially responsible Market Participant' in drafting of rule 7.15.5(c)(1) (Access to Data) from 'registered participants'. Incoming retailers should have a right to access NMI standing data, but they do not have a financial interest in the metering installation. The current drafting would impact current business as usual industry practice and would result in customer misquoting and tariff misallocation and conflicts with Access to NMI Standing Data rule change made in 2013.

### **2. Supply interruptions for the purpose of installing or maintaining a meter**

In its amended rule to the NERR, the AEMC appear to require reciprocal obligations on retailers for planned interruptions to what DNSPs are required to comply with where they intend to de-energise a premise. Origin understands that outage notifications are not provided by DNSPs where the customer has initiated the metering change (e.g. in the case of a solar PV installation). Therefore, if the customer initiates a meter change via a product offering in a commercial roll out of advanced metering, it is unclear why all of these obligations would apply to FRMPs where a maintenance replacement or commercial deployment of advanced metering is to take place.

Origin considers that the planned interruption notice obligations applying to DNSPs under the NERR are onerous and were not designed to apply to the installation of advanced metering. Under the proposed changes, customers will receive advanced notification of an interruption due to an advanced meter installation where a FRMP has appointed a MC to undertake a commercial deployment. Such interruptions differ in nature to what will inevitably be routine and brief outages due to meter replacement. In Origin's view, the FRMP and MC have strong incentives to ensure the customer is informed of likely impacts on their supply of electricity throughout the process. As such, the proposed amendments may:

- Contribute to the cost of a commercial deployment of advanced meters;
- Confuse customers if a series of notices are provided (in addition to the opt-out requirements promulgated in the draft rule changes); and
- Require FRMPs to seek customer agreement to a process that could be delivered more efficiently through business as usual practice.

Origin notes that a four day notice period would only be practical where planned maintenance replacements or commercial deployment is being considered. For emergency meter replacement and new connections, the four day notice period will be impractical as it will either extend the outage period for the customer (on an unplanned basis) in the former scenario and will have no effect in the latter scenario as there will generally be no customer to inform. We understand the AEMC has dealt with this to some extent through defining planned and unplanned retailer outages.

Where a shared fuse for two or more premises requires an outage to support the installation of an advanced meter, the FRMP will not be able to de-energise for this purpose where customers are not scheduled for a meter upgrade (or have refused), or are supplied with by a different MC/FRMP. In such situations, the DNSP should be obliged to ensure fusible connection points are upgraded to all customers impacted. This will avoid the issue arising when subsequent advanced meter installs are required or a commercial deployment is made in addition to the obligations in 91A of the NERR (noting that some jurisdictional service and installation rules allow shared fuses for newly connecting customers).

Interruptions initiated by a FRMP are likely to be more common when meter deployments are underway (relative to planned DNSP interruptions). As such, Origin recommends that the obligations for planned and unplanned interruptions for FRMPs be simplified in the NERR rather than be analogous to existing obligations applying to DNSPs (noting that the nature of a planned interruption to install a meter will be brief and that customers should be free to agree to a shorter notice period to that applying under the NERR).

Finally, Origin agrees that DNSPs do not need to be involved in notifying customers where an advanced meter is being installed for reasons of a maintenance replacement or a commercial deployment.

### **3. Customer consent for provision of network-related services**

While seeking consent from individual customers may be onerous where DNSP intends to provide certain network services that result in a "shared network benefit for all customers", it is necessary to explicitly define what these services are. DNSPs should demonstrate to the AER and MCs that such services support the safe, secure and reliable operation of the network.

Should the provision of a service enabled by functions in addition to the minimum services specification (MSS) suggest that customer consent would be required, the service is likely to be contestable, and therefore would be dealt with logically through revised ring-fencing arrangements.

Ongoing consent should be sought when a new customer moves into a premise where such services are in place.

#### **4. Network devices**

On page 21 of the consultation paper, the AEMC noted retailer concerns with respect to the definition of network devices raised in submission to the draft determination. We are unclear what the qualification "...unless the service provided is incidental to the provision of network services that support the safe, secure and reliable operation of the network" achieves in prohibiting DNSPs from using network devices to provide themselves or on-sell services. Economically regulated network devices should not be used by either regulated DNSPs or third parties for the delivery of additional services to end use customers where these services are contestable.

Where insufficient space is available on a customer's meter board, Origin agrees that the installation of an advanced meter should take precedence over the retention of a network device. We note that some network devices will be redundant and not in use (e.g. a defunct controlled load hot water meter). Where this is the case, DNSPs should work with MCs and MPs to ensure that such devices do not prevent the installation of advanced metering. Redundant network devices should be removed to ensure that customers do not continue to pay for network charges for services that are no longer being provided.

The onus should be on DNSPs to demonstrate whether a network device genuinely supports the safe, secure and reliable operation of the network. The cost of these devices is recovered from all users of the network via regulated revenues. If a product (e.g. lower network tariff) is associated with the installation of a network device, the DNSP should seek the customer's consent to this configuration. Network devices historically support a product and it is the product that is of primary interest to the customer, typically delivered by the retailer through the bill (e.g. low controlled-load tariffs for electric hot water). Origin believes that where an advanced meter is to be installed for reasons of maintenance replacement or a market-led deployment, the DNSP should be obliged to consider the delivery of any service provided by an existing network device via the advanced meter if it is capable of delivering it (for example a second element to support load control).

If it is clear that customer consent is required or deemed necessary prior to the installation (or retention) of a network device, it is likely that the device enables a contestable service. Where this is the case, market participants should be provided with the first option to compete to provide the service on behalf of the distributor. If no other party wished to offer the service, then the DNSP should be allowed to proceed with installation of a network device. Customer consent would be required for the first and each subsequent (e.g. move in) customer.

That the DNSP can make an assessment to install a network device based on its own determination may be understood for practical reasons. Should a customer subsequently complain about the meter installation, the DNSP should manage the resolution of these concerns rather than the MC or the FRMP.

Among the amendments recommended by the AEMC with respect of limited space on the meter board, Origin has some practical reservations regarding the requirement that:

DNSPs are to notify the MC that they intend to install a network device a minimum of five days before the proposed installation is to take place.<sup>1</sup>

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<sup>1</sup> AEMC (2015), *Additional Consultation on Specific Issues, National Electricity and National Energy Retail Amendments (Expanding competition in metering and related services) Rule 2015*, page 23.

While we acknowledge that some details will be contained in procedures, Origin questions:

- How this communication between the DNSP and MC will take place?
- Are MCs expected to respond and will the notice be a one way communication?
- Will MCs be expected to know if there is room on the meter panel for such a device and will they have this information?
- If not, will MCs be required to go to the site during the five day period to assess the site or to engage the customer?

Finally, we note the classification of Victorian advanced metering infrastructure as a network device will present a significant barrier to competition in metering and customer choice. While we acknowledge the investment made by Victorian electricity consumers in this infrastructure, we believe that customers should be provided with the opportunity to select products and services that meet their preferences and needs. This choice will be constrained where existing network devices are unable to be removed or substituted because of limited space on a customer's meter board.

#### **5. Alterations to type 5 and 6 metering installations to make them capable of remote acquisition**

Distributor upgrades for access or network monitoring purposes should be allowed after contestable provision of advanced meters to deliver the same benefits has been tested. The FRMP for relevant sites should be approached by the DNSP regarding an upgrade and the MC could then negotiate the services that are required. The impact of the proposed changes may see the expansion of meters classified as network devices and impact the efficiency of the commercial deployment of advanced meters.

For monitoring purposes, DNSPs have alternatives (i.e. meters inside the grid) that do not impact upon customers, can be recovered through regulated revenues following AER assessment and do not impinge on the standard of meter a customer may access in the future, which will be MSS-compliant advanced metering.

#### **6. Metering Coordinator obligations where a customer refuses to have an advanced meter installed**

Origin agrees with the amendments proposed by the AEMC in relation to customers who refuse to have a smart meter installed. We support the addition of a disconnection right were a refusal may, or will, result in the existing metering on site no longer being NER-compliant. Origin further agrees that the additional communication requirements that apply to DNSPs in similar circumstances should also apply to FRMPs.

#### **7. Application of the framework to transmission connection points**

Origin supports the proposed amendments in relation to transmission connection points.