

Presentation Five – Craig Memery, Energy Consumer Advocate, Alternative Technology Association

Will the rule change deliver consumer benefits?

We need to consider; what services will consumers expect today and in the future from metering? What do smart meters mean for consumers today as well as in the future? What are their concerns and what are the risks in the longer term, and how will smart meters be actually efficiently provided for consumers and utilised?

It's important to understand when we consider what direct benefits consumers can expect to get out of meters, and what indirect and market benefits they might get out of them in future.

One of the things that smart meters can potentially offer is direct load control. This is where certain types of loads, be it pool pumps, air conditioners or so on, are managed to capture some supply chain benefits, be it efficiencies in the energy market or in the system or ideally both by altering demand, and of course the consumer gets some sort of a financial incentive for doing so. In the future we might have energy storage, we might have smart appliances, things that are actually, in an automated and/or manual way, responding to price on behalf of a consumer, and allowing them to better manage and store their energy.

But what do smart meters themselves actually mean to consumers?

For most consumers who have them it's a thing that they had to get so that they could put in a solar system, and a lot of them think they've got a smart meter because they were told it is, but really it's just one of those remotely read, or not, interval meters and it doesn't necessarily have the advanced functions. Probably about one in 20 consumers are actually aware of smart meters. About a third of consumers actually associate smart meters with something extremely negative. I suspect there's a very strong Victoria bias to that sample, and they don't want anything to do with them.

On the other hand, a very small number of consumers, probably 1 per cent, think that smart meters are ace and offer fantastic opportunities to do stuff, and they can't wait to get their hands on one. That 30 to 1 ratio probably actually also reflects the good to bad press that we get about smart meters across the board. But what we're most concerned with is the impact on the other 50 per cent of consumers who have absolutely no idea.

About 50 per cent of consumers in the NEM have trouble even finding the best retail deal for them, let alone determining what sort of technology would be required to deliver the services that they might need now or into the future.

Why is all that relevant? It's relevant because generally they'll be oblivious to all the other fantastic things that smart meters might be able to do that they're not thinking about now, because they're renovating a home or they're just installing solar PV or they've just changed

tariff product or changed a retailer.

So the main question that we have is, if we don't achieve the objectives, what will the downsides be? In our view, you could see a lack of access to some consumers for some services.

Now, that might not be terrible from the perspective of not all consumers want them, but it also potentially presents equity issues, particularly if it's your least informed or least engaged consumers who might end up paying more, because meters are efficiently delivered only to those who understand that they can access them. It's going to depend on the commercial decisions that are made by a lot of businesses based on what they presuppose consumers actually want.

It gets to the question of: are we going to achieve the objective? Clearly there are a lot of positive aspects about it, and on the whole I'd say it looks like it's an improvement on the status quo.

Our organisation does still have some concerns about the package as a whole. But will the rule change achieve the best possible outcome for consumers? That's really going to depend on the effectiveness of competition. Our concern would be that there would be an over reliance on all seeing, all knowing consumers making the right decisions today for themselves into the future.

On the original question posed of, will the rule change actually achieve its objective? Overall, it's a bit early and hard to say yet, because it's all a bit of an experiment.

So, for us in summary, there are more questions than answers.