

**AEMC Public Forum – Competition in metering and related services
30 April 2015 (Sydney)**

Presentation One – Kate Reid, Senior Adviser, Australian Energy Market Commission

This rule change is about efficient investment in metering services that supports consumer participation and choice. It's about increasing the availability of products and services that give consumers the ability to understand, monitor and adjust their electricity usage in a way that best suits their preferences and needs.

Building on the Power of Choice review and COAG's rule change request, the draft rule puts in place a competitive framework to deliver this objective.

The objectives of the rule change are:

1. Efficient investment in metering services that deliver services that consumers value at a price they are willing to pay.
2. Supporting the deployment of advanced meters which can provide the information and means for consumers to understand, monitor and adjust their electricity usage.
3. Efficiency of the national electricity system as a whole.

A small customer will continue to purchase electricity from their retailer, and that retailer will manage all the arrangements with the Metering Coordinator for metering services to be provided at their home or small business. DNSPs will automatically become the initial Metering Coordinator for small customers with existing accumulation and interval style meters when the new rules commence. But retailers will appoint a new Metering Coordinator at sites where a new meter is installed or an existing meter is replaced.

While small consumers won't appoint the Metering Coordinator, they can certainly go outside of their retailer and choose to buy value added services from other businesses offering energy services. Large customers can choose and appoint their Metering Coordinator if they wish to. The Metering Coordinator, which is central to the new framework and takes a central position in this diagram, is a new type of registered participant in the market, and has the primary responsibility for providing metering services.

The Metering Provider will continue to be responsible for installing, operating and maintaining meters, and the Metering Data Provider will continue to be responsible for collecting, processing and storing metering data. However, the draft rule doesn't prevent a single entity undertaking the Metering Coordinator, Metering Provider and Metering Data Provider roles, providing it is registered and accredited with AEMO to do so.

So, how does the draft rule promote efficient investment in metering services? A key means of supporting competition under the draft rule has been to make the Metering Coordinator role open to any registered party. The exclusivity arrangements that currently exist do not apply to the Metering Coordinator in most circumstances.

Retailers that wish to establish a Metering Coordinator business must do so through a separate legal entity. This is to address concerns in a situation where a retailer is also the

Metering Coordinator at a connection point, to ensure the retailer does not have ongoing access to customer energy and metering data if the customer switches retailer but the Metering Coordinator remains the same.

Secondly, the draft rule requires the AER to develop and publish distribution ring-fencing guidelines. These arrangements are expected to increase competition and efficient investment by removing regulatory barriers to entry and supporting competitive neutrality.

The introduction of a minimum services specification will see investment in meters that can provide services that will be valuable to parties across the supply chain, and will also provide some certainty to consumers and participants about the services that could be provided.

One of the changes to the NERR that we consider will contribute to capturing an efficiency benefit of advanced meters is providing for retailers to arrange remote disconnections and reconnections directly with the Metering Coordinator.

Provisions have also been included in the draft rule to enable DNSPs to retain their existing network devices, and this includes AMI meters in Victoria, which a Victorian DNSP may wish to retain and continue to use as a network management device. DNSPs will also be able to help fund the deployment of advanced meters in conjunction with retailers and Metering Coordinators. The ability of DNSPs, retailers and third parties to negotiate with the Metering Coordinator for services provided by the metering installation provides opportunities for a range of efficiency benefits in the NEM.

With the technology already in place in Victoria, the focus now should be on realising the benefits of the AMI program. The draft rule includes arrangements to support a smooth transition to the NEM-wide competitive framework in that context. The draft rule provides a commencement date of 1 July 2017, although some transitional provisions come into effect earlier to allow market institutions and participants to get ready for market start.

This rule change is part of a suite of integrated Power of Choice reforms, and the AEMC has been working closely with AEMO, and listening to industry views on an integrated implementation program to implement this package of reforms.