

11 February 2021

Alisa Toomey
Project Lead
Australian Energy Market Commission
REF: EM00040

Dear Ms. Toomey

Review of the regulatory framework for metering services

Aurora Energy welcomes the opportunity to provide comment on the review of the regulatory framework for metering services being conducted by the AEMC.

Aurora Energy made significant organisational change to meet its regulatory obligations under the 'competition in metering' rule change, including substantial investment in its people, systems and operational processes. While more than three years has now passed since the commencement of the rule change in December 2017, a number of key metering issues such as customer experience, stakeholder collaboration and opportunities for the use of data are still developing and being refined as more information and insights become available.

Notwithstanding the extensive challenges and complexities involved in implementing metering competition in Tasmania, the rollout of advanced meters by Aurora Energy to date has been largely successful. In the three year period following commencement, Aurora Energy has led the installation of over 85,647 advanced meters across Tasmania, the highest percentage of penetration across any NEM jurisdiction at approximately 25% of all small customers. Further, leveraging the introduction of metering competition, Aurora Energy has:

- Decommissioned its legacy 'Aurora Pay As You Go' product which utilised aged prepayment meters and transitioned over 20,000 impacted small customers to advanced meters;
- Established its first digital product, aurora+, which is currently used by more than 27,000 customers and is continuing to grow. aurora+ allows customers to take control of their energy consumption and generation information in near real-time. Customers can easily compare their usage daily, weekly, monthly, quarterly or yearly. Key insights and tips such as increases/decreases in energy usage, current time period (peak or off-peak), account balance and payment ability are all provided to the customer inside the digital app; and
- Reduced the reliance in Tasmania on estimated billing, which in turn has helped reduce customer bill shock and related billing complaints.

While there is clear evidence to demonstrate the benefits of advanced meters for customers in Tasmania, it is still too early to make a definitive assessment on the overall effectiveness of the current metering regulatory framework and whether or not customers as a whole are better off. For example, the relatively slow take up of advanced meters across the NEM and the longer term contracts associated with the provision of metering services makes it difficult to determine whether the current framework is providing efficient outcomes for market participants and customers. There has also been significant consolidation in the metering coordinator market, with the number of metering providers reducing since 2017.

Noting the above, Aurora Energy does not support any wholesale or material change to the metering regulatory framework at this time. Aurora Energy believes it would be prudent for the market to be left alone for a longer period in order to reach a more informed view on possible changes and also to avoid any unintended consequences of further intervention.

Aurora Energy remains a strong supporter of the advanced meter rollout and expects advanced metering to play a key role in future market innovation and design (for example, the Energy Security Board's Post 2025 Market Design Initiatives).

Aurora Energy has provided further comment on a number of the specific items addressed in the AEMC consultation paper in **Appendix A**.

If you have any questions regarding this submission, please contact via email at alistair.burke@auroraenergy.com.au

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Alistair Burke'.

Alistair Burke
Acting Company Secretary / General Counsel

APPENDIX A

EXPECTATIONS OF METER ROLL OUT

The penetration of advanced meters in Tasmania has been high in comparison to other jurisdictions, largely off the back of customer requests following the implementation of Aurora Energy's digital product, aurora+, and the retailer led roll out to replace Aurora Energy's legacy prepayment product.

While the pace of advanced meter installation in Tasmania since 2017 is significantly higher than the previous rate of basic meter installation, the overall rate remains within Aurora Energy's initial expectations. Although Aurora Energy views the current pace of deployment as appropriate, it expects this to accelerate over the coming years as digital product offerings mature to meet varying customer needs and the benefits of advanced metering become more visible (e.g. the reduction of estimated bills and number of premise visits). It is estimated that Aurora Energy will roll out approximately 6000 advanced meters per month in 2021-22, with the majority being customer led.

It is clear that advanced meters can provide significant benefits to customers, including those who select digital or other energy products that provide the metering data in a user friendly and informative way. These benefits include:

- Billing accuracy and the reduction of estimated meter reads;
- Development of value-add energy products that provide:
 - Up-to-date account balances to avoid 'bill shock' and promote budgeting/improved cash flow management;
 - Increased transparency of customers usage profiles, leading to a better understanding of how their energy costs are derived;
 - Timely access to usage data to facilitate behavioural change - particularly where data is coupled with a time-of-use tariff (and consumers can see when they're using energy and make conscious decisions to shift usage to lower cost periods).
 - More visibility for solar PV consumers on how much and when they're exporting, giving them the opportunity to optimise their solar return on investment;
- Giving customers the ability to move onto monthly billing cycles which can help reduce bill shock, particularly in the Tasmanian context where there is an extended period of cooler temperatures and increased use of heating appliances; and
- Convenience and flexibility if customers want to change their energy plan or tariff, as this can be done remotely.

Longer term metering service contracts make it difficult to accurately assess changes in metering costs. However, it is clear that the metering service provision market has evolved since 2017, with consolidation of providers and different metering coordinator models emerging (for example, metering coordinators attached to traditional DNSPs and more stand-alone metering businesses).

ARE INCENTIVES IN THE RIGHT PLACE?

Initial evidence suggests incentives are in the right place and the metering market is financially viable (at least for a small number of metering coordinators/providers). However, after a period of significant change it is essential the market is given time to settle before any further regulatory intervention takes place.

Energy retailers are best placed to understand changing customer needs and expectations and can therefore design products/services accordingly. In Tasmania, approximately 15,000 customers have requested and received an advanced meter to either take advantage of the inherent benefits and/or

gain access to a new innovative suite of digital products. This indicates that both retailers and customers are appropriately incentivised to support the roll out of advanced meters in Tasmania.

DRIVERS OF SMART METER ROLL OUTS

Aurora Energy supports the position that retailers and customers together should retain the responsibility for the roll out of advanced meters. This ensures deployment remains aligned to the interests of consumers through targeted and valuable products and services that assist customers in taking more control of their energy experience.

Aurora Energy's initial expectations in terms of drivers for advanced meter roll out have been met. Key drivers include the take up of digital product offers along with the resolution of access issues and estimated bills. In some jurisdictions retailer led roll outs have not been as prevalent, possibly caused by metering provider capacity, legacy physical issues on customer sites and the regulatory notice and related obligations (i.e. customer 'opt out') where a retailer led process occurs. As noted previously, retailer led roll out has been higher in Tasmania due to a one-off project between 2018-2020 to decommission Aurora Energy's legacy prepayment meter product 'Aurora Pay As You Go'.

Aurora Energy has strongly encouraged the installation of advanced meters to help avoid estimated meter reads, particularly during the COVID-19 pandemic following the suspension of basic meter reading services by the Local DNSP. Aurora Energy also provides advanced meter information to customers via its website, frontline customer service teams and "leave behind" collateral at customer premises following meter installations. However, there are always opportunities for retailers to take a greater role in conveying and promoting the benefits of advanced meters to consumers, even where the customer does not select a digital product option.

CONSUMER EXPERIENCE & INDUSTRY COOPERATION

Providing a seamless and efficient customer experience has been a key focus of Aurora Energy since the commencement of metering competition. Generally speaking, the overall experience in Tasmania has been positive with relatively low levels of customer complaints and a strong record of compliance. However, the range of stakeholders required to successfully install an advanced meter (i.e. customer, retailer, DNSP, metering coordinator, electrical contractor) equates to an inherently complex and challenging process.

Further, the physical issues present on many customer sites, particularly in Tasmania with older housing stock, are a significant factor in determining the outcome and experience of a meter exchange. There can also often be a requirement on customers to pay for infrastructure upgrades or improvements behind the meter, which can be a significant deterrent and diminish the benefits of installing an advanced meter.

While the introduction of the '15/6' rule proved important in improving meter installation timeframes and customer experience in many jurisdictions, a less complex environment in Tasmania with one DNSP and one metering coordinator for small customers has resulted in fewer complaints or issues materialising. Aurora Energy aspires to finalise a new meter installation as quickly as possible and provide transparency to customers in terms of timeframes and possible impacts.

However, there remains a number of opportunities to improve the customer experience. Greater visibility of the installation process and providing clarity on the next steps are common drivers of customer queries to Aurora Energy. Other opportunities to improve the customer experience may include:

- Greater cooperation and sharing of information between stakeholders involved in the meter exchange process;
- Providing customers with value-add services to maximise potential benefits of an advanced meter (for example, some electrical contractors can inadvertently provide customers with

outdated information on their tariff setup which results in underutilisation of their technology investment i.e. moving onto a time-of-use tariff when installing a solar system);

- Providing more information about the metering installer prior to their arrival on site (e.g. name, photo), as some customers are reluctant to let unknown people onto their premises;
- Timely updates in the lead up to the exchange and on installation day, especially if there are changes to the expected timings;
- Better awareness for when the installer will actually arrive on installation day - current arrival windows are broad and can be inconvenient given the competing and busy demands of everyday life; and
- Improving outcomes in the scenario customer works are required to be carried out on site. Not all customers fully understand their obligations and the dependency on them to complete works before an installation can progress.

Aurora Energy does not support any material changes in regulatory roles or responsibilities, particularly so soon after the implementation of metering competition. This would only further complicate matters and likely result in added cost to facilitate additional system/process changes without commensurate benefit for customers or market participants.

EXPECTATIONS OF METERING SERVICES

The opportunities provided by the adoption of advanced meters has aligned with Aurora Energy's initial expectations. Advanced meters have enabled innovation in the retail market with greater data, insights and product options available to customers. Advanced meters have supported the implementation of the aurora+ digital product, reduced bill shock and assisted Aurora Energy's solar customers to maximise the benefits of their installations and reduce costs.

While Aurora Energy does not currently utilise the remote connection and disconnection capability of advanced meters, the remote reconfiguring of tariff changes has been regularly used to support Aurora Energy customers to move between tariffs.

COLLECTION AND USE OF METERING DATA & FUTURE METERING SERVICES

Aurora Energy considers that in a retail context, the metering data currently available is adequate to drive innovation and leverage the benefits of advanced meters. Further, Aurora Energy has not uncovered evidence to suggest that material changes are required to its existing tariff structures as a result of advanced meters. While a significant number of customers are choosing to take up the benefits of its residential and business time-of-use tariffs, there remains a significant portion of customers who prefer flat rate tariffs. However, it is acknowledged that advanced meters will help facilitate market design initiatives that may be beneficial and desirable to customers in the future (e.g. demand side participation).

Aurora Energy is focussed on making better use of the data and insights already available and enhance the products it offers to its customers. These enhancements may include:

- The use of disaggregated consumption data to provide personalised and more granular information to customers to facilitate behavioural change;
- Providing near real-time access to consumption data;
- Real-time alerts to notify customers of outages and assist in managing consumption;
- Providing access to gross solar data so customers can improve their understanding of how solar generation affects their household usage, better track the solar exported to the grid and provide a holistic picture of their solar installation.

Aurora Energy is continually investigating new and innovative product and service delivery for its customers. Some potential avenues for further exploration utilising advanced meter data include:

- Seamless transition for Aurora Energy’s digital product customers when they move from one premise to another;
- Compiling usage profiles for its customer segments in order for products and services to be better tailored to individual needs;
- Development of electric vehicle energy plans through the collection of data from vehicles;
- Development of energy plans to incorporate battery storage systems; and
- Leveraging Internet of Things (IoT) capability and smart home monitoring.

It is unclear at this time what impact or benefit the introduction of the Consumer Data Right will have in terms of customers accessing metering data in Tasmania. While metering data is a powerful information tool, the key is the method and format in which it is made available for customers so they can easily understand and derive valuable insights. Aurora Energy considers retailers are best placed to work with customers and deliver metering data in a way that is meaningful.

PENETRATION OF SMART METERS REQUIRED

It is clear that a higher penetration of advanced meters will provide additional opportunities for retailers and can only improve the way products and services are offered, along with the overall customer experience. For example, a greater penetration would assist in facilitating the seamless transition of customers on digital products when they moved premises, as a new meter exchange would not be required as part of the customer on-boarding journey.

While Aurora Energy has undertaken accelerated meter roll-out analysis which demonstrates possible network benefits of a geographic roll-out, it is unclear whether these would be sufficient to warrant a change to the current regulatory framework.

ENCOURAGING THE ADOPTION OF SMART METERS AND FUTURE SERVICES

As noted earlier, Aurora Energy is comfortable that the existing regulatory framework is appropriate for the current needs of metering and further material regulatory intervention is not recommended at this time. While some minor changes may provide additional benefit (i.e. streaming process for retailer led roll outs), customer preference should ultimately remain the primary driver for the adoption of advanced meters.