national electrical and communications association

Alisa Toomey
Senior Advisor
Australian Energy Market Commission

Lodged via the AEMC submission portal

11 February 2021

Dear Alisa,

AEMC Review of the Regulatory Framework for Metering Services

The National Electrical and Communications Association (NECA) welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) review of the Regulatory Framework for Metering Services.

Should you have any questions, or wish to discuss this matter further please, contact Peter McCabe, Director of Policy and Government Relations at peter.mccabe@neca.asn.au or on 0439 707 101.

Yours faithfully

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NECA's comment – AEMC Review of the Regulatory Framework for Metering Services

The National Electrical and Communications Association (NECA) welcomes a wide-reaching and comprehensive review of metering rules as a priority for the electrotechnology industry.

NECA holds the view that the new metering rules introduced in 2017 have not achieved the intended policy outcomes on a number of fronts across state jurisdictions. Consumers and electrical contractors have been adversely impacted by the dysfunctional relationship between retailers, metering providers (MP) and distribution network service providers (DNSP). Delays in performing meter installations and network connections for customers reflects poorly on the electrotechnology industry as a whole, and in some cases unfairly tarnishes the reputation of electrical contractors who are unable to perform the meter installations and connections they could prior to 2017.

NECA strongly encourages the AEMC to expand the terms of the review and scope for developing new rules to include the impacts specifically on electrical contractors and the authorised service provider (ASP) marketplace. Licenced and competent tradespeople, often small and medium family-run businesses, are effectively locked out of a key component of electrical work, unable to provide a single interface and streamlined service to customers.

The introduction of metering providers has added an additional layer of for-profit, privately owned business costs to the power supply chain, in addition to existing consumer charges arising from distributors, retailers and end contractors performing the works. Delivery of a streamlined customer experience has been further complicated through interfacing with a new stakeholder in MPs and metering coordinators (MC) which can't be avoided under the current regime.

NECA holds serious concerns over the rates being offered by MPs to contractors to perform meter installations, especially in rural and regional areas where travel to and in between jobs is significant. Operating a business under these conditions challenges quality and compliance with safety, raising questions about the experience and competency of workers engaged to perform the work. These issues should be given close scrutiny by the AEMC as part of this review.

As a solution, NECA strongly advocates for a national ASP or equivalent scheme for electrical contractors, that allows appropriately licenced and regulated electrical workers to perform works from the network to the meter box, including the installation and connection of meters. Electrical contractors should be permitted to carry a number of smart meters on consignment, and obtain the Nation Meter Identifier (NMI) from the distributor and complete the relevant paperwork on behalf of customers – as was the process for jurisdictions like NSW prior to 2017.

There is also a lack of communication or visibility from MPs retailers to customers, registered electrical contractors and solar installers around the process of installing and commissioning a

new meter. Solar installers are expected to ensure that the solar system monitoring is online after the meter is installed and the advice received is that retailers, metering coordinators and meter providers are providing limited communication to customers, solar installers and electricians on the specifics of when the meter will be installed and what may need to be rectified to ensure its completion.

These communication gaps are leading to wasted visits to site, delays for customers having their meter installed and a delayed ability to use their solar systems due to the meter not being installed.

With regard to maintenance and other works on boards with multiple meters and dwelling connections, electrical contractors are forced to deal with a myriad of retailers. Retailers who often don't possess the technical knowledge or network understanding to make timely decisions in the best interests of a group of customers spread across multiple retailers.

NECA strongly encourages the AEMC to include representation from NECA in this process going forward, and accept our nomination for the reference group: Mr Larry Moore, Executive Director – NECA South Australia and Northern Territory.

Further commentary on behalf of NECA is contained below using the template for stakeholder feedback provided by the AEMC.

CHAPTER 1 – Introduction

1. **Consideration of other market reforms and related work**	
1.2 Is there additional related work that the Commission should consider in this metering review?	Yes, the impact of the 2017 rules on electrical contracting businesses and the ASP marketplace. Specifically, the inability for a single contractor to perform the works required by a customer or builder for a new home or significant renovation – where the scope includes connection to the network, new meter installation and domestic wiring and appliance connection. The AEMC should also investigate the schedule of rates offered to contractors by MPs, and whether they are appropriate in the current market to ensure quality, safety and engagement of appropriately licenced and experienced electrical workers. A more thorough documentation and evaluation of past practices (pre-2017) by the AEMC comparing the customer journey and interfaces required along the supply chain will help to more easily identify and contextualise the problems created for customer and contractors by the current metering rules. NECA also believes the AEMC should involve the AER to investigate shareholdings in MPs by retailers and privatised DNSPs to assure the market there is no issues with anti-competition or ring-fencing breaches. There is a fear amongst members that the profit targets of these enterprises with regard to metering services are being achieved at the expense of fair payment to subcontracted installers further down the supply chain. NECA is concerned that in some jurisdictions the training provided to metering technicians working for MPs is self-delivered and self-assessed as being compliant with Australia Skills Quality Authority

	(ASQA) standards. NECA strongly advocates MPs be required to independently audit their training and accreditation processes through ASQA to confirm it is consistent with industry best-practice.
2. Assessment framework – Do you agree with the Commission's proposed Assessment Framework for this review? Are there any additional criteria we should consider as a part of this framework?	Yes, provided the commitment is met to conduct a wide-reaching and thorough review of all industry and market considerations with regard to metering. A concentrated focus on delivering customer experience excellence, and the rules changes needed to enact this, is likely to drive positive outcomes for NECA members.

CHAPTER 3 – The current state of metering

3. **Expectations of meter rollout**	
3.1 How does the roll out of smart meters to date compare with your expectations?	NECA is invested in a sustainable energy future, which supports electrotechnology businesses to deliver efficient and innovative solutions for customers. NECA does not provide a view on the quantum of smart meters installed nationally, however, we are disappointed by the process and the effective creation of smart meter supplier monopolies and creation of MP businesses that have added complexity, delay and driven rates offered for meter installations well below market price. Customers in rural and regional areas are further disadvantaged than urban areas, due to the lack of established MP supply chains and the time taken to travel to and between installations. The effectiveness in achieving communications outcomes of smart meters in regional areas should also be examined, where telecommunications infrastructure cannot meet existing community and business demands. Multi-customer residential buildings are also disadvantaged, being forced to upgrade meters unnecessarily by the order of retailers and or meter providers.
3.3 What benefits are smart meters providing consumers? Have the benefits changes or improved over time?	NECA does not propose to comment on the effectiveness or otherwise of smart meters on consumer behaviour. We are unable to identify any tangible benefits to customers in the process of installing and maintaining meters as a result of the current regime.
3.4 have the prices for smart meters plus the costs of associated products and services changed from the introduction of *Competition in metering?* If so, how?	It is impossible for NECA to make accurate commentary on this in the absence of data, which needs to be collated and analysed by the AEMC as part of this review. Analysing the trends in energy and associated costs of energy, it is highly unlikely customers are receiving any significant benefits in relation to cheaper costs. If, and again this is unknown, any cost savings that have been realised are outweighed by a burdensome and confusing process, delays and increased interface with the supply chain.
4. **Are incentives in the right place?**	
4.1 Are the incentives in relation to smart meter rollout correct? Please provide details on why/why not.	NECA is sceptical of the motivations of privately owned and run, for profit retailers and meter providers to provide incentives for customers to consume less energy and pay less through their bills.

4.2 Is the current market structure financially viable? If not, for whom is it not financially viable?	Cementing a further layer of privately-owned, for-profit enterprises as meter providers has pushed rates offered to subcontracted installers down. AEMC needs to closely analyse the viability of the supply chain between MP and installer, taking into account current award rates of payment, the typical overhead costs of operating a small business in this industry and market trends for licenced electrical workers and ASPs.
5. **Drivers of smart meter roll out**	
5.1 What were your expectations regarding the drivers of smart meter rollouts?	The 2017 rule changes came as a blow to many electrical businesses in jurisdictions such as NSW, where meter installation and maintenance on behalf of distributors and customers was business as usual. Unfortunately, the fears of NECA and our members have been realised, with a resulting process that has diminished the reputation of our industry with customers and locked experienced, competent electricians accredited through the ASP scheme out of a portion of important work. NECA refers to prior submissions made to the AEMC regarding the 2017 metering rule changes.
5.3 Which parties should be responsible for driving the roll out of smart meters?	Electrical contractors are able to respond to the needs of customers in a more efficient way. They are able to carry smart meters on consignment, and act on behalf of customers directly with distributors to complete the necessary compliance checks and paperwork that is now split between retailers and MPs.
5.4 Do consumers have clear information on the benefits of smart meters and their rights relating to requesting a smart meter?	No, NECA believes the publicly available information varies immensely between retailers and many websites are misleading and far too complex and coercive towards customers.
6. Customer experience – what are your views on the customer experience in relation to smart meter rollout and installation?	NECA has outlined a number as aspects of smart metering post 2017 that has created adverse experiences for customers and electrical contractors. We refer to our earlier comments and introductory commentary contained within this submission.
7. **Industry Cooperation**	
7.1 Do you have any suggestions on how industry cooperation can be improved?	Customers and electrical contractors are drawn into the blame-game and finger-pointing exercises between MPs, retailers and DNSPs. A simpler process allowing electrical contractors to act on behalf of customers and obtains NMIs direct from the DNSPs would alleviate the delay and confusion.
7.2 Are changes to the market structure or roles and responsibilities needed to improve the consumer experience?	A standard national ASP or equivalent scheme allowing electrical contractors to perform meter installations and maintenance works at fair market rates will greatly improve customer experience and eliminate excessive delays.
8. **Expectations of metering services**	
8.1 What expectations did you have around the services that smart meters would provide?	A significant saving to customers, based on the ability of smart meters to provide remote meter readings.

8.4 Are there any services being provided by smart meters which were not anticipated at the time of the *Competition in metering* rule change?	NECA maintains that retailers or others with access to the operations of smart meters, should not have the ability to connect or disconnect power remotely. We believe any mechanisms to allow this without an in-person presence will lead to catastrophic outcomes for customers. It simply can't be known remotely what activities may be occurring in the vicinity of a meter, nor the needs and dependence on power of people in a particular premises or business at any point in time. This must remain an in-person responsibility, and not controlled remotely.

CHAPTER 4 – The future state of metering

9. **Collection and use of metering data**	
9.2 In relation to metering data, who should be able to access metering data, and how? What protections should be in place?	With the permission of customers, electrical workers performing routine works and maintenance should be able to access smart meter data to inform their advice to customers. Electrical workers are at the coal face of engagement with consumers, and are a trusted channel for providing advice.
9.3 What impact do you think the Consumer Data Rights may have on the access to, and use of, metering data?	More work needs to be done by the AEMC and manufacturers to reassure people of the cyber security and data integrity features of smart meters. Any device connected to a telecommunications network is susceptible to hacking and remote data mining.

CHAPTER 5 – Are changes required to the regulatory framework?

12. **Encouraging the adoption of smart meters and future services**	
12.1 Is the current regulatory framework appropriate for the current needs of metering and the market? Is it flexible enough to provide encouragement for the development of future services in metering?	No, throughout this submission NECA has reinforced the adverse impacts the current regime is having on customers and electrical contractors.
12.2 To encourage the higher adoption of smart meters: **(a) What changes, if any, need to be made to the current regulatory framework for metering services?** **(b) What changes, if any, need to be made to other instruments? (e.g. regulatory instruments, guidelines, codes)**	A national ASP scheme that provides clear guidance for licenced electrical workers to perform works between the street and the meter, including meter installation and maintenance allow customers to interface with a single contractor to perform electrical work.
13. **Barriers to realising the benefits of smart meters**	

13.1 Are there other barriers that were not identified by the Commission that you have found to prevent the realisation of benefits of smart meters and/or slowed the rollout of smart meters in the NEM?	NECA has outlined suggested additional scope which should be included as part of this review earlier in this submission. Adoption of our suggestions will improve outcomes for customers and electrical contractors and provide more trusted advocates for smart meter and smart installations at the coal face with customers.
13.2 What changes, if any, need to be made to the current regulatory framework for current arrangements to improve deployment?	NECA has made suggestions earlier in the submission regarding a national ASP or equivalent scheme to simplify the processes for customers and provide electrical contractors access to metering work.

Registration of interest for reference group

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About NECA

The National Electrical and Communications Association (NECA) is the peak body for Australia's electrical and communications sector, which employs 170,000 workers[1] and turns over more than $23bn annually.[2] We represent almost 5,500 businesses performing works including the design, installation and maintenance of electrical and electronic equipment in the building, construction, mining, air conditioning, refrigeration, manufacturing, communications and renewables sectors.

NECA has advocated on behalf of the electrotechnology industry for over 100 years. We help members and our industry operate their businesses more effectively, and represent their interests to all levels of government, regulators and other bodies such as the Australian Chamber of Commerce and Industry (ACCI) and Standards Australia.

NECA members make an essential economic contribution – connecting businesses, homes and infrastructure – encouraging investment, improving reliability and energy security, and delivering affordable, environmentally sustainable outcomes. The safety and reputation of our industry is critical to all tradespeople, consumers, and the community.

NECA is integral to the next generation of electrical contractors. Through our Registered Training Organisations (RTOs) and Group Training Organisations (GTOs), we offer employment and skills development to some 4,800 apprentices nationally. Our success is clear: we proudly boast 90% completion rates across our courses, with roughly one in three licensed electrical workers starting their career as a NECA apprentice.

NECA helps attract entrants to our industry through holistic, high-quality, industry-relevant programs including our scholarship program, the NECA Foundation, and the Women in Electrical Trades Roadmap. We proactively seek diverse workforces, supporting female, indigenous and mature aged apprentices, and promoting career paths for school students and school leavers. We also operate the industry-wide NECA Annual Excellence Awards, which acknowledge and celebrate achievements and distinguished electrotechnology projects, and NECA's Apprentice Awards, recognising future leaders in our industry.

NECA continues to monitor and respond to the Coronavirus (COVID-19) crisis on behalf of our members and the electrotechnology sector, and is working with industry, government and the community to achieve a COVID-19 safe economy and swift national recovery.

SUBMISSION ENDS

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[1] Australian Government 'Job Outlook'. (July 2020) (Telecommunications Trades Workers) https://joboutlook.gov.au/Occupation?search=alpha&code=3424 and (Electricians) https://joboutlook.gov.au/Occupation?search=alpha&code=3411

[2] Ibis World 'Electrical services in Australia Industry Statistics (May 2020) https://www.ibisworld.com/au/industry/electrical-services/325/