



Meridian Energy Australia Pty Ltd
Level 15, 357 Collins Street
Melbourne VIC 3000

11 February 2021

Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Email: aemc@aemc.gov.au

AEMC Ref: EMO0040

Review of the regulatory framework for metering services Consultation paper

Powershop Australia Pty Ltd (Powershop) thanks the Australian Energy Market Commission (the AEMC) for the opportunity to provide comments in response to the AEMC's Review of the regulatory framework for metering services Consultation paper (the Paper).

Background on Powershop

Powershop is a vertically integrated generator and retailer focused entirely on renewable generation. We opened our portfolio of generation assets with the Mt Millar Wind Farm in South Australia, followed by the Mt Mercer Wind Farm in Victoria. In early 2018 we acquired the Hume, Burrinjuck and Keepit hydroelectric power stations, further expanding our modes of generation. We have supplemented our asset portfolio by entering into a number of power purchase agreements with other renewable generators, and through this investment in new generation we have continued to support Australia's transition to renewable energy.

Please find below our responses to the questions raised in the Paper.

QUESTION 3: EXPECTATIONS OF METER ROLL OUT

Although the numbers are steadily increasing, whether the rate of the roll out meets expectations and current requirements is a key question for this review.

1. How does the roll out of smart meters to date compare with your expectations?

Powershop's initial expectations were that more smart meters would be installed compared to current installation numbers. However, those expectations changed over time as the challenges of exchanging meters efficiently presented themselves. Some of these challenges include:

- Shared fusing and isolation issues on site;
 - Asbestos on site; and
 - The drawn-out retailer-led meter deployment requirements in the National Electricity Rules (NER). This burdensome, administrative process renders conducting an opt-out program cumbersome for smaller retailers.
2. Is the current pace of smart meter deployment appropriate? What should be the appropriate pace of roll out?

As stated in the Paper, assuming most smart meter installs are a customer request (both exchanges and new connections), Powershop find the current pace of meter deployment appropriate.

The current regulatory requirements for a retailer-led meter deployment are resource intensive for retailers and metering companies, making such programs too difficult and limits significantly the pace of smart meter deployment.

3. What benefits are smart meters providing consumers? Have the benefits changed or improved over time?

A smart meter continues to provide the following benefits to customers:

- Significant reduction in estimated bills.
- Access to solar and battery storage services.
- Ability to participate in demand response programs.
- The ability to participate in, and benefit from future technologies.
- More granular energy consumption data that enables customers to make more informed decisions about their energy usage.
- Retailers more informed of a customer's usage behaviour, enabling for more tailored, flexible, innovative customer service.

The continued improvement in smart meter technology will enable and encourage retailers to develop new products and services, help customers manage their energy consumption through new products and services and provide opportunities for customers a choice to participate in the broader market.

QUESTION 4: ARE INCENTIVES IN THE RIGHT PLACE?

As well as understanding more about stakeholder expectations around the roll out of smart meters, and whether those expectations have been met, the Commission is additionally interested in stakeholder views on whether incentives are in the right place.

1. Are the incentives in relation to smart meter roll out correct? Please provide details on why/why not.

Powershop believes the incentive(s) for a customer to have a smart meter installed are in the right place when the benefits discussed in response to Question 6 are applied. However, there are also disincentives for retailers to deploy smart meters. Some of these disincentives include:

- Administrative burdens associated with conducting a meter deployment program, and the associated regulatory requirements for an 'opt-out' deployment.
- Managing the compliance risks associated with the prescriptive and onerous regulatory requirements are resource intensive.
- Significant number of 'unable to complete' meter exchanges due to asbestos and isolation issues, increasing costs for retailers.
- Increased complaint numbers due to a customer receiving a meter deployment notice from a retailer. Increased complaints increase costs for retailers.

2. Is the current market structure financially viable? If not, for whom is it not financially viable?

The current market structure is financially viable, but it is ineffective to facilitate the efficient deployment of smart meters.

QUESTION 5: DRIVERS OF SMART METER ROLL OUTS

1. What were your expectations regarding the drivers of smart meter roll outs?
2. Has there been any changes in the overall reasons for installing smart meters since the Competition in metering rule commenced?

MEA Group's view is that there have not been any changes in the overall reasons for installing smart meters. Smart meters are installed for:

- Exchanging a basic meter for a smart meter; and
 - New connections; and
 - Supply upgrades.
3. Which parties should be responsible for driving the roll out of smart meters?

Powershop believes customers and retailers should continue to be responsible for driving the roll out of smart meters.

4. Do consumers have clear information on the benefits of smart meters and their rights relating requesting a smart meter?

Powershop has observed that there is beneficial and clear information on the benefits of smart meters available through retailer contact centres and websites, regulatory body websites and other stakeholders. However, there is also unhelpful information about smart meters on the internet that makes some customers apprehensive about having a smart meter installed.

Powershop has experienced significant push-back from some customers when attempting to replace faulty meters. Without strong independent messaging on trusted stakeholder platforms (e.g. the Australian Energy Regulator and Ombudsman schemes) that faulty meters must be replaced and there is no opt-out for the customer, further push-back and inefficiencies within the faulty meter replacement work likely increase.

Powershop believes independent stakeholders such as the above can influence the reduction of the above issues by providing readily available information on their websites and communication platforms for customers on their rights, and retailers' rights for replacing faulty meters.

QUESTION 6: CONSUMER EXPERIENCE

1. What are your views on the customer experience in relation to smart meter roll out and installation?

Powershop believes the customer experience has been positive overall. The roll out of smart meters to our customers has enabled thousands of Australians to receive more accurate bills and better manage their energy through our technology. However, there have been some negative customer experiences due to the challenges of installing a meter at some sites as disclosed in this submission above.

Powershop (and presumably other retailers) have significant challenges with exchanging a meter due to the issues highlighted with shared fusing/ isolation issues, asbestos onsite and the quality of switchboards and wiring. When a meter exchange cannot occur due to these reasons, the customer experience would not be positive. A rule change was applied in 2020 to help address the issues associated with shared fusing. However, due to its complexity, the problem was reduced, but not removed entirely, highlighting the barriers retailers face.

QUESTION 7: INDUSTRY COOPERATION

1. Do you have any suggestions on how industry cooperation can be improved?
2. Are changes to the market structure or roles and responsibilities needed to improve the consumer experience?

Powershop provides one example of how the roles and responsibilities can be altered to provide an improved customer experience, by requiring distribution networks to share the keys that provide access to the metering equipment as part of a meter installation. Powershop has experienced customers who are dissatisfied because we have not been able to access their meter box. This can be attributed to network locks, and the relevant metering contractor not been able to obtain the required keys from the distribution network.

Advice we have received from networks to-date has been that our metering contractors should obtain keys from customers. This is very problematic and causes further delays because either the customer does not have a key, or they must be present while their meter is installed. Placing the obligation onto the distribution network in both scenarios would create a more positive customer experience.

To expand on this response, if the AEMC wants to see an increase in positive customer experience through this consultation, then the review should focus on what is best for customers, as opposed to what is best for a particular stakeholder such as network distributors (as per the above example).

QUESTION 8: EXPECTATIONS OF METERING SERVICES

1. What expectations did you have around the services that smart meters would provide? Were your expectations met?
2. What services are being provided by smart meters currently? Are these services widely available?
3. What services did you expect from smart meters which have not eventuated?
4. Are there any services being provided by smart meters which were not anticipated at the time of the Competition in metering rule change?

Responding to questions 1 through to 4 above.

It is premature to decide on whether a product or service has not eventuated due to the reasons mentioned, and since Power of Choice (POC) came into effect there has been significant regulatory and market change. Those changes severely limited a retailer's ability to develop new products and services and implement any system changes required to support new products and services.

Taking into consideration that the industry is only three years past the significant change to the operation of the market through POC. Industry participants and external participants (e.g. electrical contractors) are only now properly utilising the robust systems and processes that were put in place, to complement the implementation and offering of additional products and services.

The assumption within this Paper that more smart meters could have been installed by retailers with more innovative new products and services also available from them is not supported by evidence. Those expectations have been proven unachievable because of the regulatory upheaval and market interventions post POC.

QUESTION 9: COLLECTION AND USE OF METERING DATA

1. In relation to metering data, what data should be captured by smart meters and why?

Powershop believes smart meters should continue to capture the same metering data information they can currently acquire.

QUESTION 10: FUTURE METERING SERVICES

1. What is your understanding of other services that smart meters can provide?

The basic functions of smart meters were only recently realised in New South Wales in 2020 with the prohibition lifted for remote re-energising and de-energising capability for properties after the appropriate steps are taken.

With more accurate and timely usage information now known to be delivered from smart meters, retailers can provide and enable customers with smart meters to participate in simple (from a customer's perspective), yet effective demand response programs, such as those that the Energy Security Board (ESB) foresees in its 2025 energy framework program. Smart meters will be an integral instrument in the success of this broad range of work.

2. What future services do you expect or want metering to facilitate?

Once there is adequate penetration of smart meters in the market, Australian households and their retailers can further influence the transition of the energy industry. Large scale programs that capture, store, and deploy electricity throughout the NEM using customers smart meters can form part of the future energy mix. Real-time price signals and cost reflective tariffs will form part of the energy mix once there is an adequate penetration of smart meters. Over time, retailers will gain further insights into energy usage and design more bespoke products and services for different customer segments.

3. If additional services are to be provided by smart meters, how should the costs of providing these services be allocated?

Understanding how new or additional products or services costs will be allocated in the future is difficult, because it depends on what problem the product or service is solving. For example, a project between a retailer, distribution network, and metering company provides grid stability to the network in peak demand periods, then the costs will be allocated appropriately between the parties. Whereas if a retailer developed a product that provided a point of difference that increased customer satisfaction and growth, the retailer and metering company will allocate the cost over the lifetime value of the customer.

QUESTION 12: ENCOURAGING THE ADOPTION OF SMART METERS AND FUTURE SERVICES

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?
2. To encourage higher adoption of smart meters:
 - a. What changes, if any, need to be made to the current regulatory framework for future services?
 - b. What changes, if any, need to be made to other instruments? (e.g. regulatory instruments, guidelines, codes)
3. Are there other avenues of encouragement that are available that the Commission has not considered in this paper?

Responding to questions 1 through to 3 above.

As noted in the Paper, retailer-led deployment only makes up 14.5% of smart meter uptake. To encourage the uptake of smart meters in the NEM, Powershop believes the AEMC should simplify the requirements for retailer-led deployment in the Rules, remove the administrative burden on retailers and metering companies and make the exchange process more seamless for customers.

Simplified retailer-led meter deployment rules would allow retailers to deploy meters more efficiently. Consequently, retailers develop more products and services to compliment the larger network of smart meters and speed-up the overall penetration of smart meters in the NEM - unlocking all the benefits detailed in the Paper.

QUESTION 13: BARRIERS TO REALISING THE BENEFITS OF SMART METERS

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?
2. What changes, if any, need to be made to the current regulatory framework for current arrangements to improve deployment?
3. Are there other tools outside of the regulatory framework that may address some of the current barriers to realising the benefits of smart meters and/or the slower rollout of smart meters in the NEM?

Responding to questions 1 through to 3 above.

Powershop noted above in this submission that the perceived slow roll out of smart meters is a reality of the fact that not all retailers in the market have the resources or risk appetite to undertake a retailer-led meter deployment. The administrative burden required to install a smart meter for a customer as part of an opt-out program is too significant a barrier at this time.

Powershop suggest that Rule 59A of the National Energy Retail Rules could be simplified to allow retailers to advise customers of the meter installation 15 days prior to the installation date, time to give them the opportunity to opt-out. If a customer has not advised they will opt out of the smart meter installation, the retailer issues the customer a planned interruption notice, 5 business days prior to the installation date.

If you would like to discuss any aspect of this submission, please do not hesitate to contact me.

Yours sincerely



James Ell
Head of Compliance and Regulatory
Meridian Energy Australia
Powershop Australia Pty Ltd