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LIGHT THE WAY

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Dear Commissioners,

### **ERC0236 – Metering installation timeframes - consultation paper**

EnergyAustralia welcomes the opportunity to make this submission to the Australian Energy Market Commission's (AEMC) consultation paper on the rule change request for metering installation timeframes.

We are one of Australia's largest energy companies with over 2.6 million electricity and gas accounts in New South Wales, Victoria, Queensland, South Australia, and the Australian Capital Territory. We also own and operate a multi-billion-dollar energy generation portfolio across Australia, including coal, gas, and wind assets with control of over 4,500MW of generation in the National Electricity Market and an annual gas portfolio of over 100PJ.

The consultation paper considers a number of options to improve customer experiences for meter installations and replacements through increased certainty around timeframes and access to information. We fully appreciate the difficulties and frustrations that customers and their electricians or other third parties may face in engaging with retailers, metering providers and distributors in getting metering work done under new arrangements.

The commencement of metering competition on 1 December 2017 was the biggest structural change to the industry since the start of retail contestability. The responsibility to offer, install, maintain and replace smart meters has now transferred from the local network service provider (LNSP) to the newly created metering coordinator (MC), retailers, meter providers and meter data providers. The introduction of new market participants has created additional coordination obligations and interdependencies requiring retailers to adopt new processes and procedures.

We note that many of the concerns being raised by customers, electricians and construction industry groups relate to industry-wide issues. We are working with other retailers, metering providers, distributors, the Australian Energy Market Operator

(AEMO), the Australian Energy Regulator (AER), state regulators, and governments to solve these. These issues are not unexpected for a change of this nature and size. As a retailer, EnergyAustralia is involved in arranging and rescheduling this work many times every day. We also incur additional costs through inefficiencies and the need for multiple visits to some sites. EnergyAustralia is doing its best to minimise the impacts of delays and additional costs to customers and note that in most cases, EnergyAustralia is absorbing these costs and not passing them through.

We certainly strongly support and are actively working towards implementing measures to minimise the timeframes to install meters for customers; however, we do not support an obligation on retailers to install meters within a specified timeframe. The rule change request simplistically jumps to the solution that issues in this newly established part of the industry should be solved using the same type of regulations that applied to distributors in the past. In our view this is a regressive step that is not beneficial for customers or the industry. It will also not address the source of the delays and additional costs.

Retailers operate in a competitive market with significantly different characteristics and complexities. As such, to retain customers it is essential to maintain a high service level and provide good customer outcomes. The industry is only seven months into the new competitive arrangements from when requirements were transferred from LNSPs and there have been significant improvements in installation timeframes. However, regulatory requirements, distributor practices and underlying issues are still a major cause of the longer timeframes that have driven up customer complaints. These include: cooling-off periods; the requirement to update role ownership in industry systems before a meter exchange can be initiated; metering coordinators being prohibited from local re-energisation and de-energisations; isolation restrictions and multi-occupancy scenarios where there is a shared meter fuse; access to locked meter boxes; giving at least four-business days' notice of a planned interruption, and; restrictions in most jurisdictions from using remote re-energisation and de-energisation.

We agree that there is always room for improvement. Customers should not be negatively impacted by meter installation delays. However, it is unclear to us how imposing new obligations around timeframes for new and replacement meter installations will provide better outcomes for customers. This obligation does not solve the underlying issues, listed above, for most meter installation delays. These delays are out of the control of retailers and their contracted metering partners.

An obligation to install meters within a specified timeframe will create additional complexities, adverse behaviours and hinder competition in this early stage. Rather than complicated new obligations, retailers require more flexibility under the rules to adapt to the changing needs of customers. We recognise that the AEMC prefers financial, incentive-based regulation, as opposed to prescriptive rules.<sup>1</sup> As such, we encourage the AEMC to consider the outcomes that matter most for all customers, not just regulatory rules or processes. Any distortionary impact of regulating metering installation timeframes needs to be considered and outcomes should align the commercial incentives

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<sup>1</sup> <https://www.aemc.gov.au/sites/default/files/content//Applying-the-energy-market-objectives-for-publication.pdf>, pg.13

on retailers with interests of customer outcomes. That is – allowing retailers to provide metering services to customers in the way they wish to be engaged.

Our submission addresses the questions outlined in the consultation paper.

## **1. Requirements for meter installation timeframes**

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EnergyAustralia considers that imposing new regulatory timeframes on new connection and meter exchanges would increase costs and inefficiencies as MC's would have less flexibility in managing resources. Instead, we believe, it is more important to:

- Allow retailers/MC's who already have good practices to continue to do what they are doing, while uplifting the practices of other retailers.
- Provide retailers/MC's more flexibility under the rules to adapt to the changing needs of customers.

This would better promote more efficient and beneficial metering outcomes, that are in the long-term interests of customers.

### **1.1. The cost and benefits to customers of imposing installation timeframes**

As metering is now a competitive market, any regulatory response should not provide a disincentive to retailers from innovating and providing a quality of service matching customer expectations. As such, we recommend that the AEMC undertake a cost benefit analysis as part of its determination to consider:<sup>2</sup>

- If the rule change promotes or hinders competition.
- If the rule change will achieve efficient outcomes.
- If the rule change promotes customer choice.
- If the rule change provides clarity of obligations.

Other relevant questions to consider when deciding how to draft any new rule include:

- If the rule change will achieve safe outcomes.
- How to ensure that obligations are effective and are placed on the party or parties responsible.
- What occurs when there are valid reasons why the obligations cannot be met.
- What compliance activities parties must undertake to demonstrate compliance with any new rules and if this minimises overheads.

Connecting new supply needs to be timely as this is critical to customers whether it affects their home or business. A new connection process is different from a meter exchange in that a request can be initiated and a national metering identifier (NMI)<sup>3</sup> allocated weeks or months in advance of the installation of the meter. Customers or builders often request a new connection well in advance of the date they need the power

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<sup>2</sup> AEMC approach to analysis of a rule change, <https://www.aemc.gov.au/sites/default/files/content//Applying-the-energy-market-objectives-for-publication.pdf>, pg.13

<sup>3</sup> A NMI provides a unique identifier for each connection point within the National Electricity Market. It provides an index against which other essential data can be managed and is crucial to the accurate management of customer registration, customer transfer, connection point change control and data aggregation and transfer.

to be on. In addition, many new connections require the distributor to connect a supply line at the site. Once this is done, a meter can typically be installed within a relatively short time.

However, for meter exchanges, while a regulated timeframe provides better certainty to customers, it doesn't guarantee that the meter will be installed within that timeframe. Informing a customer of their right to have a meter installed within a specified timeframe may lead to unrealistic expectations and increased complaints, particularly where the customer may be required to engage an electrician to fix any defects with a meter board so that metering providers can access the meter safely. There are often also situations where the work needs to be rescheduled – either at the request of the customer or the metering provider (e.g. bad weather or no access) or the metering provider can't do the work first time around due to safety reasons (e.g. customer defective wiring or asbestos). Imposing a regulated meter installation timeframe in these cases does not provide any benefit to the customer, rather it is likely to cause more angst.

We consider that the underlying reason for meter installation delays should be addressed. These include:

- The metering provider has no authority, insufficient equipment, knowledge or personnel to isolate the electricity supply at site.
- The metering provider cannot isolate the electricity supply at the site safely or without affecting other customers who may not yet have been notified about an interruption to supply (the latter often occurs due to shared fusing).
- No room on switchboard for the new meter.
- Customer electrical defect.
- Occupant at the site stops works from progressing.
- Unsafe meter board – asbestos or a meter board that has been tampered with.

Being unable to isolate the electricity supply at the site is the main reason why metering installations are being delayed for EnergyAustralia's customers in New South Wales, particularly if our customer's meter runs on a shared fuse with other customers. This typically occurs in apartment complexes, and is not usually known until a meter provider first visits the site because some distributors have informed us they do not hold records of where these sites exist. The situation is even more complicated in that the other customers will almost invariably not have been notified of a supply interruption and in most cases other customers affected will have different retailers. Therefore, EnergyAustralia can't isolate our customer's site and the work can't be completed on the first visit. We are not presently permitted to interrupt the supply of customers to other retailers.

## **1.2. Appropriate timeframe for the replacement of malfunctioning meters**

EnergyAustralia supports extending the timeframes in which malfunctioning meters must be repaired or replaced from ten business days to 20 business days. Due to the regulatory requirements not being revised with the changes in role responsibilities, replacing a faulty meter within 10 business days is unlikely to be feasible, as demonstrated in **Table 1**. Although, the streamlining of some processes and the removal of objection periods (which typically have a 24-hour turnaround) could potentially result

in a faster install time. These changes would require consultation to amend the procedures, and potentially the rules.

**Table 1: Typical example of time line to replace a faulty meter**

Timeline (business day)	Action
Day 1	FRMP is notified of a metering installation fault
Day 2:	FRMP nominates a MC for the site
Day 3	Objection period for MC appointment
Day 4	FRMP appoints MC for the site
Day 5	MC/FRMP appoints a metering party for site
Day 6	Objection period for metering party appointment
Day 7	MC initiates a meter exchange request
Day 8-9	MC schedules the work
Day 9-14 +	A planned interruption notification is issued. Can take longer depending on how notice is provided.
Day 14 +	Metering party replaces meter. It may be later depending on when the metering party can schedule the replacement after the four-business days.

### 1.3. Preconditions to be met before timeframes commence

Each metering job is different and timeframes will depend on external factors such as, the job being done; geographical location; how long a customer takes to respond or fix a defect and the distributor accepting or scheduling appointments, allocating a NMI or turning up to appointments at the agreed times.

EnergyAustralia supports a national approach to regulation and any rule change will need to consider the jurisdictional differences such as the Accredited Service Provider scheme in New South Wales, and that market transactions occur outside the AEMO B2B hub in South Australia. Taking a one size fits all approach, including to geographical location, to the obligation to install meters within a specified timeframe will lead to unintended consequences. EnergyAustralia tries its best to provide timely services to customers in remote locations. However, we note that it is more cost-effective for customers overall if we have some flexibility to batch jobs together. If regulations are much more difficult or costly for retailers to comply with in remote locations, then this could lead to retailers becoming unwilling to offer services to customers in those areas or offer them at prices that reflect the cost to serve. The lack of scale economies is another example of the difference between contestable service providers and distributors that we feel has not been adequately considered. On balance, we believe the best overall solution for customers is to allow flexibility in scheduling of work.

We do not support the approach of prescriptive pre-conditions nor the concept of a 'trigger point' for when a timeframe starts. It will be difficult to recognise the delays leading up to the 'trigger point', the valid reasons and the entities responsible for why timeframes couldn't be met. This complexity may result in extremely costly administration burden when retailers and metering providers are trying to demonstrate compliance with the new rule. It also may add further confusion and need for additional interactions or transactions with customers and electricians to confirm or set the 'trigger point'. If the rule change is made, we strongly urge the AEMC to consider the different

ways it will impact customers, electricians and industry participants and in terms of safety, costs and inefficiencies.

Instead, measures should be considered that improve the meter installation process including better co-ordination and requirements to use the AEMO B2B hub rather than imposing restrictive timelines. Meeting prerequisites, and obtaining notices from a suitably qualified electrician will be complexed and highly variable by job type. As previously stated there are a number of reasons why meter installations can be delayed. Many of these issues are conflated in customer complaints about metering delays.

#### **1.4. How best to address meter installation timeframes**

The question we believe the AEMC should be addressing is how best to deliver timely metering installation outcomes without simultaneously imposing unnecessary regulatory administrative and operational costs, which ultimately flow through to customers. Any regulatory requirement should instead be set at a minimum standard, in such a way that incentivises retailers to perform rather than creating an adverse outcome such as metering work being undertaken late in the regulatory time period. For example, if an installation could be completed within two days, a specified timeframe may now mean the work could be pushed out to the six business days. At a high level we suggest that the AEMC should:

- Provide a high-level approach which meets the intent of the proposal and allows retailers who already have good practices to continue to do what they are doing, while uplifting the practices of other retailers. This will help to ensure energy retailers install meters in a more consistent way.
- Allow a clear, transparent and streamlined approach between AER, AEMO, distributors, MCs and retailers around any approvals, reporting, audit and enforcement activities that may be required, and ensure that these activities don't create excessive red tape.
- Ensure that any changes are fully assessed to ensure the costs do not outweigh the benefits.

Should the AEMC decide to take a more prescriptive approach to the rule change we caution against a specified timeframe of six business days. The suggestion of six business days has not been fully considered against the new metering arrangements. This number is based on the obligations for South Australia Power Networks for connecting a customer – the physical link to the distribution network, not hanging a meter. It is unreasonable to take obligations that were on distributors in one jurisdiction and apply these obligations to retailers nationally.

If a set timeframe must be applied, we suggest a more realistic timeframe would be ten business days from when a distributor provides notice through the AEMO B2B hub that the supply line is connected, and the site is safe and ready (and any distributor who does not currently use the B2B hub for this purpose, must be required to change their approach). Further consideration is needed on what safe and ready means and who determines this. A metering provider may go to a site to install a meter but find that a customer needs to fix a defect before the install can take place – would this mean the 'trigger point' starts again? Any other 'trigger points' will be difficult to monitor or

recognise who is responsible for the delay leading up to this point as the responsibility can change through the job. We consider that this will introduce a level of complexity for the AER to monitor to determine if best endeavours were undertaken.

Any obligation should be on the MC, retailers and distributors. Where a distributor is required to be on the premises at the same time as the metering provider, in most cases the MC can't schedule an appropriate time with the distributor. While, the distributor will provide a window, for example in the afternoon, this means the metering provider has to waste time waiting on the distributor. Distributors should be required to support quick and low-cost metering works where a retailer/metering provider needs to engage a distributor to complete a meter installation. This will allow for cost effective delivery of meter exchanges and installations and provide better customer outcomes.

## **2. Potential measures to improve the meter installation process**

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EnergyAustralia strongly supports the proposal that customers should be able to agree with a retailer an alternative date for a planned interruption, even if this falls within the minimum four-day notification period.

### **2.1. Shorter Planned Interruption notices**

Currently, if a customer requests an interruption to be carried out before the end of the four-business day minimum notification period, retailers are not able to accept the customer's preferred arrangements without breaching the rules. The issue arises with the definition of 'retailer planned interruption' in s.59B of the NERR, which refers to 'an interruption' and, therefore, doesn't distinguish between an interruption initiated by the retailer and an interruption initiated by the customer.

That is, if a customer initiates their own supply interruption, or engages their electrician to perform non-metering works, their electrician is not required to provide four-business days' notification before the work commences. Yet when metering works are required, the customer and metering provider are restricted by the rules.

Not being able to be flexible with customer appointments is creating poor experiences and confusion for customers by causing unnecessary delays in installation processes. This is leading to customers registering complaints with us and energy ombudsmen due to regulatory restrictions hindering the installation of a meter within a shorter timeframe. If a customer calls an electrician around to replace a power point, their power is turned off immediately, they don't need notification four-business days in advance. Customers often do not understand why this is different for metering works.

Any job that is not able to be completed at the first scheduled appointment (for example where additional work is required or inclement weather) is subject again to the requirement for a retailer planned interruption notice, regardless if the job could be performed in a short timeframe and the customer agrees to this. There are instances where changed circumstances necessitate an agreed alteration in appointment, including:

- Two days before scheduled work the customer requested a change of date which better suited their schedule. A technician was available to complete the work but

as the date was within the required four-business day notification requirement this could not occur.

- A customer had a solar installer ready to install their solar panels in the next few days. They were not told that they required a new meter. The customer urgently contacted EnergyAustralia to perform the meter installation on the same day as the solar panels so they only had to stay home from work on the one day. EnergyAustralia was unable to do this as it was within the required four-business day notification requirement.
- A customer contacted EnergyAustralia to change the appointment date to an earlier date. As the meter exchange was at their holiday house, they were only available to provide access at a particular date and time. But this date was prior to the required four-business days' notification.
- Work was unable to be completed at a customer's premises due to heavy rain. The technician was available to complete the work the following day but EnergyAustralia was required to provide the customer with another four-business days' notification.

To avoid these issues, a customer should have the option to agree with their retailer an alternative date for a planned interruption, even if this falls within the minimum four-business day notification period. A record of the account holder/s agreement should be retained in a format, and include information that allows the AER to be able to verify this if necessary.

Additionally, as long as robust processes are followed, we consider that this flexibility should also apply to life support customers who request a planned interruption within the minimum notification period. We understand that energy ombudsmen have received complaints related to life support customers and the inflexibility of retailers not being able to install new meters earlier. Changing this rule is consistent with good customer service and similar regulated energy industry processes and will enable us to deliver better outcomes in metering installation for customers while continuing to provide customer protections

### **Greater benefits to customers**

The benefits to customers from allowing flexibility around this rule primarily arise from affording customers greater discretion to coordinate the preferred timing of their planned interruption for the installation of the meter.

This will also contribute to the achievement of the National Electricity Objective and the National Energy Retail Objective by supporting effective delivery of metering services to consumers. It will promote the efficient provision of energy services as we will be able to undertake more efficient processes in co-ordinating metering works leading to reduced costs. Additionally, providing customers with better control over the management of a planned interruption associated with a meter replacement is likely to result in better customer engagement and mitigate any negativity or confusion associated with the introduction of advanced meters.

It will also encourage efficient and lower cost meter replacement services, as MCs can coordinate several installations in the most efficient geographical sequence. In most

cases, power supply is only interrupted for a short period of time and most jobs can be completed when the customer is not home so the customer impact is usually minimal. If a customer cancels an installation, the most efficient response would be for the MC to schedule another job within the same geographical proximity subject to the customer's consent. If it is convenient for both the customer and the technician, the job can be undertaken at short notice.

## **2.2. Customer notification process for new meter deployments**

We support customers making informed decisions about whether to accept a new meter as part of a pro-active deployment. However, we consider that the opt-out notification processes could be streamlined. Currently, retailers are required to provide two written notifications to the customer – the first no earlier than 60 days, the second no later than 15 days before the installation. This process must be followed even if the customer has given their consent. We would encourage the AEMC to consider a more flexible approach to this requirement. For example, requiring retailers to provide only one notification informing the customer of their right to opt-out, no earlier than 30 days before the installation.

## **3. Other issues related to planned interruption notices**

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### **3.1. 24-hour phone enquiry line**

EnergyAustralia supports the removal of the requirement for a 24-hour phone enquiry line. In the event a customer loses power supply (which is an emergency, not an enquiry), the most common reason is a distribution network issue, which is why the rules mandate the relevant distributor's 24-hour number as the emergency contact number on the customer's bill. Emergencies rarely relate to metering or life support needs and we have seen no evidence to support a significant customer need to contact retailers to discuss metering outside of normal business hours. 24-hour numbers are unnecessary for enquiries and would add substantial costs with no clear benefit. If there is an emergency, distributors, who are set up to handle emergency calls at all hours due to network outages and incidents, remain best placed to respond. Also, distributors and retailers generally have agreements that distributors will bypass customers' meter, where safe, and if this enables the customer's supply to be restored earlier. This arrangement could potentially be formalised in the rules.

### **3.2. Planned interruption for large customers**

EnergyAustralia supports flexibility around notification requirements. Given the sensitivity of the loss of supply to large customers, we typically set up an appointment time to ensure that any supply interruptions occur when most suitable for our customers. As such, we do not consider that a planned interruption notice is necessary for large customers as it only functions as an administrative requirement.

### **3.3. New information in considering these issues**

#### **Multi-occupancies**

Multi-occupancies are the sites where the meter installations have shared-fusing, for example apartment blocks. One of the biggest challenges for these sites is the need to coordinate between all customers, as customers could experience multiple interruptions as individual meters are changed at different times. We are working with other industry participants to design and implement solutions to address this issue. It is not yet clear what the optimal solution is due to the complexities that arise in the field. The solution/s must minimise customer delays, number of interruptions and be more cost effective for retailers (and ultimately customers). This may require either rule changes or agreements between all parties in each network area.

#### **Role of distributors**

In making any changes to metering rules the AEMC should consider the role of the distributor in ensuring that meters are installed in an acceptable timeframe. Distributors are in unique positions in that they should have records of the conditions of their meters, wiring configurations and supporting infrastructure (i.e if there is an isolation point where multiple customers share a single fuse).

Additionally, there are occasions where the lack of co-ordination or reluctance from distributors to assist are causing metering delays. For example, some meter boxes are locked which prevents access for metering providers. Distributors have indicated reluctance to provide master keys to metering providers, preventing access to many sites. This is often the case in apartment blocks where meters are locked away in a room. Some distributors have also imposed significant and unregulated fees on retailers to perform isolations for multi-occupancy premises. This has been reported to the AER, however, as yet is unresolved. We are working with other participants to require distributors to:

- Provide more transparent information around meters and supporting infrastructure so metering providers can better manage customer expectations.
- Provide clarity of work practices to be used where appropriate.
- Charge reasonable fees in the event they are required to assist with the provision of metering services.
- Potentially to work with us to implement new processes or protocols to minimise customer impacts.

## **4. Summary**

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It is not clear that placing an obligation on retailers and metering providers that replicates obligation on distributors is a suitable approach to minimising meter installation timeframes for customers. If the rule change proceeded as per the request, there is also likely to be an increase in costs that will be passed on to customers, and in some cases would result in more customer confusion and possibly a lack of competition in rural and regional areas.

We outlined the key reasons why customers are experiencing delays and what we and others are doing to address these. If additional regulatory measures are seen as necessary, we strongly urge the AEMC to look in depth at the questions, practical issues and suggestions we have raised.

With regards to the four-business day notification of a planned supply interruption, we see this as one of the main sources of delay, confusion and complaints for customers. To address this, only a small change is required to the rules to allow retailers and MC's to prove they have the agreement of the account holder. This rule has clear benefits to customers, retailers and metering providers and should be made as a priority.

If you would like to discuss this submission please contact Carmel Forbes on (03) 8628 1596 or at [carmel.forbes@energyaustralia.com.au](mailto:carmel.forbes@energyaustralia.com.au).

Regards

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