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Australian Energy Market Commission
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AEMC 2018: Metering installation timeframes Consultation Paper

Thank you for the opportunity to comment on the comment on the consultation paper regarding metering installation timeframes.

The Housing Industry Association's (HIA) members and homeowners in Queensland, regional NSW, the ACT, Victoria and South Australia have been significantly impacted by the introduction of the contestable metering (power of choice) reforms in December last year.

The introduction to these new requirements has meant that builders and owners of newly constructed homes have faced significant delays in getting power provided to site and meters connected. In some instances members have experienced delays upwards of 16 weeks but more commonly 8-12 weeks for a process that previously took on average 1-2 weeks.

In many situations members have completed new homes ready for handover to homeowners however, homeowners have not been able to move in due to the delay in connecting the new smart (advanced) meters. This has occurred despite requests for meters being placed with retailers at the commencement of the building project.

Further to this HIA is aware of situations where home owners have moved into newly constructed homes relying on on-site generators or temporary power poles whilst waiting for meters connection to their homes.

We are also aware of a small number of instances where builders have either been required to pay liquidated damages to home owners due to project running over time and where builders have had to pay additional rent for homeowners or assist with temporary accommodation as a result of the delays.

These added costs are further compounded as in the majority of cases builders are having to rely on on-site petrol generators for the period of construction, adding significant cost to the construction of a home through hire fees and petrol for the running of the generator. The use of generators has also seen some nuisance claims (for noise) against builders particular for construction of new home in established areas.

Conservatively we have estimated that these costs alone are adding a minimum of \$2000 to the construction of a home. To multiply these costs across the number of new homes built in the affected states over the last six months, and predicted to be built in the next 6 months is a significant amount.

This situation has been most prominent in South Australia and Queensland, but also significant delays have also been encountered in the ACT, Victoria and areas of NSW outside of Sydney. It should be noted that these are not isolated situations and rather has had widespread implications.

The majority of the issues now being encountered by builders appear to be the result of the splitting of duties between retailers and network providers and their contractors under the National Electricity Laws. What was previously a very simple task that involved a single phone call by the builder, or the builders electrician, to the power company has become complex to the extreme. The transition to the new arrangements have been poorly managed, the new system appears convoluted and no one knows how is directly responsible for what step and how to create a new streamlined and cost effective process. In speaking to numerous state and federal bodies over the last few months, each has expressed a view that they are not the cause of the problem, and generally are not the entity responsible for the solution.

This is highlighted in the Consultation paper at Figure 2.1 on metering roles and responsibilities which identifies the complexities that the introduction of the additional players in the supply chain has created, now involved metering co-ordinators, metering providers and metering data providers each of who generally outsource the service to their contractors. HIA has been receiving reports of the new smart meter connections being passed through up to 8 sets of people.

HIA recognises the background to the power of choice reforms and the potential benefits they are hoped to provide homeowners including greater choice, more accurate billing and potential bill savings. Whilst well-intentioned the implementation on the ground of the roll out of smart meter connections to new homes has been and continues to be extremely problematic.

This poor implementation is significant impacting on the successful delivery of these reforms and the customer experience and confidence in the reforms is extremely low at this point in time.

The proposed rule change could assist in having a prescribed timeframe for new metering connections and for penalties to be available where this timeframes is not met. However the long lead time for the rule change process is likely to see this change not take effect, if supported, until sometime next year. This is not considered appropriate.

Further to this it is unlikely that this rule change alone will be the answer as it appears to be more of an aspirational approach as opposed to being a regulated timeframe.

HIA is ultimately seeking to have the outcome of the new arrangements be identical to the outcome that was possible before December last year. That is, a builder, home owner or the builders electrician, must be able to place a call to a single entity and within a maximum period of 2 weeks a new smart meter be installed, the site powered up and commissioned and power be available to be used for either the construction phase of the project or by the time the home is completed, whichever the client wishes.

HIA considers that for a retailer to be able to provide timely installations, urgent changes to the process are required that permit a builder's electrician or electrical contractor who has specific qualifications, to run the mains power from the pit or pole to site, hang the meter and power it up, in a single visit.

In reading the National Electricity Rules and our discussions with the various bodies involved, our understanding is that there is not legislative impediments that would restrict this outcome from being achieved.

Whilst we understand that this may present challenges given the split duties under the new legislation between the retailer and the network provider, and metering providers and metering co-ordinators, we consider this can be resolved through appropriate agreements between these parties. These matters are essentially operational issues, and the interaction for the customer to obtain the meter and power connection should be seamless.

In addition to resolving the current complex implementation process for the changes, HIA is also concerned about the future implications of the changes that appear yet to be defined. It is unclear under the new arrangements:

- Who owns the new smart meter?
- Who pays for ongoing maintenance?
- What happens if a home owner wants to change retailers – is a new meter required to be installed to facilitate a new retail service provider?

In the context of a new home these questions need to be addressed as it is highly possible that a builder will choose to use 'retailer A', yet the homeowner moves in and soon after chooses to move to 'retailer B' whether due to habit, better offers or poor service.

In this scenario:

- Would the home owner need to have their smart meter replaced for the other retailer's meter? And if so at what cost?
- Would the home owner potential face penalties for breaking contracts entered into by the builder on their behalf?
- Will homeowners be locked in to say 12 or 24 month contracts for a particular retailer?

Depending on the answers to these questions HIA is concerned about the implication this may then have for the builder?

HIA has met with relevant parties regarding the changes at state and local government level and nationally. These question have been posed to various bodies in those meetings and we are yet to get a direct answer.

HIA has also been in regular contact with other building industry and electrical contractors associations who share our concerns regarding these reforms and the significant delays in meter connections being faced by the industry.

We have also had discussions with the electrical retail and network distribution bodies in the affected states. Unfortunately, whilst some improvements had been made in recent weeks, the significant delays still remain and appear far off reaching an appropriate resolution.

Therefore the following recommendations are put forward to assist in progressing a resolution to this issue:

1. That the AEMC support the rule change proposal for retailers to provide new metering connections within six business days from the time the small customer places the request.
2. That the AEMC make this rule as a matter of urgency, using either the 'fast track' or 'expedited' process.
3. That concurrently to this rule change being enacted, that changes are implemented by each retailer and the network distributors to allow the builders contracted licenced electrician, or a contractor to them with relevant qualifications, to run the mains power from the pit or pole to site, hang the smart meter and power it up to ensure that the prescribed timeframes are achieved.
4. That the installation process be amended to ensure that the request for a metering connection from a customer (whether builder or home owner) to a retailer involves a single phone call to one entity that then handles the request through to delivery.
5. That retailers are requested to develop on their website or through a portal, a means for customers to track the progress of their job from logging it to completion. This will ensure transparency and traceability for metering connections for customers. This has already been implemented for other services and we are aware some electrical retailer have started to look at this.
6. That clarification be provided on the processes involved under the new arrangements for homeowners to change retailer where a new smart meter has been installed.

HIA would be happy to meet and discuss any of the matters in more detail and I can be contacted on 02 6245 1352 or s.croft@hia.com.au.

Yours sincerely

HOUSING INDUSTRY ASSOCIATION LIMITED



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