

Metering Installation Timeframes

Submission to the AEMC's review of metering rule changes

June 7 2018



1.0 About the submitter

Master Electricians Australia is the nation's leading advocate for improved quality, safety and efficiency in the electrical contracting businesses. We have members in every state and territory, giving us direct experience in navigating the disparate regulatory regimes. Master Electricians Australia is an experienced and trusted adviser to governments and regulators on industry issues.

2.0 Background

The Australian Energy Market Commission introduced rule changes in 2017 aimed at improving the metering installation process for customers. These included removing control over metering from the network provider and handing it directly to the retailer, and setting a timeframe for retailers to provide customers with new meters. In some states, such as New South Wales, the changes have largely achieved their stated goals, because the state's "light touch" regulatory regime has not interfered with the intended operation of the *Power of Choice* regime.

This is because New South Wales allows licenced electrical contractors with the appropriate training and accreditation (Accredited Service Providers or ASPs) to install meters and connect homes directly to the grid. As a result, the contractor who is wiring the house is able to complete the entire job while he or she is on the premises, rather than waiting for the network provider to connect the home to the grid and then the metering provider to install the meter, then having to return to test all the wiring. If the contractor is not accredited to install meters and network connections, he or she will often have a professional alliance with a contractor who is. This means the entire process can be managed very efficiently by a single contractor, with appropriate oversight by the retailer.

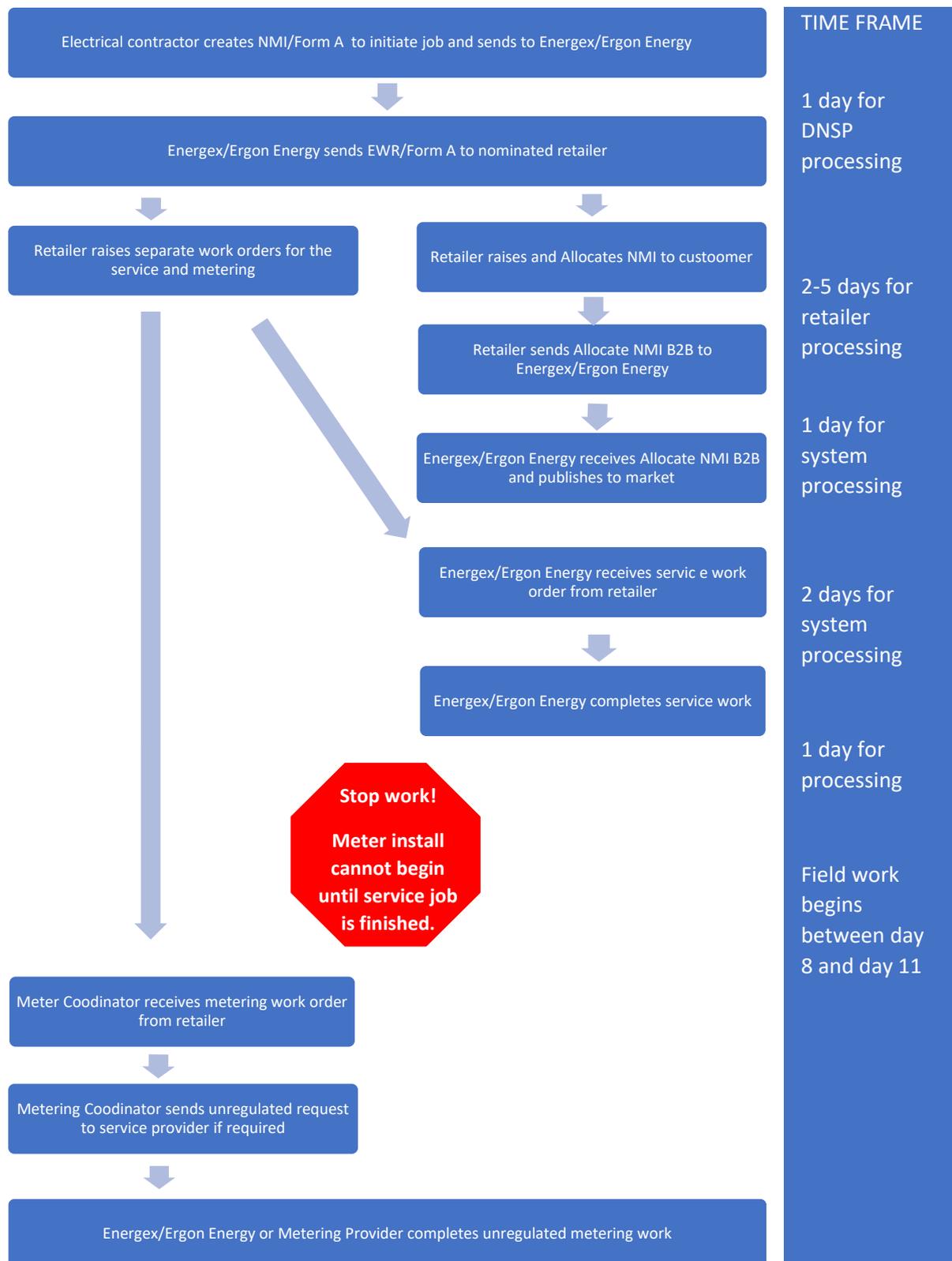
In other jurisdictions, including Queensland, South Australia, Tasmania and the ACT, the existing state regulation has interacted with the new national rules in an adverse way. And rather than delivering the expected benefits to consumers, the combined impact of two apparently incompatible regimes has been to significantly increase red tape and the timeframe for connections to new homes. In Queensland, for example, the minimum connection time for a new meter has blown out to between 8 and 21 business days, depending on location and how quickly all the interactions between the various agencies occur. In reality, most electrical contractors and builders are reporting that the process takes between eight and 12 weeks. **Previously, this was a simple interaction between the ESP and the retailer, which took no more than five days.**

The process for any additional or alterations to an existing service is even longer, as a Planned Interruption Notification (requiring two days' notice to the customer) must also be issued in writing. This means that this process now takes between 13 and 28 business days, depending on location and workflow. This is an increase of between 5 and 14 days.

In addition to the time delays, the new system in Queensland has created a situation where electrical contractor must make repeated visits to the site. In NSW, the contractor tests the mains cables once prior to connecting them to the grid and performs a polarity test once after connection, before the site is energised. Under the current Queensland system, the installing contractor, the service installer and the metering installer are all obliged to perform these tests to meet their obligations. The additional time of this rework is very unproductive, and ultimately the cost is borne by the builders and their customers. We estimate the net additional cost of multiple site visits to be in the order of \$700 per home, compared with having a single contractor perform all the work.

2.0 Power of Choice isn't working properly for new connections

The following diagram shows the series of activities and interactions between various players that must occur for a new metered connection in Queensland. While the time frame varies between city and country areas, the steps in the process are largely uniform state-wide. Other states and territories are experiencing similar red tape delays.



3.0 Recommendations for changes

Master Electricians supports the notion of a federal regulatory time limit on the meter installation process. However, we are not confident that simply imposing the rule will remove any of the regulatory blockages that exist in some of the state systems. Targets – even mandatory ones - cannot by themselves deliver the streamlined processes that are needed to restore the efficiency of electricity connections in all states.

The ideal solution is for all states to implement the (proven) NSW model, allowing suitably qualified contractors to install meters when they are wiring a new home, and to connect that home to the grid when they have completed the metering work. In most states, an Accredited Service Provider (ASP) scheme for meter installation and connection could be in place in a matter of months. We believe this solution will cut out the unnecessary steps that are currently clogging up the system, and allow approved electrical contractors to perform all the work while they are on the premises. This will maximise competition in the market, slash the unwanted red tape that currently surrounds the process, and give home builders real power and real choice.

We understand that this is – in the strictest terms – a matter for the states and territories. Master Electricians Australia is in the process of lobbying those jurisdictions with the most complex regulatory regimes to move to the New South Wales ASP model as a matter of urgency. However, we feel that additional support for this reform from the AEMC would help convincing state and territory regulators and governments of the importance of getting this right.

4.0 Breaches of the ring-fencing provisions

As well as causing significant delays to meter connections, the cumbersome nature of the federal and state regulations is now also prompting systematic breaches of the ring-fencing provisions, which severely undermines the intent and the free market nature of the Power of Choice model. In our experience, state-government-owned ESPs are finding the system too difficult to navigate, and “insourcing” metering work to their own workforce – allowing them to install meters and connect homes to the network while they are on site rather than following the new rules. This approach will, no doubt, cut the waiting times as it eliminates many of the steps in the diagram above. However, it entirely cuts out electrical contractors from the contestable work. This reduces competition and denies consumers the full benefits of the national rules. Master Electricians Australia recommends federal regulators, including the AEMC, thoroughly investigate the operation of the new regime to ensure all jurisdictions are complying with their responsibilities, and rigorously enforces the ring-fencing arrangements.

5.0 Contact

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