

Mr James Hyatt
Project Leader
Australian Energy Markets Commission
PO Box A2449
Sydney South NSW 1235
ERC0246

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Advanced meter communications

The Australian Energy Council (the AEC) welcomes the opportunity to make a submission to the Metering Installation Timeframes Draft Determination.

The AEC is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses.

The Australian Energy Market Commission's (AEMC) rule change on expanding competition in metering and related services (competition in metering) was designed to open up competition in metering services and give consumers more opportunities to access a wider range of services. Amongst these service offerings was the retention of the customer right to refuse the installation of advanced meter communications.

This AEC submission will respond to the consultation questions of:

- Expected costs and benefits, and;
- The reason/s for customers' refusal.

Expected costs and benefits

The original rule changes that enacted the new Chapter 7 of the NER focused on enabling choice. The final rule sought to embed a "competitive framework to promote innovation and lead to investment in advanced meters that deliver services valued by consumers at a price they are willing to pay"¹ which included the expected costs and benefits associated with the choice a consumer might make in relation to whether or not their communications capabilities were enabled.

From a retailer perspective, the only additional cost associated with disabled communications capability is the manual read costs associated with a higher number of type 4 meters requiring manual reads. Retailers can utilise a variety of options to ensure this cost is recovered from the customer making the choice, such as charging a fee for service for those customers electing a type 4 meter without communication capability.

This cost will be more than outweighed by the consumer benefit of not having to initiate a new meter installation, and instead simply switching off communications in an existing type 4 meter installation.

¹ <https://www.aemc.gov.au/rule-changes/expanding-competition-in-metering-and-related-serv>

Retailers estimate the cost of disabling meter communications on a type 4 meter is three to five times lower than replacing it entirely.

Customers that wish to convert a type 4 meter to a type 4A, and are unable to do so in what in their view is a reasonable manner, are also more likely to complain. Therefore, the ability to act on a customer's request without the need for internal complaints escalation or the Ombudsmans involvement will also reduce the cost and time necessary to achieve the customers' desired outcome. This will have the added benefit of improving the customer's experience with their energy provider under metering contestability.

The reason/s for customers' refusal.

Customer refusals are generally seen under two broad categories:

1. Where a retailer has to exchange the meter as a result of malfunction, a refusal meaning either:
 - Customer prevention (on site/on scheduled date) meaning meter exchange cannot take place.
 - Customer refusal/opt-out (off site/prior to scheduled date) and results in COMMS4A to be installed.

2. Where retailer is rolling out smart meter as a campaign, a refusal meaning either:
 - Customer prevention (on site) meaning the meter exchange cannot take place.
 - Customer refusal/opt-out (off site/prior to scheduled date) also meaning the meter exchange cannot take place.

There is also a problem of customer dissatisfaction post implementation, meaning that the customer contacts their retailer post-deployment and expresses concerns, and wants the active remote communications removed. The outcome of this being largely that the retailer converts T4 to T4A.

Retailers are best placed to provide specific numbers on small customer refusal of active remote communications.

Any questions about our submission should be addressed to David Markham, Corporate Affairs by email to david.markham@energycouncil.com.au or by telephone on (03) 9205 3107.

Yours sincerely,

David Markham
Corporate Affairs
Australian Energy Council