

24 October 2018



Jess Boddington  
Project Leader  
Australian Energy Market Commission  
By email: [submissions@aemc.gov.au](mailto:submissions@aemc.gov.au)

Dear Ms Boddington,

**Metering Installation Timeframes Draft Determination – Rule Change Proposal – REF ERC0236**

Aurora Energy welcomes the opportunity to provide comment on the Australian Energy Market Commission's (AEMC) Draft Determination for the Metering Installation Timeframes – Rule Change Proposal issued on 13 September 2018.

The transfer of the responsibility for small customer metering from distribution businesses to retailers and Metering Coordinators through Power of Choice (PoC) rule changes has been a challenging industry reform. Aurora Energy has been working towards achieving optimal customer metering service outcomes by:

- leading all industry participants to improve metering service processes, in particular working with electrical contractors to formulate a shared approach to understanding and meeting customer expectations; and
- communicating on an industry-wide basis to provide greater clarity and certainty to customers regarding the installation of new and replacement meters.

Aurora Energy and its industry partners continue to invest significant effort to embed and improve the metering installation processes for customers. This effort has produced positive results and demonstrates the value of taking a customer-focused approach to metering services.

However, in Aurora Energy's view, the imposition of prescriptive maximum meter installation timeframes does not directly support a customer-focused approach. Consequently, Aurora Energy does not support the proposed rule change, as it exacerbates delivery challenges and requires increased resourcing for industry participants that will ultimately increase costs for customers. In addition, the Draft Determination does not fully address the regulatory impediments to a timely meter installation. Should the draft rule proceed, Aurora Energy suggests the AEMC consider:

- removal of the onerous aspects of retailer planned interruptions and meter churn obligations as contingent steps for the application of default installation timeframes;
- enhancing the clarity of what constitutes 'agreement' between customers and retailers for the provision of a metering installation;
- a longer rule implementation timeframe to decrease the risk of unintended customer outcomes; and
- further guidance to ensure appropriate and reasonable application of civil penalties.

It is Aurora Energy's view that the imposition of default maximum meter installation timeframes is unnecessary and costly for customers. There is greater benefit in focusing on practical improvements

to timeframes that can be delivered through a collaborative stakeholder approach and the resolution of current regulatory impediments.

*The imposition of default maximum timeframes for meter installations increases costs for customers*

The proposed rule change results in retailers and their appointed Metering Coordinators being required to considerably upscale their workforce and systems to provide the level of redundancy required to meet the default timeframe on all occasions. This would equate to a number of additional full time staff in Aurora Energy in order to effectively monitor and coordinate installation requests. It is also expected that the Metering Coordinator will have to expand its workforce size and composition to meet the proposed rules. These will be costs that flow back to customers through increased retailer cost to serve and annual metering charges.

Under the PoC rule changes (including the addition of a new market role), the Meter Provider scheduling activities are the most complex aspect of the metering installation process. In order to meet the proposed maximum timeframe, the retailer is effectively required to have immediate access to scheduling services of another market participant. To allow greater flexibility when scheduling meter installations, Aurora Energy suggests that the rule will allow for a *date range* to be agreed with the customer when confirming an installation time. This will support the most efficient coordination between the retailer and the Meter Provider.

*Removal of regulatory impediments*

By setting a default timeframe of 15 days for installation for metering upgrades without the removal of requirements for conducting full retailer planned interruption processes, retailers will be set highly challenging timeframes. It is Aurora Energy's assessment that minimum 7 days is required to receive, confirm and schedule an installation job. This includes the new Metering Coordinator taking over responsibility at that site. For retailer planned interruptions that are effected by hard copy mail, a further 8 days (minimum) is added to the installation process. Based on current practice, retailer outcomes will approach the default maximum timeframe, before the commencement of the physical meter installation.

It is noted that the retailer can agree with a customer a date that is later (or earlier) than the default time period. However, based on the additional information requirements on retailers to promote installation timeframes it is expected that the 15 day default time period will form a baseline from which customer expectations will be set. Aurora Energy proposes for instances where a meter installation date (or date range) cannot be agreed with a customer, that a 20 day maximum timeframe be applied instead of 15 days.

Where a customer requires a connection alteration, detailed coordination is necessary between customers, retailers, distributors and Metering Coordinators. The proposed 15 day maximum timeframe can be challenging as connections alterations require multiple parties to strike agreement on not only a date but other job specifications. It is recommended that either an extended default timeline of 20 days or a 'best endeavours provision' be applied to this aspect of the proposed rule change.

Additionally, Aurora Energy proposes that prior to consideration of maximum timeframes for meter installations, the rules relating to the appointment of incoming Metering Coordinators (referred to as 'meter churn') are also amended. The AEMC should seek to address any concerns with this issue in an open consultation process as part of a rule change proposal.

*Enhanced clarity over the terms and conditions for 'agreement' with customers*

It is Aurora Energy's view that the default timeframe can only commence from the point at which agreement over the terms and conditions of the metering installation request are confirmed. Retailer

practice is to contact customers following the submission of electrical works requests to check various details. This may be for multiple reasons, whether to confirm price, details of the installation, timeframe for installation or to clear up incorrect customer details. All these steps are considered as pre-requirements for clarification before an agreement for services can be confirmed.

For instances where customers submit a request for a metering installation yet remain uncontactable, or intractable over the details of their request, the default period should not apply. It would be inequitable to penalise retailers in these circumstances. As drafted, the current proposal requires further refinement to reflect this view. Clarity on what constitutes 'agreement' is important to how the proposed rule is communicated to customers. Clarity is also required over exemptions to that may apply in circumstances in which the date agreed for an installation or the default time period does not apply.

#### *Application of civil penalties*

Aurora Energy is concerned that a prescriptive approach to application of civil penalties would not appropriately reflect the wide range of customer circumstances that may result from rule non-compliance. Aurora Energy recommends that the AEMC's Final Determination outlines what constitutes a material breach of the proposed rules and what may be considered unintended and immaterial non-compliance matters. This will assist the Australian Energy Regulator in evaluation the applicability of civil penalties for the proposed rule change and support a reasonable and appropriate response.

#### *Highly constrained implementation timeframes*

The 1 January 2019 commencement date will effectively allow one month from rule finalisation to rule commencement for retailers. This highly constrained timeframe and impractical commencement date is contrasted against the significant impacts of the rule change that will require system and process change, not only within retailer systems, but across the interactions with Metering Coordinators and distributors. In other system impact related rule changes, it has been common practice for the AEMC to allow for a protracted period to ensure the implementation of new rules by market participants is not rushed and introduced without the risk of unintended customer impacts.

#### *Conclusion*

Aurora Energy is supportive of initiatives to reduce the timeframes for customers to receive a new or replacement meter, and is working with its metering services provider, local network services provider and electrical industry stakeholders to reduce meter installation timeframes for Tasmanian customers. These efforts have produced positive results and will continue to show the value of taking a customer-focused approach to these concerns.

However, the Draft Determination presents significant delivery challenges for both Aurora Energy and its Metering Coordinator with a likely outcome of unrealistic customer expectation and higher customer costs through increased annual charges.

If you have any questions regarding this submission please contact Hayden Moore at [hayden.moore@auroraenergy.com.au](mailto:hayden.moore@auroraenergy.com.au)

Yours sincerely



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