

REVIEW OF THE REGULATORY FRAMEWORK FOR METERING

REFERENCE GROUP

MEETING #3
13 JULY 2021

Purpose of this document

AEMC staff have developed this slide pack to inform discussion at the Reference Group. Please note that the thinking and views contained in this paper is indicative and has been developed by AEMC staff for consultation purposes only, and is therefore subject to change.

Before we start, an important notice: Compliance with Competition Law

- The Reference Group must not discuss, or reach or give effect to any agreement or understanding which relates to:
 - Pricing
 - Targeting (or not targeting customers)
 - Tendering processes
 - Sharing competitively sensitive information
 - Breaching confidentiality obligations

Each entity must make an independent and unilateral decision about their commercial positions.

Agenda

-
1. Introduction
 2. Where we are up to
 3. Updates and policy discussion on areas of focus from Sub-reference groups
 4. Next Steps
-

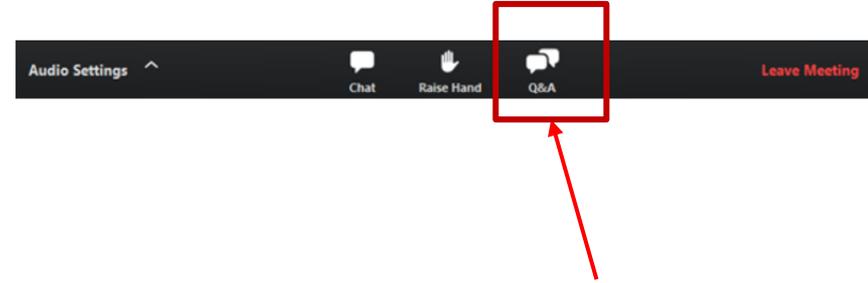
INTRODUCTION

PROTOCOLS



Online Reference Group house keeping

- As you enter the Zoom call, your microphone will be muted. We ask that it remains muted for the majority of the call, except when called upon.
- Video is optional, but having it turned off helps with bandwidth performance and minimises distractions.
- We also ask that you utilise the Q&A function on the side for any questions or comments you may have. There is time allocated for facilitated discussion.
- Be respectful of all participants and the process.



If you would like to ask a question, or make a comment, please use the Q&A function.

WHERE WE ARE UP TO



Smart meters can provide significant market or societal benefits

- For example, consumer safety, quicker restoration of supply and better visibility and management of the LV network.
- There are other technologies which could provide the additional functions, e.g. inverters or network devices.
- However, meters are still required to measure consumption and perform market settlement, and the smart meter roll out will lead to smart meters becoming ubiquitous in the NEM.
- To maximise the benefits that smart meters can provide, the penetration of smart meters would need to increase.
- Further, the objective is that the roll out should be equitable, and not just for those who have the resources to install solar etc.

We want to help remove the inefficiencies in getting smart meters out there...

...and think that there are a number of changes that can be made.

- Changes could range from incremental changes e.g. improvements to the retailer-led and meter malfunction processes, to larger changes e.g targets for the roll out.
- We need to consider:
 - Providing a safe, equitable, cost effective and timely roll out for consumers.
 - Issues with incentives and aligning costs with benefits.
 - Access to the benefits that meters can enable, particularly through improved access to data.
 - Whether there are any changes to roles or responsibilities we should pursue.

We will seek your feedback on these issues throughout the session.

UPDATE FROM SUB-REFERENCE GROUPS

AREAS OF FOCUS UPDATES

CONSUMER EXPERIENCE

Delivering for consumers

Sub-Reference Group 1



1. Consumer

The final problem statement and objective for the review is on our project page

Problem statement

“The current metering arrangements are not efficiently and effectively realising the key potential benefits that metering technology can enable for all consumers.”

Objective

“To enable the roll out of appropriately capable smart metering to consumers in a timely, cost effective, safe and equitable way, and to ensure metering contributes to an efficient energy system capable of maximising the benefits for all consumers.”

Further explanation and detail on the problem statement and objective are also provided on the project page.

Update on consumer experience work being undertaken by Newgate Research

- Newgate was asked to explore:
 - how consumers want to engage with the energy market
 - consumer interest in the services enabled by smart meters
 - awareness of smart meters and
 - any challenges consumers have faced trying to obtain a smart meter.

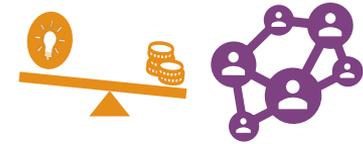
- Newgate's progress to date:
 - 14 consumer focus groups across the NEM
 - a quantitative survey of 1700 residential and small business consumers to obtain the above information across a wider population.

- Once the data has been analysed Newgate's report will be published on our web page.

SERVICES & DATA

Services & data meters should enable

Sub-Reference Group 3



3. Services and data

The current minimum services specifications are sufficient, but data access needs to be addressed.

Feedback from sub-reference group meetings indicates that the current minimum services specifications are sufficient.

- barriers to these services DO exist
- but we think these can be solved without additional minimum service specifications.

Data access and availability is consistently raised as a concern.

You have told us that access to data needs to be improved for:

- LV network visibility,
- DER integration and services,
- Consumers accessing their own data – consumption and power quality.

On data, there is wanted data that is either not being captured or is not readily accessible...

Feedback has indicated that **access to data is complicated** under the current framework:

- Data is often not standardised
- Most data access is subject to commercial negotiations with data rights unclear
- Lower economies of scale due to current roll out of meters
- Unclear responsibilities, such as who to liaise with and contractual relationships constraining access.

Potential solutions to addressing data access should include ways in which to:

- improve data access and availability
- enable a timely and efficient roll out
- align incentives.

What are your views on data and data access under the current framework?

...so, a consultant to provide advice on efficient data access has been engaged

We have spoken about data and data access a lot, and have not yet reached a solution, so we think it is likely that some kind of data access regime may be needed.

- We have engaged NERA Economic Consulting to provide advice on efficient data access.
- The scope of work includes:
 - Desktop audit / research on how other industries determine access to similar goods and services.
 - Developing options in response to the Services and Data Sub-Reference Group's engagement to-date, plus submissions to AEMC papers.
 - Qualitative assessment of ideal and practicable access arrangements, inclusive of risks and complexities, costs and benefits.
- NERA's advice would inform our recommendations on data access.

Is there anything you would like us to bring to NERA's attention?

INSTALLATION

Understanding the barriers and developing options

Sub-Reference Group 2



2. Installation

Physical site, communication and coordination are issues for all installation types

Issue

Physical site issues

- Issues with the site where the meter needs to be installed (safety, access, remediation issues) which **prevent installation and can impose substantial costs on customers to remediate.**

Communication

- **Information about the site** - lack of visibility about the site prior to the visit.
- **Poor information flows across parties** - e.g. cause of installation delay is not always flowing back to retailer and the customer; provision of information on roles and responsibilities.

Coordination

- **Multi-occupancy:** coordination of multiple parties is complex and many site visits required until all meters are replaced. The cost allocation for any remediation work or panel upgrades is also complex.
- Issues **negotiating timeframes**, coordination of multiple parties and costs associated with other parties not aligning timeframes.
- **Appointment of roles** e.g. MC and MP may cause delays.
- Use of **agreed timeframes** with the consumer is often not used which can lead to bottlenecks and compressed windows for scheduling.

Would a new information provision help customers understand the process?

One suggestion to improve communication under all installation scenarios was the provision of information to consumers to help them understand their rights and obligations.

- The information needs to be targeted and provide the customer with information that is the most pertinent in relation to the smart meter installation.

A potential obligation could be the retailer being required to provide information on:

- Why the meter is being installed
- The customers' rights and obligations
- Any associated changes to the customer's retail plans.

What are your views on such an obligation? Is the suggested information the right information?

The meter malfunction family failure process should be improved

We understand that there are coordination and communication and regulatory issues with the current meter malfunction and family failure process.

Issue

Coordination and Communication issues

- Information on the underlying cause of the malfunction is not always provided to the retailer or the MP. This could lead to wasted MP visits and a bad consumer experience.
- Difficult for MCs to plan and forecast work where the volumes are unpredictable.

Regulatory issues

- Sites can potentially be continually exempted from timeframes and meters not replaced under current processes.
 - If sites need rectification or if a customer switches retailer, this causes further delays.
 - There are multiple types of malfunctions - each which have which create different process flows from initiation eg. DNSP family failure, MP communications, or faults that occur while metrology is still fine.
-

Would the following changes improve the installation of family failure meters?

1. A longer timeframe for meters being replaced under a family failure to be installed.
2. Introduction of the same exceptions from meeting timeframes as under customer-led replacements e.g. shared fusing, safety issues, unable to access.
3. Removal of the exemption process if greater timeframes and exceptions are provided.

If this was to occur, what timeframe would be reasonable? What are the risks of extending the timeframe?

Are there any suggestions for improving this approach? Are there any concerns we should be aware of?

The retailer-led roll out process should also be improved to enable efficiencies

We understand that the timing and specificity of notices required under the current rules is not enabling retailer-led roll outs to be used to efficiently roll out smart meters.

Issue

Notification issues:

- Having a **specific time and date** for installation on the first and second notice causes **issues with scheduling** - does not allow for efficient planning and creates expectations which are not always met.
- Is providing **two notices** in relation to the planned meter installation valuable or just creating noise?
- When **shared-fusing** is identified, the current timeframes for a retailer-led interruption do not allow retailers to concurrently carry out a retailer-led interruption to rectify or replace the other meter(s).

Would the following improve retailer-led roll out efficiency?

1. Reducing the number of notices from two notices to one.
2. Requiring the notice to be sent out as soon as possible, but no later than 4 business days prior to the planned notification.
3. Removing the opt-out provisions would impact customers on standing offers. We understand that most retailers have chosen to remove the ability to opt-out from market agreements.
 - In most areas, around 10% of customers are on standing offers

What are your thoughts on the potential amendments to retailer-led roll outs? We know there is an overall incentive problem that also needs to be addressed.

Are there any other concerns we should be aware of?

ROLES, INCENTIVES AND ROLL OUT

Sub-Reference Group 4



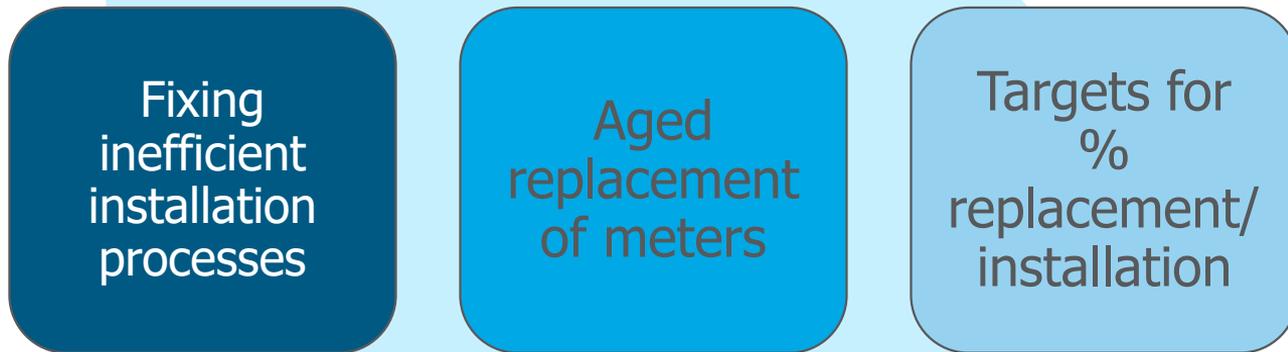
4. Roles, incentives & roll out

How do we enable a roll out which is safe, equitable, cost effective and timely?

- Currently there is a lack of incentives for retailers to install meters, for consumers to request smart meters as well as inefficiencies and regulatory barriers.
- Retailers **lack incentives** due to:
 - the cost of installation – retailers generally don't charge for installation.
 - ongoing costs – the operating costs for smart meters are may be higher than for accumulation meters, particularly if there are not economies of scale.
- We understand that **consumers generally do not see the benefits** in having smart meters.
 - They value better understanding their usage, but are not aware smart meters can provide that information/it is not readily available.
- There are **inefficiencies in the current process** including:
 - Lack of scale efficiencies. Consumer-led installation means technicians often have to travel great distances to perform one job.
 - Site issues, meaning the job cannot be completed.

What are your views on future options for the roll out? For example...

Options include relatively incremental changes that can be made which would improve the efficiency of the roll out, through to larger changes which will accelerate the roll out if we can get the other aspects right.

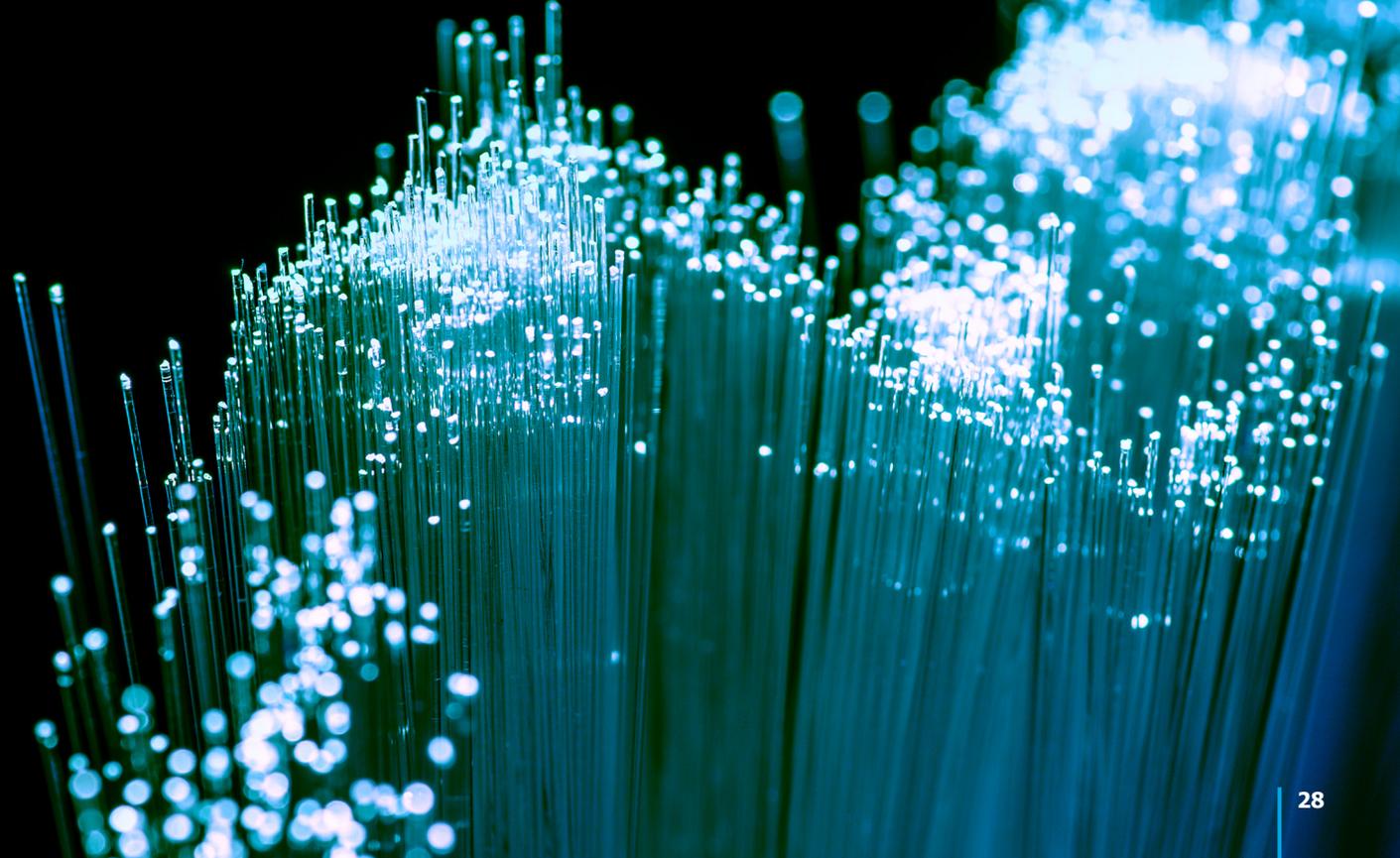


Any options that substantially accelerate the smart meter roll out would likely require changes to incentives and may require changes to roles and responsibilities.

What should we consider?

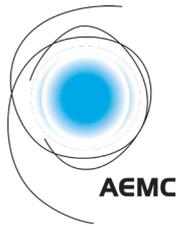
- Are there other potential options?
- Under the roll out, what factors should we consider?
- What are the pros and cons of each approach?
- What incentives are needed? And/or how do we allocate costs?
- For each of the options, are there any implications on roles and responsibilities?

WHERE TO FROM HERE?



Next steps

- We will continue developing draft policy positions and options to be considered in the draft report.
- The roles, incentives and roll out Sub-Reference Group will meet.
- Results from Newgate's Research into consumer experiences will be published with the draft report and we will present those findings to the Sub-Reference Group.
- Preliminary findings from NERA's analysis in relation to improving access will also be included.
- A draft report will be published towards the end of August.



Office address

Level 15, 60 Castlereagh Street
Sydney NSW 2000

ABN: 49 236 270 144

Postal address

GPO Box 2603
Sydney NSW 2001

T (02) 8296 7800