



## Options considered in the review of metering services

**The AEMC has developed preliminary recommendations and options to improve the smart meter roll out and invites stakeholders to provide submissions to the Directions Paper.**

Smart meters are a key to enable a more connected, modern, and efficient energy system that supports future technologies, services and innovation. Many of the ESB's post 2025 Market Design rely on critical upgrades to our energy system through smart meters, especially for the two-sided market and Distributed Energy Resources (DER) integration. The rapid expansion of DER, and the associated use of smart meters, at a small and large consumer level, also opens up opportunities for consumers to participate in new and emerging services and innovations such as virtual power plants through collective engagements.

Smart meters are also an enabler in delivering benefits to consumers individually, as well as to all consumers as a group by enabling a more efficient and lower cost energy system. An efficient system which maximises the benefits for all consumers will in turn provide greater benefits for all energy system stakeholders, regardless of whether they choose to take up the services enabled by smart meters.

To realise the benefits of smart meters, a high penetration of smart meters will be needed – with some services requiring a penetration in excess of 50 per cent. However, the current arrangements are not supporting the timely roll out of smart meters, with inefficiencies with the roll out, obenefits accruing to different parties within the electricity supply chain, and access to data key issues.

The Directions Paper draws upon the Commission's extensive consultation with a broad range of stakeholders since the commencement of this review and sets out potential changes that could be made to the regulatory framework for metering services. This includes incremental changes, such as improvements to the retailer-led roll out and meter malfunction processes, with more significant changes also be considered if appropriate.

### **Preliminary recommendations and options**

#### **Options to accelerate the roll out should be considered**

The Commission considers that issues relating to incentives and the current installation processes need to be addressed at a minimum to improve the efficiency and speed of the roll out. However, it is likely that a timely and efficient roll out will not be achieved by addressing these issues alone and additional measures may be required. Four potential options are:

- Improving incentives to rolling out smart meters by removing inefficiencies, improving cost sharing, and aligning incentives
- Requiring meters to be replaced once they have reached a certain age, for example 30 years, under an aged-replacement roll out
- Setting targets for the roll out under which the responsible party will be required to replace a certain percentage of their customers' meters with smart meters each year
- Introducing a 'backstop' date or dates by which time all accumulation meters or manually read interval meters must be replaced.

#### **Options which could be considered to assist in aligning incentives**

An issue which is impacting the roll out of smart meters is a lack of, or split, incentives.

Mechanisms that allow reallocation of costs as well as reducing the barriers to other parties accessing the benefits may assist in incentivising a higher roll out of smart meters. The Commission is interested in stakeholder views on how incentives issues could be addressed including by developing additional revenue streams, cost sharing or making multiple parties responsible for metering.

### **Enabling appropriate access to data from meters**

A crucial enabler of smart meters providing more services is the access and exchange of power quality data that they provide and the Commission has found the current arrangements for negotiating and utilising data that the meter can provide are inefficient and likely not contributing to the long-term interest of consumers. A data access and exchange framework would likely providing certainty to responsible parties, assisting in the provision of more innovative products and services, improving investment decisions via improved data, and providing information to improve system integrity. Improved data will also assist in integrating DER.

The Commission's preliminary position is that the current minimum service specifications for smart meters should remain the same as they are likely in the long-term interest of consumers by delivering service outcomes based on core processes of a relatively lower marginal cost.

### **Amendments to the installation process**

The smart meter installation process currently has a number of inefficiencies and barriers impacting the successful completion of meter installation attempts. The preliminary recommendations, options and areas for further analysis seek to:

- Improve customers' experience by
  - requiring retailers to provide information to consumers prior to a smart meter being installed
  - enabling customers to request a smart meter from their retailer for any reason and requiring retailers to install a smart meter on receipt of such a request
- Reduce delays in meter replacement by
  - implementing a practicable replacement timeframe for malfunctioning meters
  - considering whether there are any measures which could address remediation issues preventing the installation of a smart meter
- Support more efficient deployment of smart meters by
  - reducing the number of notices for retailer-led roll outs to one notice
  - considering whether a small customer's ability to opt-out from retailer-led roll outs should be removed
  - considering options for improving the efficiency of meter installations in multi-occupancy situations.

### **Next Steps**

Submissions from stakeholders to the Directions paper are requested by **28 October 2021**.

A draft report is expected to be published in early December 2021. A final report is expected to be published in March 2022.

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