

29 October 2021



Alisa Toomey
Project Lead
Australian Energy Market Commission
REF: EM00040

Dear Ms. Toomey

Aurora Energy Submission to AEMC Metering Review Directions Paper

Aurora Energy welcomes the opportunity to provide feedback to the Australian Energy Market Commission's (AEMC) Metering Review Directions Paper (Directions Paper).

As identified in the AEMC's previous Consultation Paper for the Review of the Regulatory Framework for Metering Services (the Review), Tasmania a high penetration of small customers receiving an advanced meter, on a per capita basis. Aurora Energy has progressed this commitment to realising the benefits of advanced meters with over 114,000 of its customers now having an advanced meter.

The Directions Paper raises a number of potential reforms to the metering regulatory framework to address impediments to the advanced meter rollout and accelerate its delivery and effectiveness. Aurora Energy recognises that minor adjustments to this framework may bring some benefit and welcomes proposals that will ensure simplicity and efficiency in processes that impact customer interactions with the rollout process.

However, Aurora Energy remains comfortable that wholesale or material changes are not required at this point in time as the low levels of penetration and meter market maturity do not provide a true indication of rollout effectiveness. To date, Aurora Energy has utilised an incentive based approach to drive its current rollout levels and considers there are no major impediments to the continuation of this approach.

Aurora Energy contends that it will be at the 'back end' of the roll out that critical challenges to its progression and completion will become better known as more information will be available and potential risks associated with solutions will be more readily identifiable and mitigated. To this end, it is recommended that a long term view and potential regulatory reform pathway be mapped out with a focus on future risks and challenges across the life time of the rollout.

Aurora Energy's full response to the questions raised in the Directions Paper is provided in Appendix A to this letter.

Please contact Giles Whitehouse, Lead Regulatory Advisor, in regards to this submission at giles.whitehouse@auroraenergy.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read "Oliver Cousland".

Oliver Cousland
Company Secretary / General Counsel

APPENDIX A

1. Options to accelerate the roll out should be considered

Aurora Energy supports measures to accelerate the roll out of advanced meters so long as these do not impact or unfairly disadvantage electricity customers. Broad measures that are incentive based appear the most likely to accelerate the pace of the rollout without negatively impacting individual customer sites.

For example, setting high-level timeframes for completion of the roll out can provide a clear indication to a jurisdiction, as a whole, of the commitment to seeing the rollout completed. This commitment can indicate the willingness of governing bodies to first monitor roll out progress and then take action, if necessary, to assist its delivery. Aurora Energy notes a timeframe has already been provided in Tasmania with the State Government articulating its policy position to complete the advanced meter roll out, in line with national rules, by 2026.¹

Aurora Energy considers that setting short term percentage based timeframes for the installation of advanced meters, whether on an annual or other interim basis, is not required. It should be taken into account that each retailer has different customer bases in terms of location, aged meter population and many other factors. As such, retailers should be encouraged to strategically plan short and medium term rollout initiatives against a long term target.

Aurora Energy does not support targeting aged meters for replacement. As noted in its submission to the Consultation Paper, physical issues present on some customer sites can be a major factor in determining the outcome of a meter exchange. This is particularly the case in Tasmania with older housing stock. There can also be a requirement on customers to pay for infrastructure upgrades or improvements behind the meter and customers in these circumstances need time to plan for site rectification. Escalating a rollout by age of meter would remove the ability for customers and retailers to plan complex site resolutions and place unnecessary financial pressure on those customers.

When considering alternative options such as a geographic roll-out, Aurora Energy has undertaken accelerated meter roll-out analysis which demonstrates possible network benefits of a geographic led roll-out. As part of a longer term strategy to complete the rollout of advanced meters, there may need to be regulatory intervention to assist completion of areas on a geographical basis. However, at this point in time no change is required to the current regulatory framework to effect rollouts on this basis.

2. Options which could be considered to assist in aligning incentives

Aurora Energy again highlights the relative high progression of the Tasmanian rollout and considers that the appropriate incentives are already in place noting the market is financially viable for the current volume of metering providers and coordinators.

Whilst it is recognised that additional revenue streams may be available through the provision of services such as data sharing, key questions remain unresolved such as which party has the ability to share data and under what circumstances. This is discussed further below in Section 3.

Aurora Energy notes that in terms of spreading the cost of installation this is typically not required in the vast majority of installations that progress without delay or incident. This view is supported

¹ 'Securing Tasmania's Future by Delivering Affordable, Reliable Clean Energy' Tasmanian Government, April 2021

by a combination of contractual arrangements and regulated pricing that ensure competitively sourced prices and cost recovery. Disturbing these arrangements would only add more complexity and confusion to the current rollout framework, particularly in the context of regulated pricing that is active in jurisdictions such as Tasmania.

In some instances where customer sites require complex resolutions, cost sharing may be appropriate. Aurora Energy considers that these cases are best left to market forces and to date there have only been a small number of instances where cost sharing has been realised by the parties involved, such as in complex multi-tenancy installations.

Aurora Energy considers that having multiple parties responsible for metering would only further complicate the metering framework and likely result in added cost to facilitate additional system/process changes, without commensurate benefit for customers or market participants. Allowing further parties to take on the responsibility for metering, particularly in smaller regions, could impact the sustainability for parties operating in that region by creating more complex scheduling and contractual arrangements within elements of the rollout supply chain. This could ultimately impact customer pricing.

3. Enabling appropriate access to data from meters

Aurora Energy agrees with the AEMC view that the efficient exchange of energy data is an integral part of operating a dynamic system without compromising reliability and safety. The benefits that could flow to customers in lowering broader network costs are clear. When considering data sharing, there needs to be fair allocation of costs and benefits that reflects the investment by retailers and metering coordinators in establishing their new roles since Power of Choice reforms as well as the ongoing risks and responsibilities in managing customer data.

Ultimately, a market environment that supports the sharing of data will require the mechanisms articulated in the Directions Paper including exchange frameworks, dispute frameworks and tiered or user pays approaches. However, Aurora Energy suggests prior to the adoption of a fully defined data sharing model that key questions need to first be resolved. These include:

- Who owns metering data and what are the legal pathways to allow its sharing?
- How will the data sharing framework align with the development of the Consumer Data Right (CDR) which is progressing towards commencement in 2022?

Aurora Energy does not support a meter data sharing framework that duplicates current or future retailer requirements.

4. Amendments to the installation process

Aurora Energy supports amendments to the installation process that provide customer efficiencies whether through improving the overall customer experience or the reduction of costs through the removal of inefficient process steps.

Aurora Energy notes it is highly committed to providing a positive and timely experience through its installation process. This approach has been essential to progressing its rollout. For example, Aurora Energy already meets one of the Directions Paper recommendations through enabling customers to request an advanced meter for any reason.

Whilst the installation timeframes set down under the National Electricity Rules (NER) provisions (7.8.10A, 7.8.10B and 7.8.10C) provide some benefit to customers, the experience of Aurora Energy is that these measures also drive inefficiencies throughout the installation process. The 15

and 6 days installation obligations continue to be a highly critical focus for retailers such that a considerable amount of time is spent on managing exceptions and general compliance. An amendment to require 30 day installation periods with 15 days provided as a 'best endeavours' obligation is recommended as an alternative that would lower the volume of exceptions and additional contacts made to customers to ensure compliance, without materially impacting the customer.

Regarding the retailer-led roll out model, Aurora Energy supports reducing the number of notices to one. Further, Aurora Energy suggests that the retailer-led roll out deployment process would be much more efficient for Metering Coordinators to schedule if it was to run under a similar time frame to the existing installation rules under the NER, whether this be the existing 15 and 6 day requirements or the move to the above suggested 30 day timeframe. The current rules under NERR 59a create scheduling complexity and inefficiencies when planning delivery of retailer-led roll outs alongside customer driven requests.

At this point in time, Aurora Energy does not support removing a customer's ability to opt-out from retailer-led roll outs. At a future date in the rollout this may be required or appropriate but based on the current rollout progression it is preferable to operate an incentives based model.

Aurora Energy does not support implementing the proposed replacement timeframes for 'family failure' malfunctioning meters. For larger numbers of malfunctioning meters, set timeframes will be difficult to define given the different size and nature of both metering coordinators and the retailers they serve. A family failure may not be spread evenly across retailers/metering coordinator and this could impact smaller participants. Specifically, a family failure of 3,000 meters may be easily achievable for a larger participants across the proposed 60 days but highly challenging for other participants. Some meter families are above 10,000 meters and adding volumes of this size into the deployment schedule is unrealistic as there are training and licensing lead times required when meter provider services and electrical contractor services seek to expand to meet new demand.

Aurora Energy contends that timeframes for small, discrete failure instances are warranted but these should be aligned to other installation processes. It should be noted that there are clear drivers for all market participants to correct malfunctioning meters, particularly meters that no longer provide accurate data on which to record consumption and in turn produce bill outputs.