

Mr Mitchell Grande  
Policy Advisor  
Australian Energy Market Commission  
GPO Box 2603, Sydney 2000  
Lodged via the AEMC submission portal – EMO0040

2 February 2023

Dear Mr Grande

**RE: Review of the regulatory framework for metering services**

ActewAGL Retail (“ActewAGL”) welcomes the opportunity to provide a submission to the Australian Energy Market Commission’s (AEMC) Draft Report for its Review of the regulatory framework for metering services.

ActewAGL is a retailer in the ACT and surrounding NSW, providing energy to the Canberra region and nearby centres in south-east NSW including Queanbeyan, Goulburn, the Snowy Mountains, Nowra and the South Coast.

ActewAGL supports an accelerated deployment of smart meters in the National Energy Market (NEM). An accelerated deployment of smart meters will help deliver a range of benefits to electricity consumers including supporting new technologies that will contribute to the decarbonisation of the electricity sector through better information to consumers, retailers, and Distribution Network Service Providers (DNSPs).

ActewAGL agrees the proposed acceleration is in the long-term interests of customers and if managed correctly may reduce costs over time. However, ActewAGL considers that related benefits and reduced costs will only be delivered through careful and considered planning and deployment of the accelerated program.

Successful implementation of the accelerated roll out will require coordinated effort between retailers, Metering Coordinators (MCs) and DNSPs. Successfully meeting any agreed targets will also require meaningful consultation from DNSPs to ensure legacy meter retirement plans reflect the most efficient approach to optimise a mass roll out of smart meters.

Attached are ActewAGL’s responses to questions raised in the AEMC’s draft report.

Should you have any questions in relation to this submission please contact Sean Davis, Group Manager Strategic Partners & Energy Solutions by phone: 0404 487 606 or via email to: [sean.davis@actewagl.com.au](mailto:sean.davis@actewagl.com.au).

Yours sincerely



Rachael Turner  
General Manager - ActewAGL Retail

# Attachment 1

## QUESTION 1: IMPLEMENTATION OF THE ACCELERATION TARGET

ActewAGL supports the acceleration target of a universal deployment of smart meters by 2030.

ActewAGL does not support interim targets because of the limited time to complete the task and the potential for interim targets to increase costs to serve. There is limited information on how binding the deployment target(s) would be enforced, and any penalties (or benefits) that may be associated with meeting the target(s). If interim targets are considered, effective design is important, particularly if they are levelled at retailers who will be dependent on MCs to meet them, and any penalties or benefits should acknowledge the interdependencies in the deployment program and the lack of control retailers may have over some elements.

ActewAGL is concerned about the potential for targets to create an adverse outcome where retailers, operating in a competitive market, target customers with an existing smart meter to meet an interim target. Should the commission impose targets for smart meter installations on retailers, ActewAGL urges the Commission to introduce effective controls that would only allow retailers to accrue those meters installed by their own contracted MC, towards meeting a smart meter installation target.

## QUESTIONS 2-5: LEGACY METER RETIREMENT PLANS AND STAKEHOLDERS' PREFERRED MECHANISM TO ACCELERATE SMART METER DEPLOYMENT

ActewAGL supports in principle, the legacy meter retirement plan.

ActewAGL requests that the AEMC provides further information in its final report outlining examples of best practice consultation that DNSPs should undertake to inform the making of a legacy meter retirement plan. Incomplete or flawed consultation could lead to adverse consequences if retailers and MCs cannot inform DNSPs of the most efficient way to roll-out smart meters. The process to deliver a legacy meter retirement plan should be based on the principle of least cost to all parties and reflect the inputs of retailers, MCs and DNSPs. Effective controls must be in place to ensure DNSPs undertake genuine consultation with retailers and other stakeholders and reflect their feedback in a co-designed legacy meter retirement plan. Retiring meters by suburb or geographical area is likely to be the most efficient approach in most circumstances for all stakeholders and a co-designed plan will be in the interests of customers.

ActewAGL considers one of the most important factors in this metering review is the ability of retailers to recover all relevant costs. In the most recent review for residential electricity standing offer prices completed by the ACT Independent Competition and Regulatory Commission (ICRC)<sup>1</sup>, provision was made in the cost stack to recover meter installation costs in the upcoming pricing year, using the weighted average cost of a smart meter installation from the previous year, multiplied by the forecast number of meter installations for the upcoming year.

The Australian Energy Regulator (AER) also recognises the cost of smart meter installations in its annual Default Market Offer (DMO) for residential electricity offers in each electricity distribution area across NSW, South East Queensland and South Australia.

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<sup>1</sup> Independent Competition and Regulatory Commission (ACT), [Retail electricity price investigation 2020–24 Final report](#), Report 9 of 2020, June 2020.

If these allowances for the cost of installing smart meters were not to be included in the ICRC cost stack and DMO determination processes, retailers would be required to fund the cost of smart meter installations with no regulatory provision to recover related costs, which would likely impact retailer support for an accelerated deployment.

## **QUESTION 8: REMEDIATION OF SITE DEFECTS**

ActewAGL welcomes the AEMC's proposed recommendations to lower the barriers to deploy smart meters, including removing the option for customers to opt-out of smart-meter deployment and reducing the number of notices required before a replacement proceeds. The cost-benefit analysis is modelled on a scenario reflecting a 100% deployment of smart meters, and removing or reducing the function of smart meters for some customers will impact the identified cost-benefit outcomes (i.e reduced benefits and increased costs).

ActewAGL acknowledges that some customers object to having a smart meter installed. Accommodation of this objection must however come with a relevant cost to that customer for services including meter reading<sup>2</sup>, a lack of remote control capabilities including for broader community benefits such as the management of Distributed Energy Resources. It is therefore important that NEM-wide, consistent and easily understandable communications and information are made broadly available to all customers digitally, in printed material and through other communication scripts, to properly inform and assist all customers with understanding smart meter technologies and the reasons behind an accelerated deployment.

ActewAGL supports the proposed smart energy website and agrees the AER is the appropriate agency to manage the website and its content. Information through other mediums regarding smart meters, such as the content of letters, written material and media scripts should reference the website as relevant.

Arrangements to support vulnerable customers is a vital component of the accelerated deployment of smart meters. The installation of smart meters, especially for customers supplied from overhead powerlines can often result in damage to property on the customer side of the point of supply. In some circumstances this damage is difficult to foresee and can result in significant time off supply, while the necessary trades are scheduled to complete repairs to customers premises at a cost that is unexpected and sometimes beyond the means of customers. ActewAGL considers a process could be established for respective jurisdictional governments to provide means-tested funding to support customers in these scenarios. The plan developed by DNSPs to facilitate the deployment of smart meters should also outline customer support measures focused on minimising the length of related outages and ensuring timely remediation of network-side issues.

## **QUESTION 9: IMPLEMENTATION OF THE 'ONE-IN-ALL-IN' APPROACH**

ActewAGL supports in principle the "one-in, all-in" approach to upgrade meters for customers with shared fusing connections, noting that such an approach may have unintended consequences. ActewAGL notes that multi-customer replacements will increase the difficulties in gaining acceptance of the work from all customers and that completion may impact one or more vulnerable customers.

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<sup>2</sup> As allowed for, ActewAGL will charge additional costs associated with a property to undertake manual meter reading if customers choose to have the communications on a smart meter disabled.

Such projects will require additional consultation, planning and time and these matters must be considered in any accelerated smart meter deployment plan and installation target. As an example, a fusing connection shared with a small number of customers will require less time and consultation, and come with a lower risk profile, compared to a fusing connection shared by many customers. The design of processes and deployment targets must give consideration to these complexities.

ActewAGL does not consider coordination among market participants in multi-unit dwellings to be a significant issue in the ACT, as there are few premises that have shared isolation. Where shared isolation exists, it is usually in arrangements where coordinating multiple parties is relatively straightforward (for example, a detached dwelling with a 'granny-flat').

#### **QUESTION 10: STRENGTHENING INFORMATION PROVISION TO CUSTOMERS**

The minimum content requirements proposed by the AEMC duplicate many existing requirements on retailers. New requirements requiring additional processes will require programming and ongoing management, leading to increased retailer costs. ActewAGL supports an approach that provides sufficient information to customers while not duplicating existing information requirements.

As noted, ActewAGL supports the proposed smart energy website and agrees the AER is the appropriate agency to manage the website and its content and has provided further comment earlier in this submission. ActewAGL considers the proposed smart energy website should provide only general information about smart meters that is not specific to any one jurisdiction, network, retailer, tariff/pricing plan etc. The website should be focused only on increasing general community awareness regarding smart meter technologies and the reasons behind an accelerated deployment. Retailers should be the primary provider of more specific information relating to a customer's site or meter exchange.

ActewAGL does not support the creation of an additional website (such as Energy Made Easy) which would require considerable resources from retailers to maintain.

#### **QUESTION 11: SUPPORTING METERING UPGRADES ON CUSTOMER REQUEST**

ActewAGL supports the proposed approach of continuing to allow customers to receive an upgrade from a basic meter to a smart meter (ahead of scheduled replacement), upon their request.

#### **QUESTION 12: TARIFF ASSIGNMENT POLICY UNDER AN ACCELERATED SMART METER DEPLOYMENT**

ActewAGL has continued to observe the emphasis on cost-reflective pricing from DNSPs, especially in the context of a rising number of DER's in the NEM.

ActewAGL makes cost reflective tariffs available, however has found customers generally favour the simplest of tariffs that are easier to understand.

ActewAGL considers the existing tariff framework is already highly prescriptive and further regulation (which could also include transitional arrangements), has the potential to increase customer confusion as well as retailer costs, which would ultimately be passed on to customers.