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Australian Energy Market Commission
Level 15, 60 Castlereagh St
Sydney NSW 2000

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Dear Sir/Madam

Australian Energy Market Commission (AEMC) Review of the Regulatory Framework for Metering Services Draft Report (The Draft Report)

Thank-you for the opportunity to provide a submission in response to the Australian Energy Market Commission's Review of the Regulatory Framework for Metering Services Draft Report.

Momentum Energy Pty Ltd (Momentum) is an Australian operated energy retailer, owned by Hydro Tasmania, Australia's largest producer of renewable energy. We pride ourselves on providing competitive pricing, innovation and outstanding customer service to electricity consumers in Victoria, New South Wales, South Australia, Queensland, the ACT and on the Bass Strait Islands. We also retail natural gas to Victorian customers. We aim to offer competitive rates to both residential and business customers along with a range of innovative energy products and services.

1. Overview

Momentum understands the benefits that smart meters can provide to electricity customers particularly when they are installed in combination with new technology equipment such as solar, batteries or electric vehicle chargers. Customers have had the choice, under the retailer lead roll out, to request a smart meter at any time should they have other requirements that a smart meter can deliver. This approach, together with the replacement of legacy meters when they reach end of life or fail, has minimised the cost for electricity customers during the progressive transition of meters to smart meters. We acknowledge that there is still only around 30% of non- Victorian customers in the National Energy Market (NEM) with smart meters and further efficiencies and benefits such as remote services and remote reading can be better realised with an increased proportion of smart meters.

We appreciate the efforts the AEMC has undertaken, over the past couple of years, to review the metering framework, including their assessment of the various challenges it presents, to achieve a more accelerated roll out. It was also pleasing to see that the AEMC commissioned an independent cost benefit analysis of an accelerated rollout of smart meters and that this report clearly showed a net positive benefit for consumers. Moreover, this positive benefit can be largely achieved based on the efficiencies flowing from remote meter reading, and remote services (re-energisation and de-energisation subject to jurisdictional approval), hence all customers will likely receive benefits from an accelerated roll out of smart meters.

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2. Specific Responses to the Questions Raised in the Draft Report

QUESTION 1: IMPLEMENTATION OF THE ACCELERATION TARGET
1. Do stakeholders consider an acceleration target of universal uptake by 2030 to be appropriate?
2. Should there be an interim target(s) to reach the completion target date?
3. What acceleration and/or interim target(s) are appropriate?
4. Should the acceleration target be set under the national or jurisdictional frameworks?

While we note the AEMC's aspirational target to achieve a universal uptake of smart meters by 2030 we are unsure of the basis for this timeline. We believe that the timeline for any accelerated roll out should not be established until the following are resolved:

- Support by jurisdictional governments together with their agreement to provide funds to assist vulnerable customers' when their meter board requires upgrading which usually becomes evident during the smart meter installation.
- Implementation of amended regulations covering;
    - One -in-all- in approach for multi-occupancy sites with a shared fuse;
    - Reducing the number of customer notices for retailer led deployment of meters to reduce customer confusion;
    - Removal of the existing opt-out policy for customers affected by a retailer-led deployment of smart meters and for the accelerated roll out plan;
    - The implementation of a customer notification and record keeping process for customer-site defects;
    - The implementation of a longer replacement timeline for family failures than for individually identified meter malfunctions and removal of the exemption process to support timely meter replacements; and
- Complete transparency of the existing legacy metering stock in relation to the age, location and condition of the meters together with the development of an agreed stakeholder accelerated roll out plan.

We believe the accelerated timeline should be an agreed period of around 7-10 years commencing after the implementation of the regulatory changes and the agreed accelerated roll out plan is developed. There does not appear to be any value in establishing interim targets as this will only complicate the agreed rollout plan as it would need to include contingency exemptions for unforeseen circumstances. For example, if interim targets were mandated there would need to be consideration for special events such as retailer of last resort events, wholesale electricity market intervention and administration events, significant changes in customer churn rates, emergency events like flooding, meter provision delays, mass customer refusals, industrial disputes, and changes in government policy and regulations.

While it is agreed that an accelerated rollout of meters has merit it is not essential for the market to continue to operate, so achievement of the desired timeline, should be encouraged and monitored rather than mandated with strict targets.

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QUESTION 2: LEGACY METER RETIREMENT PLAN (OPTION 1)
1. Do stakeholders consider this approach feasible and appropriate for accelerating the deployment of smart meters?
2. Do stakeholders consider the Commission's initial principles guiding the development of the Plan appropriate? Are there other principles or considerations that should be included?
3. If this option is adopted, what level of detail should be included in the regulatory framework to guide its implementation?
4. Do stakeholders consider a 12-month time frame to replace retired meters appropriate? Should it be longer or shorter?
5. Are there aspects of this approach that need further consideration, and should any changes be made to make it more effective?

The Legacy Meter Retirement Plan (Option 1) requires Distribution Network Service Providers (DNSPs) to work with key stakeholders such as retailers, metering parties and jurisdictional governments to develop and publish a plan to retire their legacy meter fleet, in a transparent and orderly manner, to support the universal uptake of smart meters. Retailers would report on their performance to the plan on a regular basis.

Option 1 requires DNSPs to be the developer of the legacy meter replacement plan in consultation with other stakeholders. As the current stock of legacy meters are owned by the DNSPs they hold relevant information regarding the location, condition and life expectancy of these meters and therefore they are a fundamental party to developing the legacy meter replacement plan. Momentum is concerned that while this plan requires the consultation with other parties it does not specify how disagreements with the plan would be resolved. DNSPs are monopoly regulated entities that are rarely required to negotiate outcomes with competitors. For this activity we agree they are a primary contributor, but we have concerns that they will be developing a meter replacement plan that retailers will initially fund and that retailer preferences in this plan could be largely ignored. Already we note, from the Draft Report, that DNSPs may have a preference for legacy meters to be initially replaced in low voltage network areas as this would assist network control, but this may contradict a retailer preference for an outer suburban geographical roll out. The requirement for DNSPs to "consult with other stakeholders" is not sufficient to ensure retailer views will be effectively considered and/or actioned.

The AEMC has established several high-level principles to be followed in retiring legacy meters and this establishes a framework for the development plan. However, Momentum believes that the appointment of an independent expert, to work within each network, is also required to ensure a fair and transparent approach to the development of the legacy meter retirement plan. This expert should have access to all data inputs used to develop the plan and be required to report directly to retailers during the plan development period.

With the inclusion of an independent expert and with the proposed AER oversight of the plan we believe that Option 1 will deliver the most efficient legacy meter replacement plan for all stakeholders including consumers.

We are also of the view that the plan should be reviewed each year to ensure learnings can be identified and refinements implemented.

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QUESTION 3: LEGACY METER RETIREMENT THROUGH RULES OR GUIDELINES (OPTION 2)
1. Do stakeholders consider option 2 feasible and appropriate for accelerating the deployment of smart meters? Are there aspects of option 2 that would benefit from further consideration?
2. Are market bodies the appropriate parties to set out the legacy meter retirement schedule?
3. If option 2 is adopted, should the meter retirement schedule be located in the rules, or guidelines developed by the AER or AEMO?

Momentum believes that Option 2 would result in an overly onerous legacy meter replacement plan that would not have the flexibility to meet the changing market conditions. Moreover, it would require additional scarce resources from either AEMO or the AER to develop and these resources are heavily involved in other more important energy market developments. DNSPs experts will be required to support whoever undertakes the legacy meter replacement plan so it would be more efficient for them to initially design the plan as per Option 1.

QUESTION 4: RETAILER TARGET (OPTION 3)
1. Do stakeholders consider option 2 is feasible and appropriate for accelerating the deployment of smart meters? Are there aspects of option 2 that need further consideration?
2. If this option is adopted, what are stakeholders' suggestion on how retail market dynamics could be taken into consideration in both setting the uptake targets and monitoring performance?
3. Should the rules or a guideline outline only a high-level target (universal uptake by 2030 taking into account practicality of replacements) or more granular targets or interim targets.

Momentum prefers Option 1.

QUESTION 5: STAKEHOLDERS' PREFERRED MECHANISM TO ACCELERATE SMART METER DEPLOYMENT
1. What is the preferred mechanism to accelerate smart meter deployment?
2. What are stakeholders' views on the feasibility of each of the options as a mechanism to accelerate deployment and reach the acceleration target?
3. Are there other high-level approaches to accelerating the deployment that should be considered?

As DNSPs hold the legacy metering data and with the objective of achieving a 100 % roll out of smart meters, by a pre-determined date, this dictates that DNSPs are best placed to plan the accelerated deployment of smart meters. The other options are unlikely to achieve a 100% replacement with certainty and provide confidence that the objective will be achieved in the early years of deployment.

QUESTION 6: FEEDBACK ON NO EXPLICIT OPT-OUT PROVISION
1. Do stakeholders have any feedback on the proposal to remove the opt-out provision for both a programmed deployment and retailer-led deployment?
2. Are there any unintended consequences that may arise from such an approach?

Momentum fully supports the removal of the opt- out provision as it supports the positive benefit case used to justify the acceleration of smart meters. Most of the expected benefits require a 100% roll out of smart meters to achieve the efficiencies via remote meter reads and remote services. A well designed upfront customer information program should address any customer concerns and alleviate the need to allow opt out provisions.

QUESTION 7: REMOVAL OF THE OPTION TO DISABLE REMOTE ACCESS
1. Do stakeholders consider it appropriate to remove the option to disable remote meter access under acceleration?

Momentum supports the removal of the option to disable remote access as it is contrary to the net positive benefit test espoused by the independent consultant's report. Also, consumers have more experience and confidence with smart meters, so this provision is no longer necessary.

QUESTION 8: PROCESS TO ENCOURAGE CUSTOMERS TO REMEDIATE SITE DEFECTS AND TRACK SITES THAT NEED REMEDIATION

1. Do you consider the proposed arrangements for notifying customers and record keeping of site defects would enable better management of site defects?

Momentum is concerned that this issue is not suitably addressed and largely leaves the responsibility of a site requiring remediation with the retailer. Under the proposed regulatory changes, a retailer is required to send multiple letters to the customer and to record the failure of remediation to the regulator should no action be taken by the customer. This issue clearly requires a plan that will provide certainty on a suitable resolution. This same issue occurred in the Victorian roll out of smart meters and was only addressed after negative press and consumer concerns evolved. The state government and DNSPs subsequently developed a reasonable funding solution.

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

1. Would the proposed 'one-in-all-in' approach improve coordination among market participants and the installation process in multi-occupancy sites?
2. Are the time frames placed on each market participant appropriate for a successful installation process of smart meters?
3. Are there any unforeseen circumstances or issues in the proposed installation process flow and time frames?
4. How should DNSPs recover costs of temporary isolation of group supply from all retailers?
5. Can the proposed role of the DNSP in the one-in-all-in approach be accommodated by the existing temporary isolation network ancillary services?
6. Which party should be responsible for sending the PIN in the context of the one-in-all-in approach?

Momentum supports the one-in-all-in approach for sites with shared fusing although we believe the process and timings may need to be refined as the activity occurs. These sites are problematic and should be addressed in the later periods of the accelerated roll out. We are also of the view that the DNSPs have a role in addressing this issue as they were party to approving the original installations. We see merit in DNSPs installing isolation devices at sites with shared fusing.

QUESTION 10: STRENGTHENING INFORMATION PROVISION TO CUSTOMERS

1. Do you have any feedback on the minimum content requirements of the information notices that are to be provided by Retailers prior to customers prior to a meter deployment?
2. Are there any unintended consequences which may arise from such an approach?
3. Which party is best positioned to develop and maintain the smart energy website?

We agree with the proposed content of the retailers' smart meter communication letter and the development of a smart meter website. However, it is still not clear as to who will take responsibility for the change to an accelerated roll out of smart meters. Is it a federal government initiative, a jurisdictional government initiative or an AEMC initiative? Consumers will be keen to understand who is imposing this change in approach to their metering. Once this is determined this will influence the design and content of the smart meter website and the retailer letter.

QUESTION 11: SUPPORTING METERING UPGRADES ON CUSTOMER REQUEST

1. Do stakeholders support the proposed approach to enabling customers to receive smart meter upgrades on request?

We agree with the proposed approach to allow customers to receive a smart meter on request. Our only condition is that sufficient time is allowed to complete such requests because it could have an impact on meter provision resources which may be allocated to installing meters in other locations under the agreed accelerated roll out plan.

QUESTION 12: TARIFF ASSIGNMENT POLICY UNDER AN ACCELERATED SMART METER DEPLOYMENT
1. Which of the following options best promotes the NEO:
a). Option 1: Strengthen the customer impact principles to explicitly identify this risk to customers.
b). Option 2: Prescribe a transitional arrangement so customers have more time before they are assigned to a cost-reflective network tariff.NO change
c). No change: Maintain the current framework and allow the AER to apply its discretion based on the circumstances at the time.
2. Under options 1 or 2, should the tariff assignment policy apply to:
a). all meter exchanges – for example, should the policy distinguish between customers with and without CER?
b). the network and/or the retail tariffs?
3. What other complementary measures (in addition to those discussed above) could be applied to strengthen the current framework?

Momentum believes that there should be no change to the current approach to changes in network tariffs. Retailers have successfully managed the transition of network tariffs for some time and they should continue to have the option of whether to reflect the network tariff in their retail offers.

Retailers are incentivised by competitive market pressures to ensure customers are satisfied with their retail market offer which includes any tariff change. Prescribing a transitional arrangement under Option 2 could create an administrative burden as, subject to the proposed accelerated roll out plans, customers in similar locations could be under different tariff transitional arrangements depending on whether they have a smart meter installed.

Option 1 to strengthen the customer impact principles under the TSS framework may provide the AEMC and consumers with more confidence but it would further complicate the accelerated rollout timings to align with network determination timelines. Therefore, we do not support this option.

QUESTION 13: MINIMUM CONTENTS REQUIREMENT FOR THE 'BASIC' PQD SERVICE
1. Should the 'basic' PQD service deliver any other variables besides voltage, current, and phase angle?
2. Does the 'basic' PQD service require any further standardisation, e.g., service level agreements? If so, where should these service levels sit?
3. Should the Commission pursue a data convention to raise the veracity of 'basic' PQD?

Momentum is not convinced that the case has been made for a basic Power Quality Data (PQD) service, but we would support the AEMC in pursuing a data convention to rise the veracity of PQD. We are concerned that a PQD service may be a usable service for DNSPs but are unsure if the cost to design and build a suitable facility to share this data would deliver a positive cost benefit.

QUESTION 14: UTILISING THE RIGHT EXCHANGE ARCHITECTURE FOR THE 'BASIC' PQD SERVICE
1. Should the industry use the shared market protocol? If not, why?
2. Should stakeholders exchange PQD directly, using NER clause 7.17.1(f)?
3. If so, should the Commission prescribe this in the rules, or could this be by agreement between parties?

See response to Question 13 above.

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QUESTION 15: PRICES FOR POWER QUALITY DATA SERVICES
1. Is it sufficient for the prices for PQD services to be determined under a beneficiary pays model, especially with a critical mass of smart meters?
2. Are alternative pricing models, e.g., principles-based or prescribing zero-cost access, more likely to contribute to the long term interest of consumers?

We believe that both the basic and advanced PQD services prices should be determined under a beneficiary pays model. This ensures that the services are suitably valued and that any future funding allocated to storing or improving the delivery of this data is justified. Otherwise, industry and consumers will be funding these data services with the risk that they are serving no real purpose.

QUESTION 16: REGULATORY MEASURES TO ENABLE INNOVATION IN REMOTE ACCESS TO NEAR-REAL-TIME DATA SOONER
1. Do stakeholders support the Commission pursuing enabling regulatory measures for remote access to near real-time data? If so, would it be suitable to:
a). Option 1: require retailers to provide near real-time data accessible by the consumer in specific use cases (while allowing them to opt-out).
b). Option 2: allow customers to opt-in to a near real-time service via their retailer for any reason.
c). Option 3: promote cooperation and partnerships between Retailers and new entrants for near real-time data services, e.g., in a regulatory sandbox.
2. If so, could the Commission adapt the current metering data provision procedures?
3. Are there any standards the Commission would need to consider for remote access? E.g., IEEE2030.5, CSIP-AUS, SunSpec Modbus, or other standards that enable 'bring your own device' access.
4. What are the new and specific costs that would arise from these options and are they likely to be material

Access to near real time data will undoubtedly be valuable for some electricity customers that choose to take a hands-on approach to managing their electricity needs with new and evolving equipment. However, we believe that this will only be required for early adopters or tech savvy consumers in the initial few years. Therefore, we support Option 3 to promote cooperation and partnerships between retailers and new entrants for real time data services and this can be trialed in a regulatory sandbox. This will allow the market to develop without imposing more costs on energy consumers until it is proven that a wider controlled approach is required.

QUESTION 17: REGULATORY MEASURES TO ENABLE INNOVATION IN LOCAL ACCESS TO NEAR-REAL-TIME DATA SOONER
1. Do stakeholders support the Commission considering regulatory measures for local access to near real-time data? If so, would it be suitable to:
a). Define a customer's right in access the smart meter locally for specific purposes?
b). Outline a minimum local access specification, including read-only formatting and unidirectional communications? Are there existing standards that MCs can utilise, for example, IEEE2030.5, CSIP-AUS, or SunSpec Modbus?
c). Codify a process for activating, deactivating, and consenting to a local real-time stream? If so, could the Commission adapt the current metering data provision procedures?
2. Are there any other material barriers that the Commission should be aware of?

Momentum would support further investigation by the AEMC on the existing equipment available for local access and how this would operate. Our initial thoughts are that it is too early to codify a process for local access, but it may be appropriate to consider a customer's right of access to the smart meter locally. Once the right has been established other parties could negotiate with retailers and metering providers to gain access to the meter.

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QUESTION 18: ADDRESSING SHORT TERM COST IMPACTS AND ENSURING PASS THROUGH OF BENEFITS
1. Are stakeholders concerned about the risk of short-term bill impacts as a result of the accelerated smart meter deployment? To what extent would the above offsetting and mitigating factors address this risk? 2. If stakeholders are concerned about residual cost impacts, what practical measures could be put in place to address these risks? 3. What are the implications for AER revenue determinations for the upcoming New South Wales, Australian Capital Territory and Tasmania DNSP regulatory control periods? Is there a risk that network cost savings as a result of the accelerated smart meter deployment will not be fully passed through to consumers under the regulatory framework?

We agree that initially the accelerated roll out of smart meters will create increased metering costs for Momentum. Currently we provide the Australian Energy Regulator (AER) with a metering report each year to assist the AER in determining the electricity metering cost to be included in the Default Market Offer (DMO). We also expect that there will be some efficiencies achieved as more smart meters are installed but this will be subject to the accelerated roll out plan and jurisdictional controls on remote services.

Should you require any further information regarding this submission, please don't hesitate to contact me on 0478 401 097 or email randall.brown@momentum.com.au

Yours sincerely

[Signed]
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