MASTER ELECTRICIANS AUSTRALIA

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Draft National Electricity Amendment (Unlocking CER benefits through flexible trading) Rule 2024

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Master Electricians Australia (MEA) is the trade association representing electrical contractors recognised by industry, government and the community as the electrical industry's leading business partner, knowledge source and advocate. You can visit our website at www.masterelectricians.com.au

As the representative voice of 3500 primarily small and medium electrical contractors, our response is focused on the "opportunities to optimise flexibility for small customers" and in particular the proposed type 8 meter.

MEA commends the Commission for incorporating secondary settlement points for small customers, recognising the potential for consumers to enhance their benefits from consumer energy resources (CER). However, despite the Commission's decision not to proceed with the AEMO's proposed FTM2 model for small customers, we persist in advocating for a reconsideration of this decision and urge the initiation of industry sandboxing trials. We firmly believe that enabling small customers to engage with multiple Financially Responsible Market Participants (FRMPs) at a single premises will naturally foster retail market competition, thereby stimulating the development of innovative products and services that maximise benefits and opportunities for CER users.

We endorse the adoption of type 8 meters but recommend that the rule explicitly states that the physical installation task is to be carried out by licensed electrical contractors recognised as Accredited Service Providers (ASPs) for metering works. This clarification will eliminate any ambiguity and confusion and also lay the groundwork for a nationally harmonised framework for installation rules for metering across Australia.

We have emphasised that maintenance work for type 8 meters (embedded in appliances) should be exclusively conducted by the private electrical industry, excluding market coordinators (MC). We posit that the nature of type 8 meters inherently triggers ring-fencing guidelines, necessitating that private electrical work remains within the domain of the private electrical industry.

The AMEO and Commission are to be commended in the pro-active approach towards preparing for electrification and ensuring the benefits of CER can be fully optimised.

MEA Response to the Commission's Update

Flexible Trading with Multiple Energy Service Providers at Large Customer Premises

Allowing Multiple FRMPs

MEA continues its support in flexible trading with multiple energy service providers for large customers. As advocated in our earlier submission, FTM2 will encourage retailers to offer consumers a diverse array of services and products, empowering them with greater control over their energy usage. Through natural market competition, those unwilling to adapt and offer flexible arrangements aligned with consumer preferences will inevitably be left behind.

Notation of Support for Remaining Topics

MEA has not identified any issues in the following areas:

- Eligibility criteria for large customers
- Relationship between FRMPs to be governed by existing regulatory arrangements and contractual arrangements
- Disconnection for non-payment
- Failure of the primary secondary FRMP
- Dispute resolution arrangements

- Risks posed to customers from switching assets across multiple FRMPs is to be managed by contractual arrangements as opposed to NER regulations
- Interaction with embedded networks
- DNSPs remain responsible for secondary settlement point NMIs
- Visibility of secondary NMIs to NSPs

Opportunities to Optimise CER Flexibility for Small Customers

Separate Measurement and Identification

MEA supports the implementation of secondary settlement points. Giving consumers' control over CER assets and especially the ability for domestic and C&I customers to enter into trading arrangements that could "shift" load, using power (soaking) when it is cheapest for flexible loads (hot water, ovens, EV charging, etc) and delivering power back (sourcing) from storage sources (batteries, bi-directional EV's) when energy prices are higher, will give households and businesses the ability to pro-actively reduce their overall power costs.

Separate identification and measurement of flexible loads are poised to foster increased consumer adoption of CER. This not only alleviates demand pressures on the grid, thereby enhancing its stability, but also curtails augmentation costs by minimising maintenance needs. Consequently, overall energy costs stemming from traditional network utilisation are expected to diminish.

Single FRMP for all Settlement Points

In the earlier consultation, MEA supported the AEMO's initial proposal to allow small consumers to engage multiple FRMPs -

> MEA disagrees with the commissions view and is concerned with the current dis-incentive for both retailers and generators to sell less power to residential and small business consumers. In effect to make it cheaper for consumers, giving them more control over their consumption, generation, and storage options (solar PV, home batteries, EVs), even though this is the stated public policy of both state and federal governments. There is an obvious incentive to sell more power and to charge more for it, that is directly at odds with stated public policy. It is believed that multiple FRMPs at a single premises is a way to resolve this. However, if the Commission is rejecting the AEMO's proposal for multiple FRMPs, then MEA urges the Commission to amend AEMO rules to a version that promotes increased consumer choice for their flexible energy. This is essential for unlocking the full benefits of CER, efficiently using the wasted rooftop PV in the system, and reducing the need for investment in expensive publicly funded transmission infrastructure.

MEA reaffirms this position and urges the Commission to proceed with trains for industry sandboxing arrangements.

Drafting rules for secondary settlement points is a step forward, but we assert that this alone is insufficient regulatory oversight to promote natural market competition. Without regulations favouring multiple FRMPs, consumers may not fully optimise the benefits of CER. We advocate for increased regulatory incentivisation to expand the range of products and services available to small consumers, thus ensuring the optimization of CER benefits.

Amber Energy is a limited example of the retail services that need to be available to consumers. With their battery plan, consumers can charge their CER storage battery during off-peak when prices are low leaving them the option to utilize, store or sell back to the grid any surplus energy during on-peak time when prices are high. There are multiple players in the

market with proven technology and financial platforms, with a capacity to facilitate virtual power plants (VPPs) and arbitrage the energy usage and generation across an ecosystem of participants.

While we maintain our support for multiple FRMPs, we acknowledge and support the Commission's decision for the primary FRMP to manage energy flow at secondary points, given the determined limitation restricting small consumers to a single FRMP.

Without nationally harmonised rule changes to proactively encourage FRMPs to install secondary settlement points, the retailer sector will continue to resist change, and stifle the implementation of CER reforms that encourage dispatchable storage.

Subtractive Settlement Arrangements

MEA supports the inclusion of subtractive metering into the Draft rule determination, given that the primary FRMP will be responsible for both settlement points.

Disconnection for Non-Payment Applies at the Level of the Premises as a Whole.

MEA supports this concept in principle, recognising its effectiveness in ensuring that primary FRMPs receive compensation for their offerings and services.

MEA notes a caveat that we anticipate this to be confined to the grid connection of secondary settlement points. We do not anticipate FRMPs being able to restrict consumers from utilising their self-generated solar energy during, for example, times of severe financial hardship that is not being imported or exported from the grid.

Complementary Changes to the Roles for Type 8 Meters

MEA commends the following draft rule proposed on page 33 of the consultation –

> "Under the draft electricity rule, a Metering Provider would not be required to "install" a meter at a secondary settlement point, but to "commission" it, to account for the metrology being in-built or constructed with the device before being installed onsite".

MEA perceives this as reinforcing our position articulated in the prior submission, emphasising the necessity for regulatory acknowledgment of licensed electrical contractors as Authorised Service Providers (ASPs) for metering, especially given that installing appliances that have type 8 meters embedded in them will require a level of commissioning. This would streamline the overall process, enabling licensed electrical contractors to upgrade outdated metering components in existing dwellings at a lower cost and with greater efficiency, consequently enhancing smart meter installation in the market.

New Meter Type 8 would be Able to be Used at the Secondary Settlement Point

MEA supports this new meter type for small customers, in particular -

- "Small customers can choose to use a type 4 meter at the secondary settlement point, rather than a type 8. The draft rules provide customers with an option to use a type 8 meter that allows for the use of in-built measurement capability in devices, such as EV chargers, or external meters with lower specifications than type 4 meters (if they are pattern approved)".

- Two per cent level of accuracy.

- AEMO to make changes by 2 February 2026. However, we emphasise this deadline should be regarded as a last resort. With Federal and State Governments championing electrification era supported with ambitious, but achievable, target deadlines, technology stands ready to facilitate the transition. It's the policy and regulation that needs to catch up. We advocate for AEMO to pursue a more timely and ambitious integration.

Non-Market Devices for CER Measurement and Reward

MEA supports the Commission's decision. Provided the devices and procedures of use are aligned with Australia's safety and legal regulations and are accurate then rules associated with non-market measurement method should remain as is. Many households and businesses intend to use CER purely for self-consumption and therefore not concerned with accessing the wholesale market.

Daily Fixed Charges

Fixed network charges should not be charged at the same price on a secondary settlement point as the primary NMI settlement. FRMPs should split the fixed network costs equitably in their consumer billing arrangements, and of course charge the consumer a component for the administrative costs of providing their service.

MEA advocates for flexible demand driven time of use and generation tariffs (TOU) to be at the forefront of secondary settlement pricing scheme for flexible loads and generation export. Such tariffs will be the primary driver in altering consumer behaviour towards saving, utilising, and supplying energy.

While we acknowledge the Commission's decision to refrain from establishing Rules concerning daily fixed network charges to be left for consideration by AEMO, we advocate for the drafting of rules aligned with a Time-of-Use (ToU) framework. We express concern that maintaining the current pricing framework under the status quo could potentially allow DNSPs to exploit the Rules, particularly in the absence of permitting multiple FRMPs on site, thereby driving prices higher than necessary and diminishing the cost-saving benefits of CER. ToU tariffs should be prioritised in national policies, laws, and regulations to ensure that efficient and effective price signals are conveyed to small consumers, optimising CER not only at a micro-level but also at a macro-level, thereby supporting the integrity and stability of the network grid.

We would like to highlight in response to the Commission's remarks in this section regarding the National Electric Vehicle Strategy (NEVS). We advocated in response to the NEVS consultation that licensed electrical workers should be prioritised for EV meter installations.

Dual or Multi-Element Smart Meters

MEA opposes the Commission's position that smart meters for separate identification and measurement of CER is not a preferred option.

Digital smart meters provide consumers with the measurement infrastructure, designed to promote choice and efficiency in the delivery of energy to the end point consumer. Unlike traditional meters, smart meters allow for real time, incremental measurement and detection of energy flow. MEA believes these are necessary for achieving Australia's commitment towards reducing carbon emissions.

Notation of Support for Remaining Topics

MEA has not identified any issues in the following areas:

- Arrangements would be voluntary and aligned with consumer choice
- Inactive secondary settlement point

- Discovery of existing settlement points
- DNSP is responsible for secondary NMIs to the Consumer's retailer
- DNSPs could access data from a secondary NMI if they chose

Measuring Energy Flows from In-Built Technology (e.g. streetlights, EV chargers, other street furniture).

AEMO's Initial Proposed Minor Energy Flow Metering Arrangement

In the previous consultation, MEA supported AMEO's proposal to upgrade the current measurement framework of street furniture. Accurate measurement of street light usage will reduce pressure on the power grid as demand of inflexible loads will decrease, creating greater grid stability and drive greater CER benefits.

MEA also agreed that DNSPs should be allowed to function as metering MCs, MPs and MDP for street furniture.

Type 8 Meters

As aforementioned, MEA supports the implementation of type 8 meters and their proposed characteristics.

Clause 7.3.2 - Role of Metering Co-ordinator

Rule 7.3.2(a)(3) as been drafted as follows:

> (3) in relation to a type 8 *metering installation* that has been installed by, or on behalf of, the customer and subject to the *metrology procedure,* appoint a *metering Provider or Metering Providers* for the commissioning and maintenance of that *metering installation*.

The consultation explained draft cl 7.3.2 and S7.2.2(a) is designed to -

> "reflect that customers may provide type 8 metering installations such as EV chargers themselves (including legacy devices), in which case the Metering Provider will be responsible for commissioning and maintaining the installation, but not providing or installing it."

MEA understands this rule bears consumers with the responsibility of arranging the secondary settlement point meter's installation, but they are not to perform the physical function of installation. This role lies solely with licensed electrical contractors. Although clause 7.8.1 of the Rules states that "installation of a type 8 ... for a secondary settlement may be carried out by any person qualified under applicable law," we suggest clarifying this further. Given the lack of a nationally harmonised legislative framework for electrical installation work, we propose explicitly stating that this role is to be fulfilled by licensed electrical contractors recognised as ASPs. This approach will pave the way for establishing a nationally harmonised approach towards metering installation practices across Australia, eliminating any ambiguity or confusion.

Alternative Inspection Testing

MEA advocates that testing and inspection responsibilities for type 8 meters should be left to the private electrical industry, considering that type 8 meters are designated for small private customers, such as households. This necessitates invoking ring-fencing rules, which acknowledge that private electrical work should be exclusively handled by the private electrical industry, while Distribution Network Service Providers (DNSPs) serve as the supplier of last resort.

We assert that the draft rules should be revised to reflect this stance, ensuring that all private installation and maintenance activities are conducted exclusively by the private electrical industry. A holistic approach to the commissioning function should be retained by the Market Coordinator to facilitate seamless integration with the primary settlement point.

Notation of Support for Remaining Topics

MEA has not identified any issues in the following areas:

- Meters would need to obtain pattern approval from the National Measurement Institute.

Commission's Questions

What should the flow limit be for type 8 meters (when considered per year)? Is 750 MWh per annum per connection point appropriate?

750MWh per annum per connection point is appropriate.

What role, if any, should Meter Providers have in installing and managing type 8 & 9 meters?

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We assert that the draft rules should be revised to reflect this stance, ensuring that all private installation and maintenance activities are conducted exclusively by the private electrical industry. A holistic approach to the commissioning function should be retained by the Market Coordinator to facilitate seamless integration with the primary settlement point.

How frequently should AEMO update its specifications and procedures for type 8 & 9 meters? Should this review be mandated?

Given we are at the early stages of electrification and anticipate substantial innovative advancements in the CER domain, MEA recommends conducting a review at least every two years. Failure to do so may result in regulations and rules becoming outdated in relation to the prevailing technology, thereby impeding progress in the benefits of CER.

Are there instances in which aggregating multiple street lights under a single NMI via a central management system may crate issues for settlement?

MEA is concerned with the impact the rules will have on our members. We therefore withhold our response to this question.

Conclusion

MEA commends the Commission for implementing Rules that facilitate secondary settlement points at consumers' premises, enabling the separate identification and measurement of flexible energy loads generated by CER. This progressive policy not only presents CER with the chance to thrive but also empowers consumers with genuine choices regarding the use of their underutilised CER assets. By equipping CER with appropriate incentives and platforms to shift daytime oversupply to the evening peak, this initiative will assist in gradually alleviating the evening peak demand curve. Consequently, all consumers can anticipate a gradual decrease in energy prices over time.

Recognising secondary settlement points is an essential progressive step towards optimising the benefits of CER. Without this nationally harmonised rule change, FRMPs are disincentivised to install secondary settlement points and would continue to resist change, stifling the implementation of CER reforms. We welcome this development.

We continue advocating for small customers to have the ability to utilise multiple FRMPs on their premises and urge the Commission to initiate industry sandboxing trials. The current lack of incentives for retailers to offer innovative services and products for CER undermines its full potential benefits. The proposal by AEMO presented an opportunity to encourage increased market competition among retailers, enabling customers to access packages that offer greater choice and optimisation of their privately installed CER infrastructure. Without retailers offering such services, the benefits of CER will remain untapped.

While we recognise the Commission is leaving the pricing decision to AEMO, MEA have taken the opportunity to suggest that fixed network charges are not charged at the same price on a secondary settlement point as the primary NMI settlement. FRMPs should split the fixed network costs equitably in their consumer billing arrangements, and of course charge the consumer a component for the administrative costs of providing their service.

The introduction of type 8 meters will likely improve the flexibility of CER. Specifically, we applaud the Commission for acknowledging the pivotal role of the private licensed electrical contracting industry in the installation process of type 8 meters. However, with type 8 meters typically being embedded in appliances we propose explicitly specifying that this responsibility is reserved for the private electrical contracting industry
in instances where the rules indicate the consumer's responsibility for installation, in alignment with relevant regulations. In our view, this clarification would foster greater national harmonisation of installation rules, minimising any ambiguity and misunderstanding.

We suggest allowing Electrical Workers, employed by Licensed Electrical Contractors to perform metering work once they have completed micro credential training that complements their electrical license. This would allow them to become Authorised Service Providers (ASPs), thus speeding up the rollout of smart meters and CER equipment specific meter types such as the type 8 and 9 meters.

We strongly advocate for the Commission to revise its draft rules to acknowledge that the maintenance of type 8 meters should be entrusted to the private electrical contracting industry rather than MCs. This issue pertains to ring-fencing protocols. Our electrical industry possesses the expertise and readiness to not only facilitate the installation process but also to provide ongoing maintenance support.

We acknowledge the Commission's stance against smart meters. However, MEA contends that this stance is detrimental to CER and advocates for smart meters to be made available as an

option for consumers. We strongly urge the Commission to reconsider its position and permit smart meters as an additional choice for consumers. The licensed electrical industry stands ready to support both the installation and maintenance of smart meters.

In summary, the draft rules represent a significant step forward in addressing outdated regulations that would impede the success of flexible CER. By facilitating the shift of daytime oversupply to meet evening demand, they offer potential for stabilising energy pricing. These rules also hold retailers and DNSPs to greater accountability, acknowledging the importance of secondary settlements in fostering a thriving CER industry.

However, we contend that true market competition and the full realisation of CER's economic potential will remain hampered as long as consumers are restricted to a single FRMP on their premises. Without further regulatory measures, retailers lack the incentive to provide robust competitive options, thus limiting CER's true impact. Retailers, holding considerable power, are motivated to sell electricity at maximum profit rather than promoting CER's benefits.

There is still room for improvement in solidifying the role of the private electrical industry in nurturing a truly successful CER industry. However, we acknowledge and commend the Commission for its drafting efforts in recognizing their importance in installation.