



Anna Collyer  
Chair  
Australian Energy Market Commission  
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Sydney NSW 2001

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To Anna Collyer,

### **Accelerating smart meter deployment – Draft determination**

ENGIE Australia & New Zealand (ENGIE) appreciates the opportunity to respond to the Australian Energy Market Commission's (the Commission) draft determination on accelerating the smart meter deployment.

The ENGIE Group is a global energy operator in the businesses of electricity, natural gas and energy services. In Australia, ENGIE operates an asset fleet which includes renewables, gas-powered generation, diesel peakers, and battery energy storage systems. ENGIE also provides electricity and gas to retail customers across Victoria, South Australia, New South Wales, Queensland, and Western Australia.

ENGIE provides its retail customers with access to innovative products that have a focus on consumer energy resources (CER), such as residential virtual power plants and electric vehicle charging. ENGIE is also currently collaborating with several distribution network service providers (DNSPs) regarding opportunities for network-owned, retailer-leased, community batteries.

ENGIE is supportive of reforms to accelerate smart meter deployment that can bring forward benefits of smart metering to customers in the National Energy Customer Framework (NECF) jurisdictions. It is critical that government support of the acceleration program is in place prior to its commencement in July 2025. This should include clarity about site remediation (particularly for vulnerable customers) and a commitment to funding widespread information campaigns about the acceleration program and the benefits of smart meters.

In the remainder of this submission, ENGIE has provided feedback on the draft rules that introduce the reforms.

## Accelerating the deployment of smart meters across the NEM

### The new legacy meter replacement plan mechanism

ENGIE was supportive of the introduction of legacy meter replacement plans (LMRPs) during the Commission's recent review of the regulatory framework for metering services. ENGIE has been engaging with several DNSPs on initial drafts of LMRPs and proposed schedules of meter replacements. Based on consultation to-date and our expectations of the replacement schedules through to 2030, ENGIE is comfortable with the Commission's proposal to introduce a 'light-touch' regulatory approval process for DNSPs on their LMRPs.

ENGIE supports the proposal that DNSPs record the LMRP meter replacement schedules in the Market Settlements and Transfer Solutions (MSATS) system. This approach would assist our planning for the acceleration program and provide reliable information on the status of meters at transferred customer sites throughout the deployment period. However, we note that this proposal would require numerous changes to MSATS procedures and retailers' internal systems and processes, which will mean that it is unlikely that implementation would be achievable in time for the proposed commencement date of 1 July 2025. The Commission should consider either delaying the commencement of the acceleration program or developing an interim process for LMRP meter replacement schedules that can be relied on while the MSATS and retailer system updates are finalised.

In relation to the proposed process for a retailer to apply for an amendment to an LMRP due to unforeseen circumstances, ENGIE suggests it would be more appropriate for retailers to apply directly to the AER rather than to a DNSP. As retailers face potential reputational damages from missing interim targets and significant financial penalties for failing to meet the 2030 target, it should not be at the discretion of a DNSP as to whether the LMRP is amended to enable a retailer to acquire reasonable adjustments to its replacement schedule.

### Performance reporting and compliance obligations

ENGIE supports the proposed requirement for retailers to report on their high-level performance against the LMRP meter replacement schedules to the Australian Energy Regulator (AER). In terms of the indicators specified in draft rule 11.[XXX].8 of the National Electricity Rules (NER):

- The indicator in draft rule 11.[XXX].8(a)(2) does not seem to align with the Commission's expectation that retailers do not necessarily need to immediately action a meter replacement for customer sites that were won during the period that their meter replacements were due. ENGIE considers that this indicator should be redrafted so that it tracks the proportion of these meters that are replaced in each period through to 2030, which would provide an indication of the extent to which the retailer is delaying these meter replacements to 2030 or actioning these in earlier periods.

- While the indicator in draft rule 11.[XXX].8(a)(4) may partly provide the information noted above for churned sites, ENGIE considers that this indicator should instead be redrafted to focus on all other delays in meter replacements that were not due to customer churn (such as, due to site defects or access issues).
- In relation to a site that has been through all steps of the site defect notice procedure in draft rule 59AAA of the National Energy Retail Rules (NERR) and remains unsuccessfully remediated, ENGIE considers that this type of site could be separately reported through an additional indicator so to not negatively impact on the published performance of retailers. The additional indicator could potentially relate to the number of legacy meters have not been replaced due to an unsuccessful remediation status being recorded in MSATS. This type of indicator may be useful for governments when considering whether financial support should be provided to address site defects.

In relation to the proposed new civil penalties for non-compliance with the 2030 target, ENGIE considers that additional clarity is needed on the scope of a ‘reasonable explanation for failing to meet the Replacement Deadline’ as included in draft rule 11.[XXX].7 of the NER. It is likely that there will be sites that will not have a smart meter installed by 2030 and that retailers will need to rely on a ‘reasonable explanation’ to avoid the risk of significant civil penalties for failing to replace all legacy meters. For example, key barriers to achieving universal uptake of smart meters by 2030 may include:

- Site defects that require customer-funded remediation;
- Sites that do not have safe access for metering coordinators; and
- Natural disasters, weather events, or other significant events (such as pandemics or wars) that mean that meters cannot be safely installed and/or suppliers are not able to source sufficient meters to meet the required demand.

Safety is ENGIE’s top priority and we are focused on preventing serious and fatal accidents. In addition to general site safety issues, we are concerned that the removal of customer opt-outs may heighten the risk of customer discontent and unsafe work environments for our metering coordinators during the rollout.

ENGIE considers it is critical that either the Commission or the AER publish guidance around the scope of the ‘reasonable explanation for failing to meet the Replacement Deadline’ so that participants have a clear understanding of the regulatory obligations and there is an acknowledgement that safety is the primary priority throughout the acceleration program.

### Enabling better access to power quality data

ENGIE is comfortable with the proposal to give DNSPs better access to ‘basic’ power quality data (PQD) as this may reduce the current costs that DNSPs incur to access this data, which is ultimately passed through to consumers. ENGIE would support some oversight of DNSPs usage of PQD to ensure there is value for the industry in providing DNSPs with access to this data without direct charge. For example, with access to PQD,

DNSPs should be able to operate their network more proactively and identify network issues before customer complaints are raised and costly investigations are undertaken to identify and rectify issues.

### Providing customer safeguards

ENGIE is comfortable with the draft rule to prohibit retailers from charging upfront costs or exit fees relating to the replacement of a meter identified in an LMRP. ENGIE agrees with the Commission that upfront charges for smart meters would deter customers from allowing a smart meter to be installed at their premises and would impact on the social licence of the acceleration program. As the costs of meter replacements will be incurred by retailers and become a cost to serve, it is critical that the AER incorporates the costs of the meter replacement program into its annual estimation of Default Market Offer prices.

In relation to the proposed notice provided to customers for a change to tariffs or charges resulting from a meter replacement, ENGIE is comfortable with the requirement to provide customers with at least 30 business days' notice before any variation is applied to the customer. However, ENGIE does not support a requirement to add additional content to the standard tariff change letter, as this would add extra variability and complexity to our price change communications. We note that retailers are already required to inform customers that they can request historical billing and consumption data.

### Improving the customer experience in metering upgrades

#### Customer communications for a meter upgrade

ENGIE remains concerned that removing consumers' right to opt-out of a smart meter installation may risk harming the social licence of the smart meter acceleration program and may result in increased consumer discontent and complaints. As discussed earlier in this submission, the removal of opt-outs may place meter installers at safety risk from people that do not want a smart meter installed at their premises.

ENGIE considers that the information notice provided to customers before a meter installation could be a useful tool in allaying customer concerns about smart meters. While not discussed in this draft determination, ENGIE continues to support governments developing a comprehensive communication strategy and 'Smart Energy' website, which could provide a trusted-source with consumer friendly and practical information about smart meters and the acceleration program. These resources could then be referred to in information notices as part of 'a summary of the services available to the customer as a result of obtaining a smart meter'.

The content for the government website and other general communications should be developed collaboratively across industry and government to ensure it is fit-for-purpose. Ideally, a government communication campaign would commence prior to the acceleration program commencing, to ensure that consumers are familiar with the program before receiving a notice about their meter replacement.

## **Requirement to install a smart meter for customers upon request**

ENGIE supports the proposed draft rule to enable customers to request a smart meter for any reason and require retailers to action those requests. From ENGIE's perspective, this would not require a change in our processes, as we currently action all customer requests for smart meter installations.

## **Reducing barriers to installing smart meters and improving industry coordination**

### **Meter upgrades in shared fuse scenarios**

ENGIE supports the costs of Temporary Isolation of Group Supply (TIGS) being allocated to impacted retailers on a pro-rata basis to ensure that the efficiencies of the coordination of these meter replacements is reflected in the network tariffs for this work. ENGIE urges the Commission to specifically require the AER to impose this cost recovery methodology on DNSPs to ensure that the pro-rata cost allocation occurs. If each retailer were to be separately invoiced for the cost of the TIGS, this would inefficiently increase the cost of the rollout for all consumers.

### **Remediation of site defects**

ENGIE acknowledges that site remediation is beyond the scope of the energy laws and rules. However, this issue remains the most significant barrier to the achievement of 100 per cent smart meters in the NEM. As rectification costs can range from hundreds to thousands of dollars, there will likely be a necessary role for governments to step in and support affected consumers.

ENGIE recommends that the Commission update the proposed site defect notice procedure set out in the draft rule 59AAA of the NERR to explicitly consider scenarios where a customer responds to the first or second notice and informs the retailer that they refuse to remediate the identified site defects. In those scenarios, it would be a negative customer experience for the retailer to continue following the regulated steps outlined in draft rule 59AAA(1).

While draft rule 59AAA(2) addresses scenarios where a customer transfers retailers during the notification process, it is not explicit about whether an incoming retailer is obligated to take any additional steps if they win a customer that had been through all steps in the procedure and the site defect had not yet been rectified. In this scenario, ENGIE would support the final rules clarifying that the incoming retailer would not be required to re-complete the steps in rule 59AAA(1) and would not be required to complete the installation of the meter unless and until the customer notifies the incoming retailer that the site defect has been rectified.

## **Concluding remarks**

Should you have any queries in relation to this submission please do not hesitate to contact me on, telephone, 0436 929 403.

Yours sincerely,

*Matthew Giampiccolo*

**Matthew Giampiccolo**

Manager, Regulation and Policy