AGL Energy Limited
T 02 9921 2999
agl.com.au
ABN: 74 115 061 375

Level 24, 200 George St
Sydney NSW 2000
Locked Bag 14120 MCMC
Melbourne VIC 8001

Attention: Ms Julia Cassuben

Australian Energy Market Commission

By Online Submission and Email: Julia.Cassuben@aemc.gov.au

Reference Code: ERC0378

30 May 2024

Dear Ms Cassuben,

Draft Rule Determination – Accelerating Smart Meter Deployment

AGL Energy (AGL) welcomes the opportunity to provide feedback to the Australian Energy Market Commission (the AEMC) in response to the abovementioned draft rule determination (the Draft Determination).

Proudly Australian since 1837, AGL delivers around 4.3 million gas, electricity, and telecommunications services to our residential, small, and large business, and wholesale customers across Australia. AGL is a market leader in the development of innovative products and services that enable consumers to make informed decisions on how and when to optimise their energy usage and better manage their energy costs. As highlighted in our response to the AEMC's Draft Report on the Review of the Regulatory Framework for Metering Services (the Review), AGL pioneered the rollout of smart meters to its customers under the National Energy Customer Framework (NECF) jurisdictions through its industry-leading smart meter deployment program.

As Australia continues its energy transition journey to achieve net zero by 2050, and the availability and uptake of smart consumer energy resources grows, the way that Australian households interact with the energy market will continue to evolve and our homes will become smarter, more connected and more autonomous. Smart meters will be one of the key interfaces between households and the energy grid and the quicker these can be rolled out to more Australian households, the sooner consumers can enjoy their benefits:

- Empowering consumers through greater visibility and control of their energy consumption and costs; and
- Enabling broader CER activities such as solar, batteries, EV charging and demand response.

Significantly, the advantages of smart meters transcend the direct consumer impacts and have broader system benefits including:

- Supporting the transition of the energy system to net zero through cost-effective decarbonisation;
- Paving the way for greater innovation and a range of supporting regulatory reforms;
- Improving the reliability, stability and security of the National Energy Market.

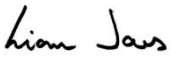
AGL is a strong proponent of the smart meter roll out initiative and recognises that more needs to be done to enable access to the benefits of smart meters for more consumers. While these changes present significant opportunities and benefits for consumers, they equally require a concerted focus on education, information, equity and protection. Particularly in relation to network tariffs, we recognise that not all customers can benefit in the short term as total network costs and revenues are fixed. A simple and fair transition path for tariffs, with options that customers can understand and action, will be important to ensure that all customers can experience service and system benefits without step change bill increases imposed on some customers who cannot readily change their

energy use. In principle, we reaffirm our support for the AEMC's proposed changes as well as highlighting any refinements to the recommendations.

AGL's detailed feedback on the recommendations in the Draft Determination are set out within Appendix A attached herewith. We also refer to our response to the AEMC's Draft Report on the Review of the Regulatory Framework for Metering Services submitted on 2 February 2023 (Draft Report Submission).

If you have any questions in relation to this submission, please contact Liam Jones on ljones3@agl.com.au.

Yours sincerely,



Liam Jones
Senior Manager Policy and Market Regulation

Appendix A – AGL's Feedback on the Draft Determination

Part 1 - Core Reforms to Deliver the Benefits That Smart Meters Offer

1. Accelerated Deployment of Smart Meters

a. Legacy Meter Replacement Plan (LMRP) Mechanism

AGL wishes to provide its 'in principle' support for the AEMC's ambitions to achieve universal deployment of smart meters across the NEM (excluding Victoria and Tasmania) by 2030. Importantly, AGL highlights the critical need for coordination across key industry participants to deliver on this ambition. As the primary means by which the deployment will occur, it will be important for the LMRP mechanism to facilitate clarity, collaboration, and certainty for stakeholders. In its Draft Report Submission, AGL highlighted the need for implementation targets to be pragmatic, realistic, and have regard to known barriers impeding retailer-led deployments such as AGL's. There remains some ongoing areas of concern around the ability for the LMRPs to achieve these requirements for the reasons set out herein. Where appropriate, AGL has made recommendations on appropriate ways forward.

b. LMRP Objective

AGL is supportive of the objective, namely the requirement for the rollout of smart meters to occur in a "*timely, cost-effective, fair and safe*" way as defined in r. 11.[XXX].1. It is AGL's view that these factors necessitate a balancing act to ensure appropriate outcomes for all stakeholders.

c. LMRP Guiding Principles

AGL is broadly supportive of the four 'guiding principles' as set out in r. 11.[XXX].2(c). We note that on current drafting, Distribution Network Service Providers (DNSPs) are only required to "*have regard*" to the factors. AGL recommends that the drafting and/or guidance around the principles be uplifted in a way that compels DNSPs to go beyond a mere passive consideration of the factors and instead, to have a more positive, meaningful, and demonstratable inclusion of the principles in their decision-making. In this regard, AGL provides the following specific commentary:

i. The first principle establishes that between 15% and 25% of legacy meters should be replaced over the course of the five (5) interim periods per annum. It is AGL's initial view that these milestones are reasonable, noting that there should be sufficient contingency made available in the final interim period for any unforeseen scenarios.

   An exemption should also apply to life support customers who should be excluded from the above interim period target calculations to ensure retailers are able to perform proper due diligence and have the necessary controls in place. Instead, we recommend that smart meters for life support customers be deployed at any time during the LMRP period and should also be spread across all interim periods by DNSPs.

ii. AGL agrees there should be regard to cost-minimisation through optimisation of the rollout. This focus should cover <u>all</u> stakeholders' costs associated with the rollout.

iii. AGL agrees that it will be necessary to consult with retailers and "other affected stakeholders", however there will necessarily need to be limitations on the breadth and/or weight afforded to such consultation, noting that ultimately it will be retailers who will be accountable for delivery of the LMRP - see additional commentary below at 1(d).

iv. AGL remains concerned at the ability for the market to support the necessary skilled labour resources to rollout the smart meter deployment. AGL recommends that consideration be given to an independent assessment of the skilled labour market and ability to deliver on the LMRP ambitions. The proposed rollout should only proceed where the independent assessment supports the ability to meet those timelines.

d. LMRP Consultation Process

AGL notes that the consultation process between DNSPs and retailers is scheduled to take place from 30 September 2024 and conclude by 31 January 2025, when proposals should be submitted to the AER. AGL makes the following observations with respect to this process:

i. In the initial phase of consultation (11 July 2024 to 30 September 2024) DNSPs must undertake consultation with a wide range of stakeholders including "retailers, relevant metering coordinators, relevant local and state governments, and distribution end users or groups representing them"[1].

ii. While these stakeholders will have a range of relevant and important views (which may be in conflict with one another), it will be important to balance these against the operational realities faced by retailers who will ultimately hold the regulatory burden and obligation to deliver to the LMRP. AGL notes that this appears to be contemplated by virtue of r. 11.[xxx].3 which establishes an additional retailer feedback mechanism. It is AGL's view that the retailer/metering coordinator feedback will necessarily (albeit reluctantly) need to have primacy over other feedback given the civil penalty implications attached to the delivery target.

iii. AGL notes the absence of a dispute resolution mechanism to resolve any conflict or impasse between DNSPs and retailers, where for example, consensus can't be reached. While this appears to be implied by virtue of the AER assessment as to whether the LMRP has complied with the objectives and consultation requirements, there could be a clearer process or pathway to resolve any such conflicts.

e. LMRP Communication Process

AGL provides the following feedback in relation to the LMRP communication process:

i. AGL agrees with the need to (a) consult with retailers on their preferences for the LMRP schedule format and (b) ensure that LMRP schedules conform to a "consistent, standardised and accessible format"[2] across all DNSPs.

ii. While AGL is supportive of the use of the Market Settlement and Transfer Solutions system (MSATS) to record LMRPs (this is far preferable to alternatives such as static emailed schedules given the ability to provide dynamic up-to-date information), we wish to highlight potential risks should MSATS not be available from May 2025 as expected.

iii. Another area of concern is the annual impact of customer churn. While this topic was considered in detail under the Review, we note that discussion on the mechanism to cater for customer churn has been relegated to a footnote, which downplays the potential impact of these customer movements (which could be significant having regard to historical customer churn volumes). In particular, it appears as though retailers will either 'inherit' a NMI's future scheduled replacement date (where it is scheduled for a later interim period) or (b) default to "by 2030" which we take to mean either 30 June 2030 or six months after the small customer switches retailer depending on

[1] AEMC, Accelerating Smart Meter Deployment Draft Rule Determination, 4 April 2024, p. 14.
[2] Ibid 14.

which year the customer churns. AGL argues that greater consideration should be given to the potential impacts of customer churn on LMRPs and the annual schedules.

f. Implementation of LMRPs

AGL is supportive of the general notion that retailers are best placed to facilitate meter upgrades due to their existing customer and metering coordinator relationships.

Given some retailers (including AGL) may be undertaking retailer-led smart meter replacements, the final rules should include a transitional period for deployments that commenced under the old rules, but which will be completed during the LMRP period. This will ensure that retailers are fully aware of their obligations.

As outlined in our Draft Report Submission and as will be discussed further under 1(h) below, AGL remains concerned about implementation targets that may set industry and in particular, retailers, up for failure.

g. Revision of LMRPs

AGL agrees with the need to have an appropriate mechanism or trigger to revise the targets set out in the initial LMRP. Currently, these revisions are bound by the "material error" or "material change event" circumstances contemplated in r.11.[XXX].5. AGL is concerned that these two categories are defined in such a way as to limit or narrow a retailer's recourse and should be redrafted to allow for greater flexibility.

h. Performance Reporting and Compliance Obligations

AGL understands and acknowledges the need for performance reporting to track implementation progress against the interim and final targets. However, in introducing new reporting requirements, the AEMC should be conscious of the resourcing impacts on retailers' reporting teams, especially in the backdrop of the AER's pending decision on both retail performance reporting and compliance reporting, both of which will impose new and additional reporting obligations on energy retailers and will be deployed during a similar timeframe to these proposed changes. This is in addition to several other system and reporting changes across other jurisdictions. Wherever possible, the potential benefits of reporting need to be weighed against the retailer cost and effort to produce that reporting, especially as the reporting contemplated under this change will be partly manual – see for example management reporting commentary on exceptions.

AGL's most significant concern relates to the expectation of universal penetration of smart meter rollout and the fact that any inability to deliver against this target will constitute non-compliance and require retailers to provide suitable evidence or justification to the AER. This is reflected in the drafting of the provisions which equates an inability to replace a legacy meter with a 'failure' on the part of the retailer[3]. As previously outlined, the universal penetration target is a lofty ambition (albeit a worthwhile one) but should not be enunciated through a strict compliance obligation with civil penalty implications when it is clear the target will not be practically feasible.

Instead, AGL advocates for a compliance framework that requires retailers to achieve universal penetration net of valid and expected exception categories, for which there will be many – including but not limited to life support customers, unresolved defects, site access issues (including customer prevented) or site safety issues.

[3] See r. 11[XXX].7 which requires retailers to have a "reasonable explanation for failing to meet the Replacement Deadline".

2. Access to Power Quality Data

AGL provides the following comments in relation to access to power quality data:

a. AGL notes industry stakeholder concerns around the proposed June 2025 commencement date owing to the complexity of how the data is to be provided and for system build/testing including supporting AEMO procedures and processes. As such, AGL recommends and supports a deferred commencement of no earlier than July 2026.

b. AGL refers to its Draft Report Submission in which we advocated for fair and equitable access to power quality data for a range of parties who may find the data valuable to their operations. In this regard, we disagree with the limitation contained within clause 7.15.5(c2) such that only DNSPs and AEMO may receive the data. This should be open to other market participants (including retailers) where there is a justifiable or reasonable customer benefit or service such as CER/DER coordination/orchestration, FCAS and demand response. AGL does not propose that such parties should automatically receive power quality data, rather these parties shouldn't be arbitrarily limited or prohibited by default. Instead, there may be an intermediary step to apply for access to the basic PQD, presumably through AEMO procedures. As part of this process, it would be necessary to ensure adequate privacy and data security measures are in place.

c. AGL recommends that further clarity be provided in relation to the definition of "basic" PQD. AGL understands that the notion of 'basic' will be that which is defined by the term 'power quality data' in the Glossary of Chapter 10. However, the definition is not exhaustive by virtue of the inclusion of the terminology "*which includes*" and which is also reflected in the draft determination by reference to "*at a minimum*"[4]. This non-exhaustive definition is at odds with the definition of advanced PQD which is taken to mean measurements which are not basic PQD. AGL recommends that the drafting of the definition be narrowed to an exhaustive list to give proper certainty to market participants as to the likely scope and implications of the basic PQD obligation and in turn any negotiated advanced PQD requirements. In a similar vein, AGL notes that the definition of power factor allows for either the ratio of the active power kW to the apparent power kVA or as a phase angle. AGL suggests that phase angle be adopted as the uniform approach to recording power factor.

d. The draft determination sets out that basic PQD is to be provided to DNSPs "without direct charge"[5]. In circumstances where this data is provided today under commercial arrangements between DNSPs and metering data providers, AGL remains concerned by the extent to which the costs of provision of this data will occur indirectly and be transferred to alternative market participants such as retailers and ultimately energy consumers. There should be greater clarity as to indirect cost recovery for basic PQD in either the final determination and/or rules.

[4] Ibid 18.
[5] Ibid 18.

Part 2 - Supporting Reforms to Enable the Core Reform Program

3. New Customer Safeguards

a. Prohibition on upfront charges and fees for new meters

AGL is supportive of the proposed prohibition on upfront meter replacement charges for replacements under the LMRP.

b. Notification of change of pricing structure

As an opening observation, there appears to be a misalignment in commencement date for this element of the reform program. The Draft Determination sets out that the Schedule 3 NERR changes should commence from 26 June 2025[6], whereas the draft rule stipulates a 25 July 2024 commencement (which we presume is a reference to the Schedule 3 changes for the NER instead).

AGL recognises that smart meters will play a key role in enabling customers to embrace cost reflective tariffs, innovative products and enable retailers to provide more insights to customers on their usage and how to manage it in a cost-efficient way.

Given this, AGL is especially supportive of moves to improve customer awareness and protections around tariff reassignments and their flow-on impact. The real-world customer impacts of this issue have been prominent in recent media coverage and as such, we are concerned with ensuring that appropriate safeguards are implemented prior to embarking on the accelerated smart meter rollout program. It is AGL's concern that the acceleration process will expose a significant number of customers to potential tariff reassignment processes and as such, the protections proposed by the AEMC need to go further. We agree with the Draft Determination findings that failure to protect customers will result in negative experiences, poor customer outcomes and increased social licence risk.

Any discussion around pricing structures must commence with an acknowledgement of the importance of appropriate product design as an essential, foundational building block, before looking at notions of education and information as flow-on considerations. Ultimately, it will be significantly more difficult to educate and inform customers if the underlying products themselves are not conducive to customer centric outcomes. In this regard, AGL contends that good network tariffs should be fair by design and not punitive. They should be simple for customers to understand and empower customers to act to minimise their bill. Networks, regulators, and retailers need to work together to deliver better outcomes for customers.

In particular, AGL wishes to emphasise that tariffs should be **simple**, **actionable**, and **fair** to incentivise customers to shift their load and reduce peak demand. AGL wishes to raise the following general tariff design principles, that in our view, are appropriate for adoption in the accelerated smart meter deployment:

- Simplicity: pricing structures should be easy for consumers to understand and avoid complexity.
- Actionability: pricing structures should be conducive to enabling customers to act on price signals.
- Fairness: pricing structures should be equitable and not punitive.

To address the above concerns, AGL makes the following general recommendations which could be incorporated into the final decision:

[6] Ibid 43.

i. Ensure that network tariff reassignments are also subject to the same advance warning timeframe as retail tariff reassignments (30 business days), such that they would commence in parallel (or later - preferably an additional 15 business days after) ensuring there is sufficient warning for both retailer and customer alike. Without aligning network and retailer tariff reassignment timeframes, retailers will face operational and system related challenges to comply with this rule.

ii. An exception to the above scenario might be customers undertaking solar installations to avoid them having to wait 30 business days for their tariff reassignment to occur. This exception is critical to protect customer outcomes such as delays to receiving the benefits of solar feed-in for example.

iii. Remove all network charges and time limits for tariff reassignments during the LMRP period.

iv. Improve price signals for time of use (TOU) tariffs.

v. Prohibit DNSPs reassigning residential customers by default onto network demand tariffs at the point of a meter replacement as they are too complicated and punitive.

With the appropriate product design in place, AGL is also supportive of additional steps to uplift customer education and awareness through the proposed new notice. This information would empower customers to better understand the design of their energy tariffs, the relationship between their energy usage patterns and the tariff, how to optimise their energy usage to reduce energy costs, and additional upgrades or steps they might with to consider.

In relation to the new requirement that a customer be able to request "an estimate of what the small customer's historical bill would have been under the varied tariff or charge, AGL notes that there is likely to be limited utility in this provision and as such, it should be omitted as it will create unnecessary cost for retailers with limited consumer benefit. The provision involves the retailer, on the customer's request, comparing the tariffs and charges of a historical bill with the customer's current bill. It's likely that the customer in this situation would be moving from a flat rate tariff to a cost reflective tariff and as such, there would be insufficient data or information available to make a meaningful comparison for that customer. Instead, AGL believes the above recommended protections are sufficient to ensure optimal customer outcomes when their tariff is reassigned. An alternative customer experience for consideration would be to undertake the meter installation then allow sufficient time for accurate bills and information on the customer's load profile to accrue before proceeding with the optimal network tariff restructure.

4. Improving the Customer Experience

a. Retailer information notice prior to a smart meter upgrade

AGL is broadly supportive of the notion that customers should be given additional information prior to having a smart meter upgrade under the accelerated smart meter deployment.

AGL agrees with the proposed content of the new notice, being the items contemplated in 'Box 8' the Draft Determination. We are supportive of the general nature of the information provided and the avoidance of customer-specific or bespoke information which would significantly increase complexity and cost. We note that the Draft Determination provides that an indicative timeline for the meter installation should be communicated to the customer (expressed as a date range), however there do not appear to be any corresponding amendments to r. 59A(3)(b) of the National Energy Retail Rules (NERR) which seems to specify a more precise "expected date or time".

AGL notes that amendments to r. 59A are proposed to commence from 25 July 2024, which in the context of a proposed final determination on 11 July 2024 is manifestly insufficient. Retailers will only be able to commence efforts to build and deploy the new communications once the content of those notices is ratified

through the final determination. From there, a rigorous implementation process must follow to allow the communications to be drafted, approved, systemised and tested.

AGL anticipates that it would require until at least 1 July 2025 to achieve this, having regard to other parallel collateral requirements under the draft Determination as well as the other pipeline of regulatory and business improvements. Consideration should also be given to a flexible transitional period for the new notice, especially where an earlier commencement date is contemplated.

An additional concern is that the notice would be applicable to all smart meter deployments (other than new connections). AGL does not support this all-encompassing approach and suggests that the notice should not apply to certain meter exchanges being those related to faults and customer-initiated requests, as well as retaining the exclusion for new connections. In relation to faults, the specific rectification timelines (15 business days for individual failures) create timing challenges to be able to issue this notice in addition to any communications relating to the fault itself.

In relation to customer-initiated upgrades, AGL notes that the prescriptive nature of the notice requirement and specifically the timing, may reduce flexibility and lead to poor consumer outcomes. The concept of flexibility was considered in the AEMC's Metering Installation Timeframes Rule Determination[7] and noted the need to allow flexibility in processes where there was specific customer consent and preference to do so. For this reason, we recommend consideration to an exception process whereby the information notice is not required in circumstances where the customer is able to provide their explicit informed consent to proceeding with the meter upgrade contrary to the notice timing requirements. As an added safeguard, the notice could be sent to these customers within a specified timeframe, say 10 business days, *after* the meter installation.

b. Customers can request an upgrade at any time.

AGL is broadly supportive of customers having the right to request a smart meter upgrade for any reason and in advance of their scheduled meter replacement under the LMRP. AGL's only concerns would be where demand for customer-initiated smart meter upgrades has a material impact on resourcing and scheduling of planned upgrades under the LMRP. Factors such as communication campaigns may be a double-edged sword in so far as they raise awareness about the benefits of smart meter upgrades and increase demand to unmanageable levels.

c. Meter malfunctions replacement framework

AGL is broadly supportive of the proposed changes to the meter malfunctions replacement framework. One potential area for consideration is an exception category with elongated timeframes for significant events (such as natural disasters). Save for the above, AGL does not have any further specific feedback to provide.

5. Reducing Installation Barriers

a. Remove option to opt-out of a new meter deployment

AGL is supportive of the proposed change to remove the opt-out provision for standard retail contract customers and align closer to the position for market retail contracts. It is important to note that the opt-out provision still requires retailers to ensure they have appropriate provisions within their market retail contract terms to authorise the deployment of a smart meter which may be a relevant consideration from

[7] AEMC, Metering Installation Timeframes Rule Determination, 6 December 2018.

a timing perspective of related activities. While this change has the effect of reducing consumer rights, it is necessary to achieve the ambitions of universal penetration by 2030.

Beyond opt-out clauses, AGL notes the Draft Determination remains silent on how retailers should manage customers who actively choose not to, or don't engage with the replacement process. Unlike the defect remediation process, there is no clear pathway for retailers to follow to be able to satisfy the 'reasonable justification' requirements for failing to meet the replacement deadline.

b. Reduce the number of notices sent before a new meter deployment

AGL is supportive of the proposal to reduce the number of notices sent to customers from two to one. AGL refers to feedback provided in relation to the timing and content of this new single notice in section 4(a) above.

c. Shared fuse scenarios

AGL recognises that shared fuse scenarios will likely be challenging for industry to manage and as such, welcomes the opportunity to consider ways in which to make the process less intensive. AGL has identified a number of points of feedback specific to shared fuse scenarios:

i. Commencement should be delayed to no earlier than July 2025 for the reasons set out below.

ii. To implement an effective Shared Fusing Meter Replacement Procedure (SFMRP), industry has identified key B2B procedural and schema changes are required and these should be implemented concurrently with the May 2025 B2M and B2B procedural and schema change (with other changes required for the accelerated deployment), allowing participants to efficiently deliver change.

iii. AGL recognises that the proposed SFMRP is an ongoing provision and would apply to "all sites that do not have defects, site access issues or site safety issues"[8]. It is also the preferred approach for dealing with malfunctions as contemplated under 3.4.3 of the Draft Determination. It is AGL's recommendation that consideration be given to an exception process for customer-initiated or retailer-led rollouts that allow the expeditious replacement of the impacted meter(s) for that retailer without having to follow the elongated process which could take up to 70 business days.

d. Remediation and site defect tracking

AGL has identified a number of points of feedback in relation to site defects:

i. Site defects are identified as a "major barrier"[9] to smart meter installations. Yet, customers will not be compelled to remediate defects identified through the replacement process, as reflected by comments in the Draft Determination that "site remediation is currently the responsibility of the customer and beyond the scope of the energy laws and rules"[10]. In the backdrop of a cost-of-living crisis and with increased numbers of customers accessing energy retailer hardship programs, we foreshadow that a significant number of customers may not have the financial means to consider rectification of defects. This will likely result in a significant number of latent defects, presenting a very real challenge to the universal deployment target.

ii. AGL remains wary of the use of MSATS as the preferred platform for recording customer communications as this function is more akin to that of a CRM. Any additional functionality built

[8] AEMC, Accelerating Smart Meter Deployment Draft Rule Determination, 4 April 2024, p. 27.
[9] Ibid 28.
[10] Ibid 26.

into MSATS will likely also result in corresponding system changes for industry participants. Notwithstanding this, we acknowledge the inherent benefits of having accessible, consistent information available to market participants. We question whether it is necessary to record letter dates in MSATS as opposed to just the initial defect notification and type(s) of defect.

iii. AGL questions whether there is any inherent value in having the defect process transferable to the incoming retailer if the customer churns. At worst, the customer may receive an additional version of a notice they received from their former retailer, but this is arguably necessary given the new relationship between the customer and the retailer. It is analogous to payment difficulty support which effectively restarts whenever a customer swaps retailer. Ultimately, customers may benefit from the different approaches, offerings and support between retailers.

Furthermore, the requirement to resume the defect process under r. 59AAA(2) doesn't appear to contemplate all possible scenarios that will occur in the real world. AGL has identified the following permutations which may not be adequately captured by the procedure:

- Customer A receives the first and second notices from Retailer X, then churns to AGL. There may not be any remaining steps for AGL to undertake – AGL could not know what (if any) efforts were taken by the prior retailer to contact Customer A.
- Customer A receives the first notice from AGL then Customer B moves in with AGL. The process should not resume at the second notice for Customer B – it should restart as Customer B will not have received the first notice.
- Customer A receives the first notice from Retailer X then Customer B moves in with AGL. The process should not resume at the second notice for Customer B – it should restart as Customer B will not have received the first notice.

iv. The obligation on the retailer to contact a customer following the second defect notice is defined as "reasonable endeavours" in the Draft Determination as distinct from "best endeavours" in the drafting of r. 59AAA(1)(d). Recognising that these standards have different definitions at common law, retailers would benefit from guidance as to the required standard and expected activities in the context of defect remediation, especially to the extent that an inability to replace the meter will lead to the retailer's inability to meet the LMRP target and require reasonable justification to the AER.

v. Retailers are required to issue the initial defect notice within 5 business days of notification from the MC. AGL notes that this is close proximity to the defect notice provided by the MC and as such, would benefit from a longer timeframe (say 10 business days) to complement the initial MC notice and allow the retailer time to prepare the letter (to the extent that they may require additional information from the MC).

vi. AGL understands that only one (1) defect can be captured in MSATS which may be problematic where there are multiple issues that need to be communicated to customers.

vii. The Draft Determination is silent on the approach for managing any pre-existing defects identified prior to the commencement of the LMRP period. AGL's recommended approach would be to require MCs to retrospectively flag the defect in MSATS (when the functionality becomes available), allowing the incumbent retailer to commence the new site defect notice procedure. This will avoid additional unnecessary site visits.

viii. AGL seeks clarification as to the approach for defects identified at shared fuse sites, noting that meter malfunctions invoke the SFMRP. Specifically, would a defect at a shared fuse site require

the defect to be recorded in MSATS for all meters and would each corresponding retailer then need to follow the site defect notice procedure for their customer(s)? There is value in considering a coordinated approach to defect management for shared fuses noting a preference to avoid multiple wasted site visits. There would also likely be challenges around who is legally responsible for addressing the defect and how retailers might communicate this in a meaningful manner.

ix. There may be benefits in having standardised industry defect communications which could be accompanied by the retailer's cover letter.

6. Improved Meter Testing & Inspections

a. Legacy meter testing exemption

AGL is supportive of the proposed exemption relating to testing and inspection of legacy meters during the LMRP period for the reasons set out in the Draft Determination. However, AGL disagrees that the exemption should be temporary and instead recommends that the AEMC consider making the exemption permanent beyond the LMRP. Legacy meters that exist beyond the LMRP period should predominantly be those that were not replaced due to unresolved defects or factors such as access or safety. If beyond the LMRP period, the access or site safety issue was resolved at the point of a scheduled test or inspection, then that meter should be upgraded. It would not be economical to continue with the legacy meter testing and inspection framework for what should be, if LMRP targets are successful, a very small number of meters. The decommissioning of this framework will also incentivise remaining legacy meters to be upgraded.

b. Testing and inspection requirements

AGL welcomes any opportunity to clarify, simplify and streamline market participant obligations in relation to meter testing and inspection requirements. Beyond this, AGL does not have any specific feedback to provide in relation to this proposed change.