30 May 2024

Lisa Shrimpton
Director
Australian Energy Market Commission
Via online portal
Ref: ERC0378

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Dear Lisa,

Ausgrid response to AEMC's accelerating smart meter deployment – Draft Determination

Ausgrid is pleased to provide this submission to the Australian Energy Market Commission (**AEMC**) in response to its Accelerating Smart Meter Deployment Draft Determination (**Draft Determination**).

Ausgrid is a distribution network service provider (**DNSP**) which operates the shared electricity network that powers the homes and businesses of more than 4 million Australians living and working in an area that covers over 22,000 square kilometres from the Sydney CBD to the Upper Hunter.

Ausgrid supports a mandated and completed smart meter rollout in the national electricity market (**NEM**). However, consistent with our earlier submissions to the AEMC and discussions with the NSW Government we recommend a customer-led approach and strongly support the Public Interest Advocacy Centre's (**PIAC**) recommended approach for DNSPs to have a greater role. We understand that this would require the existing framework to be changed and hence is outside the scope of this Draft Determination. However, we are concerned that the Draft Determination does not sufficiently address the challenges Ausgrid's network area will face to achieve 100% penetration due to the high percentage of multiple occupancy sites and lack of provisioning for remediation and vulnerable customers.

Nonetheless, Ausgrid is committed to supporting and enabling the AEMC's proposal to accelerate the installation of smart meters. For example, Ausgrid has:

- Commenced engaging with retailers and metering providers to develop Legacy Meter Replacement Plans (**LMRPs**);
- Participated in ongoing workshops hosted by the Australian Energy Market Operator (**AEMO**), including the 'Metering Services Working Group' and High-Level Implementation Design (**HLID**) consultation; and
- Coordinated with other DNSPs to ensure alignment in LMRP development and shared fuse replacement processes.

Attachment A provides our response to the AEMC's Draft Determination. In summary, we:

- Support the universal uptake of smart meters by 2030. However, our submission outlines the reasons it will be difficult to achieve the targeted 100% uptake for a large percentage of sites in Ausgrid's network area by 2030. This is due to the significant number of multi-occupancy locations and older sites, which do not have targeted measures to address site remediation and or a proven, practical 'one-in-all-in' process. As such, we urge the AEMC to

ensure its framework considers how to address meter maintenance and replacement post-2030 to address remaining legacy meters;

- Support the DNSP-led development of LMRPs. We recommend the AEMC implement quarterly sub-periods (in addition to the yearly periods) to enable greater efficiencies for the roll out and improve customer outcomes;
- Welcome no cost access to basic power quality data (**PQD**), however, consider that the AEMC should give consideration to how real time PQD can be provided to customers and DNSPs to ensure realisation of greater benefits and development of new services;
- Strongly support the proposed customer safeguards and improvements to customer experience including the provision of clear and timely information by retailers;
- Strongly urge the AEMC to review the proposed 'one-in-all-in' processes and timeframes to ensure that the resource demands placed on DNSPs are fair and efficient, and that the associated procedures are capable of producing practical and achievable outcomes in the best interests of customers; and
- Do not support the 22 January 2025 commencement of the shared fusing replacement procedure as the AEMO developed procedure will not be finalised until at least late November 2024, leaving insufficient time for industry to implement IT system and process changes over the Christmas/New Year period.

We also support the Energy Networks Australia submission and welcome the opportunity to discuss this submission with the AEMC. Please contact Naomi Wynn, Net Zero Partnerships and Regulatory Manager at 0447 044 481 or naomi.wynn@ausgrid.com.au.

Regards,

Junayd Hollis
Group Executive Customer, Assets & Digital

Attachment A: Ausgrid response to the AEMC's accelerating smart meter roll out Draft Decision

Topic	Description	Ausgrid feedback
1. Accelerated deployment of smart meters	**1.a Universal uptake of smart meters by 2030**	Ausgrid supports the accelerated smart meter deployment target of universal smart meter update by 2030 in the NEM. We agree with the AEMC's conclusions that there are benefits to customers and the NEM from universal smart meter adoption. This includes network visibility and safety improvements. However, Ausgrid considers that universal smart meter deployment by 2030 is unlikely under the proposed framework. The age of many customers' premises in Ausgrid's network area increases the likely need for site remediation, and its higher residential and commercial density will result in complex, multi-party installation requirements. Ausgrid also notes that the current drafting does not address any meter requirement replacement post-2030. Jurisdictions around the world that had a DNSP-led roll out have higher levels of smart meter penetration. For example, the UK set a target for 100% smart meter uptake in 2011, with the view to have it complete by 2019 via a retailer-led roll out.[1] However as at December 2023, it still only has a 61% smart meter penetration despite multiple reviews, with the number of smart meters being installed each quarter declining.[2] It has now adjusted its target to 69% of smart meters installed by 2025.[3] Comparatively, Victoria has nearly 100% uptake through a network-led rollout. Denmark, Estonia, Finland, Italy, Norway, Spain and Sweden are all examples of 100% smart meter penetration through clear targets and a network-led roll out.[4] Ausgrid respectfully considers that the AEMC erred in its decision on the review of the regulatory framework for metering services. Ausgrid supported the customer-led approach proposed by PIAC for DNSPs have a greater role in the roll out.[5]

[1] UK Parliament (2023). Update on the rollout of smart meters. https://publications.parliament.uk/pa/cm5803/cmselect/cmpubacc/1332/report.html#:~:text=The%20Department%2C%20and%20its%20predecessor,complete%20the%20rollout%20in%202019.

[2] UK Department for Business, Energy and Industrial Strategy (2024). Smart meter statistics in Great Britain: Quarterly Report to end December 2023. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1119171/Q3_2022_Smart_Meters_Statistics_Report.pdf#:~:text=At%20the%20end%20of%20September%202022%2C%2047%25%20of,for%20gas%2C%2056%25%20for%20electricity%20and%2054%25%20overall/.

[3] Ibid. n.2.

[4] European Commission (2023). Clean Energy Technology Observatory: Smart Grids in the European Union – 2023 Status Report on Technology Development Trends, Value Chains and Markets. https://publications.jrc.ec.europa.eu/repository/handle/JRC134988/.

[5] PIAC (2003). Submission to the review of the regulatory framework metering services. https://www.aemc.gov.au/sites/default/files/2023-02/piac_submission_08_02_2023.pdf/.

Topic	Description	Ausgrid feedback
	1.b DNSPs to implement Legacy Meter Replacement Plans (LMRPs) using principles: 1. Approx. 15-25% of meters replaced in each of the 5 interim periods 2. DNSP LMRPs to have regard for: - efficiency of costs and potential cost savings for market participants - impact on retailers and other affected stakeholders to mitigate impact and ensure achievability - appropriate and efficient workforce planning, including regional areas	Ausgrid supports the development of LMRPs as it will assist in optimising efficiencies in the roll out. Ausgrid has been meeting and holding workshops with retailers and metering providers to develop LMRPs collaboratively. Additionally, Ausgrid has co-ordinated DNSP workshops to align LMRPs and one-in-all-in processes across network businesses. To ensure effectiveness Ausgrid recommends that LMRPs continue to have yearly periods, but also include quarterly sub-periods. These sub-periods would indicate a DNSP's preferred replacement quarter, allowing grouping of sites with common meter reading timing which would enable efficiencies in meter reading. The use of sub periods will also benefit the industry and customers as it will increase the number of reporting periods from 5 to 20. This will better equip the AER and stakeholders to understand what is, and what is not, working in the roll out to improve guidance and refine approaches early into the roll out. Coordination and evenly spreading out of one-in-all-in outages across every quarter, is also critical to the success of this strategy. Implementing quarterly sub-periods can be done by ensuring that AEMO's Market Settlements and Transfer Solutions (**MSATs**) package 1 has an agreed format of [yyyy-mmm] or [yyyy-mmm-dd]. This will better equip market bodies and industry to understand whether LMRPs require revision to better achieve universal smart meter installation by 2030. Ausgrid also considers that the proportion of meters to be replaced each yearly period should increase at in the earlier periods, peak in the middle period (FY28/FY29)), and tail off at the last period. This will ensure that the increased workload at the beginning is achievable, and that the latter years do not become backlogged. For example: FY26 = 10-15%; FY27 = 20-25%; FY28 = 20-25%; FY29 = 20-25%; FY30 = 10-15%. Ausgrid supports the approach of light-touch oversight from the AER for LMRPs compared with a more involved approach. We note the short timeframes required to enable the Rule Change's commencement, along with the level of consultation that is already occurring with market participants in advance of the rules coming into effect. As a result, a more heavy-handed approach would risk delaying commencement. Ausgrid also supports the use of the MSATs system to record the LMRP year against each relevant site. This enables the information to be readily available to all relevant market participants, and does not require additional administrative burden from DNSPs when customers churn retailer (estimated at approximately 25%), or when retailers appoint new metering coordinators (**MCs**).
	1.c Retailer obligations to comply and AER's new compliance monitoring role	Consistent with our comments above. Ausgrid recommends that retailers report on compliance quarterly and not annually to enable the AER to understand where there are: • Challenges with the roll out, which can become areas for improvement;

Topic	Description	Ausgrid feedback
		• Retailers requiring further assistance to meet the targets; and • Success stories for replication elsewhere in the market. Whilst Ausgrid is supportive of civil penalties on retailers for non-compliance with the final 2030 target, we note that there are no proposed interim penalties. Whilst annual penalties could be considered overly onerous, a lack of penalties until the end of the period may result in a 'too little, too late' outcome and not equip the AER with being able to respond (if needed). This may be necessary, should it become clear that the aims of acceleration are not achieved or the workload burden in the final years is too large as to be achievable.
2. Access to power quality data (PQD)	Free access to basic PQD by: • Defining basic PQD; • Allows DNSPs to have access or receive basic PQD; • Imposes responsibilities and requirements on MCs and MDPs to enable better access for DNSPs; and • Make consequential amendments to facilitate the basic PQD.	Ausgrid strongly supports free access to PQD and commends the AEMC for taking this approach to ensure customers pay no more than necessary for network access to their data. Ausgrid notes that NSW DNSPs advocated strongly for NSW DNSPs to be able to provide standardised data set requests for customers as a standard control service, so that customers do not have to pay again for this data. The AER approved this in its Final Determination for our 2024-29 regulatory resets.[6] Networks will use this data to improve safety monitoring of customer installations and the network, as well as low voltage planning processes, resulting in more efficient costs to customers. We are concerned that the AEMC has made no provision for real time PQD and is instead expecting a separate rule change request for access to real time PQD. This presents a missed opportunity to provide efficiencies to customers as MDPs will not be required to ensure systems are capable of dealing with real time data, duplicating system development and implementation processes across the industry. Customers will ultimately pay for these duplicated costs .

[6] AER (2024). Attachment 13 – Classification of services – Final Decision – Ausgrid, Endeavour Energy, Essential Energy (NSW) and Evoenergy (ACT) Distribution determination 2024-29. https://www.aer.gov.au/system/files/2024-04/AER%20-%20Final%20Decision%20Attachment%2013%20-%20Classification%20of%20services%20-%20Ausgrid%20-%202024%E2%80%9329%20%20Distribution%20revenue%20proposal%20-%20April%202024.pdf/. P18.

Topic	Description	Ausgrid feedback
3. New customer safeguards	Retailers will be • Prevented from charging small customers upfront costs or exit fees that relate to replacement; and • Required to provide their customers 30 business days' notice when transitioning customers to a different price structure, including information on understanding and managing the change.	Ausgrid supports the Draft Rules that prohibit upfront charges and exit fees for new meters, as well as the provision of clear and timely information to customers from their retailer about different tariff structures available to them and the likely cost impacts.
4. Improving the customer experience	Retailers will be required to: • Provide customers with additional information on smart meters ahead of upgrades; • Install a smart meter upon a customer's request; and • Adhere to a new meter malfunction framework.	Ausgrid supports these amendments to the framework to improve customer experience.

5. Reducing installation barriers	A range of amendments including: • Customers no longer being able to opt out from smart meters; • Reducing the number of retailer notices issued to customers; • One-in-all-in for shared fuse sites; and • A new site remediation notification and tracking process;	Ausgrid supports these amendments to reduce installation barriers however makes the following recommendations on one-in-all-in and site remediation. <u>One-in-all-in</u> More than 40% of Ausgrid's customers reside in multi-occupancy sites, and shared fuses were permissible under NSW rules until 2017. This means that there are potentially up to 320,000 customers (residential and commercial) with shared fuse arrangements that will require the one-in-all-in procedure to replace legacy meters. Whilst this procedure should theoretically result in efficiencies for customer and metering providers, Ausgrid considers that the following challenges remain that need resolution for an achievable accelerated smart meter roll out. • **Multiple parties on site simultaneously:** The AEMC has not tested the practicalities of multiple parties attending a site at the same time to carry out meter replacement work. Meter boards are often located in confined areas with limited access for more than one person. In addition, the safe work implications may also cause issues for providing lighting in a de-energised switch room where multiple metering parties are working. Ausgrid also considers the coordination of multiple metering parties to install metering fuses and metering equipment will be complicated in confined switch rooms. • **Outage timeframes:** The proposed timelines for DNSPs to organise outages is insufficient and provides no flexibility to respond to customers' needs and requests, particularly where life support and/or commercial customers are involved. The AEMC must allow flexibility in scheduling outages with customers, this will not only allow adequate resourcing by industry participants, but achieve positive customer outcome so customers are not forced into an outage that does not meet their life support needs or business requirements. • **Standards needed for type 4 meter spacing and configuration**: There is no common standard defined amongst metering providers for the physical space and configuration requirements for type 4 meters, which may lead to inability to fully replace the meters at a particular site without further action from the customer or strata. As it does today, this will lead to outages being arranged by the DNSP and metering parties arriving on the day of the outage not having the space to install their meters, resulting in the outage being cancelled. The metering industry needs to develop an agreed standard/procedure to enable the Original MC to assess the switchboard and determine if the meter replacement can successfully be achieved. This will avoid a wasted outage, making more efficient use of limited industry resources and improving customer outcomes. • **Timing for one-in-all-in requests:** There are no obligations on retailers or metering parties to consider the impact of one-in-all-in requests across an implementation year which could create a boom-bust cycle situation for DNSP resources (similar to that on DNSPs in the LMRP principles). Given this, and the strict one-in-all-in

timeframes proposed for DNSPs, Ausgrid considers that there may be considerable risk that the current draft rule may produce unachievable requirements from a resourcing perspective.

- **Shared fuse outages:** Ausgrid notes that shared fuse outages today are much simpler to arrange than the proposed one-in-all-in process. Specific DNSP work practices have the ability to provide electrical isolation for metering providers for the individual metering that currently most metering parties cannot conduct. In addition, only a small number of other customers are normally impacted by the outage if this forementioned DNSP individual isolation practice can occur. The one-in-all-in procedure will necessitate isolating supply to the entire switch room, for a longer period, meaning that power for lighting, electric tools and customer amenities (e.g. lifts) will not available with potential for adverse customer impacts. This may also affect other areas of a building, for example, ventilation systems, fire detection and suppression system. We note that there is no consistent method to determine whether the other areas/systems in a building are metered independently.
- **High volumes of one-in-all-in outages needed in Ausgrid's network area:** Ausgrid has conducted initial analysis on the impact of one-in-all-in outages in our network area. Assumptions include:
    - Over 40% of NMIs in Ausgrid's network are located in multiple occupancy sites;
    - Approximately 1,000,000 NMIs will have legacy meters as at 1 July 2025;
    - 20% of these sites are assumed to be multiple occupancy with no shared fuse or have site defects; and
    - Average 10 NMIs per multi occupancy site (eg. switch room or meter location).

Description	Quantity
Per Annum (NMIs)	64,000
Monthly (NMIs)	5,333
Weekly (NMI)	1,231
NMI/Site (average)	10
Weekly OIAI Sites	123

  This impact assessment show approximately 123 sites will need to have one-in-all-in outages arranged every week for each LMRP year if triggered evenly across the 5 yearly periods.
- **Amend clause 7.8.10D(e) to provide greater flexibility:** Given that the DNSP has no control over when the one-in-all-in procedure is triggered within a LRMP year, and the short and inflexible timeframes in the Draft Rule, Ausgrid is concerned about the potential impacts on resources if these outages are not triggered evenly across

		each year. Ausgrid requests that the AEMC review the timelines proposed in the Draft Rule to allow for adequate flexibility in arranging one-in-all-in outages so that they occur within each quarterly sub-period (proposed above). Ausgrid agrees with the drafting of the following clause as a part of the Shared Fusing Meter Replacement Procedure, however, we would like to suggest the following italicised and underlined text be added to the clause: 7.8.10D Shared fusing meter replacement procedure (e) Subject to paragraph (e), within 10 business days of receiving a Shared Fusing Meter Replacement Notice from the Local Network Service Provider, each retailer must appoint a MC (which may be the Original MC or another MC)*, and raise the appropriate service orders identified in AEMO procedures* to replace the relevant Legacy Meters and, if relevant, repair the First Affected Meter on the Shared Fusing Meter Replacement Date. As currently drafted by AEMO, the proposed B2B procedures require a scoping service order to be sent to the DNSP to scope, identify and notify customers of a one-in-all-in outage. The DNSP then notifies all retailers of the outage date and time. Once the retailer receives the notification from the DNSP, the retailer is required to raise a service order to the metering party and the DNSP. With this proposed procedure in place, the above proposed changes to clause 7.8.10D(e) will provide the following benefits and enable improved success for one-in-all-in outages: o Provides confirmation that the retailers have confirmed they have received the outage notification and intend to conduct the meter exchange via their nominated MC; o As per the AEMC's Draft Rule, receiving a service order from the retailer for each NMI associated with the one-in-all-in outage will allow the network to apply a fair split of outage charges across all retailers; and o Ausgrid also proposes the following for our internal one-in-all-in process flow. Prior to any one-in-all-in outage, Ausgrid will review the MC nomination and service orders received for the outage and contact retailers who have not yet nominated an MC or raised a service order. This will assist smaller retailers with ensuring they are aware of their obligations under the Draft Rules for one-in-all-in outages. The above proposed amendments provide parties with a reference clause to take these actions and support the accelerated roll out. It also improves competition in the market, as smaller retailers benefit from being able to participate in the initial one-in-all-in outage so they are not left with the financial burden or arranging another outage and paying the full cost of the outage. In addition to the obligation proposed by the AEMC in the shared fusing replacement procedure of the retailer appointing the MC within 10 business days, we also see merit in applying this same requirement, that the retailer appoint the MC with 10 business days of any malfunction notification from the DNSP.

Topic	Description	Ausgrid feedback
		Ausgrid notes that clause 7.8.10D(d) has identified as a civil penalty in the Draft Rules. We recommend that clause 7.8.10D(e) should also be a civil penalty. <u>Site remediation notification and tracking process</u> Ausgrid is concerned that there have been no funding commitments or program development from jurisdictions to support vulnerable customers fund site remediation. This will cause a significant barrier to the rollout in Ausgrid's network area, where a large number of customer sites are older, often with asbestos switchboards and other defects. Many of these may also be multi-occupancy dwellings, which presents a complicating factor in dealing with strata bodies as well as typically higher cost defect remediation. We recommend that the AEMC work with jurisdictions to fund and develop programs for site remediation and ensure appropriate installation rules to provide for efficient and standardised smart meter installation processes.
6. Improved meter testing and inspections	A range of amendments to streamline existing meter testing and inspection processes, including: • Temporarily exempt legacy meter testing and inspection; • Improving testing and inspection requirements; and • Implementing testing and inspection objectives and associated principles.	Ausgrid considers that inspection and testing requirements for legacy meters should be removed permanently. Ausgrid supports the intent of these proposed amendments but questions the purpose of only temporarily exempting legacy metering from inspection and testing regimes. Due to the constraints noted above, at the end of the acceleration period (i.e. post-FY2030) Ausgrid forecasts there could be more than 100,000 customer sites still with regulated meters. These will be sporadically dispersed around a geographic area of almost 23,000 square kilometres meaning that the scale efficiencies of the current testing regimes could not be repeated, resulting in an inefficient program operating for little customer benefit as their meters have already been identified for replacement. In addition, the availability of trained resources with the ability to test older legacy meters (e.g. electromechanical meters) may be very low.

Topic	Description	Ausgrid feedback
7. Commencement of draft rules	The draft rule has the following commencement dates: • **25 July 2024** – transitional schedule for LMRP, and provisions for AER and AEMO to publish documents related to the rules (e.g. procedures); retail rules relating to customer opt-out and notices • **22 January 2025** – commencement of shared fusing replacement procedure, and testing and inspection framework • **26 June 2025** – PQD related requirements commence; retail rules related to site defects and tariff and charging safeguards	Ausgrid supports the Draft Rule commencement dates, except for 22 January 2025 as the commencement of the shared fuse replacement procedure. Following the AEMC's Final Determination, developing this procedure will still require significant development and consultation led by AEMO. AEMO has produced a draft HLID for metering acceleration which has been an extremely helpful process that outlines the timeframes and impacts for development, consultation and implementation of systems, processes and procedures. Even with compressing normal procedural timeframes as much as possible, the shared fuse replacement procedure will not be finalised until late November 2024 at the earliest. This means participants would have less than two months, over the Christmas/New Year period to then implement changes to systems and processes, which is not feasible given the extent of the changes are not yet fully known. We expect that this will require longer timeframes. In addition, traditionally AEMO major system releases occur at two known periods during the year, neither of which fall near the Christmas/New Year period. Ausgrid notes that the AEMO Metering Services Working Group considers that the implementation date of 26 June 2025 for PQD to be impractical from both a procedural development and system implementation perspective. Whilst Ausgrid recognises that this date may be challenging for some metering providers, there is a lack of clarity around how services that DNSPs are currently paying for would be impacted if the implementation date was to be delayed. Ausgrid considers that customers should not continue to pay for existing services procured by DNSPs that largely fit the AEMC's proposed definitions and requirements of the provision of PQD.