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30 May 2024

Ms Julia Cassuben
Australian Energy Markets Commission (AEMC)
Level 15, 60 Castlereagh St,
Sydney NSW 2000

Dear Ms Cassuben,

Draft rule determination – Accelerating smart meter deployment (ERC0378)

Endeavour Energy appreciates the opportunity to provide feedback to the AEMC's *Accelerating smart meter deployment* draft rule. The draft rule introduces much needed reforms to the metering framework that would accelerate the installation of smart meters to facilitate the transition to a digitalised energy system, capable of unlocking a range of system and consumer benefits and achieving emissions reduction targets.

As the cornerstone reform, we consider distributor-led legacy meter replacement plans (LMRP) will facilitate the planning and coordination of meter replacements required to reach the target of universal deployment of smart meters by 2030. Our initial consultations with key stakeholders on the design of our LMRP have been positive and we are confident that continued collaboration will enable us to develop a plan that is efficient, achievable and minimises customer inconvenience.

We support the introduction of the proposed shared fuse and site defect procedures to mitigate the risks of various site-specific factors preventing successful meter replacements and encourage the AEMC to consider the additional measures we have identified which could further improve compliance with the LMRP. We also welcome reforms which improve distribution network service provider (DNSP) access to 'basic' power quality data but consider there is value in providing flexibility in how datasets can be exchanged to ensure they can be used to support key network initiatives and improved safety and reliability outcomes without delay.

We also recommend the AEMC undertake a review of the amended metering framework to assess the progress of deployments and identify any corrective interventions required. This will also provide the opportunity to contemplate the provision of metering services beyond 2030, enabling the next round of distribution regulatory proposals to support a transition to a fully contestable metering framework after the LMRP period.

These matters are discussed in more detail in Appendix A. To discuss our submission further, please contact Patrick Duffy, Manager Regulatory Transformation and Policy at Endeavour Energy via email at patrick.duffy@endeavourenergy.com.au.

Yours sincerely

Emma Ringland
Head of Regulation and Investments

Appendix A: Endeavour Energy's response to the draft rule determination

Legacy Meter Replacement Plan (LMRP)

The LMRP facilitates the cooperation required to enable all customers to have the opportunity to have a smart meter installed by 2030. We consider preserving the LMRP will be critical to achieving this target and, accordingly, **recommend** the AEMC:

- Remove the requirement for DNSPs to consult on proposed LMRP amendments.
- Remove the ability for retailers to defer replacements for newly acquired customers.

The LMRP principles are appropriate and the timeframes are achievable

We support the LMRP as the mechanism to accelerate smart meter deployment. Through this mechanism, DNSPs would be required to develop a transparent schedule of National Meter Identifiers (NMI) that will have their legacy meters progressively replaced each year to achieve universal deployment by 2030. The removal of customer opt-out provisions, enabling customers to initiate a replacement for any reason, and the annual compliance reporting and enforcement regime will contribute positively to reaching this target.

Development of the LMRP requires DNSPs to consult extensively with a number of parties and will be guided by clearly defined principles. These principles are designed to give DNSPs the flexibility to develop LMRPs in a way that considers the capabilities and preferences of affected stakeholders to ensure the schedule of meter replacements is efficient and achievable. The draft rule also sets out the following LMRP milestone dates:

- 30 September 2024: DNSPs must provide a draft LMRP and schedule of the NMIs to be replaced in each year of the LMRP period to retailers and Metering Coordinators (MC) and invite feedback.
- 31 January 2025: DNSPs must provide its draft LMRP to the Australian Energy Regulator (AER) for approval.
- 31 March 2025: The AER must approve the LMRP or issue a Resubmission Notice.

We consider the LMRP principles and minimum content requirements are appropriate and provide DNSPs with sufficient flexibility to tailor consultation activities so they are commensurate to the impact of the deployment to different stakeholder groups.

Although the timeframes are relatively compressed, we consider that they are necessary to ensure LMRPs can be finalised ahead of the start of the LMRP period. In anticipation of the LMRP mechanism being confirmed via this rule change, we have started to engage actively with several retailers to elicit preliminary feedback on the key considerations to inform the design of our LMRP.

Table 1: Endeavour Energy LMRP consultation (to May 2024)

Retailer	Engagements	% Legacy Meters
Origin Energy	5	38%
AGL	3	23%
Energy Australia	4	17%
Red Energy	3	8%
Engie	3	3%
Momentum Energy	3	1%
Alinta Energy	6	2%
Dodo Energy	2	2%
ActewAGL	1	1%

In case of assistance to the AEMC, we note the following themes from our proactive engagement to date:

- ***Geographic clustering of replacements:*** There is a strong desire for replacements to progress in defined geographical groupings to assist with workforce and logistical planning and optimise installation efficiencies. Several retailers are open as to whether this should be guided by postcodes or meter reading routes and which regions should be prioritised for replacement;
- ***Sequencing of replacements:*** Retailers have generally indicated a preference for fewer planned replacements at the end of the LRMP period to provide capacity for replacements that were not completed as planned in prior years. Some have also signalled a desire to proactively 'ramp up' meter exchanges ahead of the LMRP period. We are collaborating with retailers to identify possible actions that we could undertake, particularly in relation to resolving access issues (e.g. locked meter boards) and providing site-specific information where known (e.g. site hazards, meter board condition, special customer notice requirements) to increase the prospects of a successful installation; and
- ***Treatment of vacant sites:*** Some retailers have expressed uncertainty about the treatment of meters at vacant sites and whether they should be compelled to replace them. Our view is that all active NMIs should be included in the LMRP and only removed if their status changes to 'abolished' and encourage the AEMC to clarify how the LMRP obligations should apply in this scenario.

There are opportunities to streamline the process to amend the LMRP

The draft rule provides retailers the opportunity to amend the LMRP if a material event impacts their ability to comply with their deployment obligations. Upon receipt of an application, the DNSP must decide whether to accept the retailer's amendments or propose their own. In either case, DNSPs must undertake the same consultation process used in developing the LMRP before submitting it to the AER for approval.

To manage compliance risk, it is appropriate to provide retailers a mechanism that protects them from major unforeseen events that impede their ability to adhere to the LMRP. However, we believe the requirement for DNSPs to consult on the proposed amendments risks making the process administratively burdensome and could delay deployments. Furthermore, consultation is likely to deliver little value given the proposed amendments would relate only to the NMIs of the applicant retailer.

If consultation is required, this should be done by the applicant retailer supported by provisions requiring them to include in their application a demonstration of how the changes reflect stakeholder feedback and align to the LMRP objective. It would also be more appropriate for applications to be submitted directly to the AER with approval, subject to confirmation that all relevant DNSPs have been notified without objection. This arrangement would:

- recognise that exercising judgment of proposals in a regulatory context is a function typically conferred upon and administered by the AER; and
- avoid the process being duplicated in scenarios where a retailer is impacted by a significant change (e.g. cyber event, meter supply constraint) which would otherwise require an application to be made to multiple DNSPs in relation to that event, triggering multiple assessments, consultations, and approvals obligations.

Should the AEMC retain the draft arrangements in their final decision, DNSPs would benefit from guidance on how to assess applications. This should include guidance on factors to help identify if a material change event has occurred and how to determine if a retailer's ability to comply with their obligations has been materially and adversely impacted by that event. There may also be value in including provisions:

- enabling DNSPs to request additional information from the retailer about their application to help inform their decision; and

- specifying a minimum threshold of affected NMIs to ensure applications are limited to significant errors or events that justify the triggering the administrative effort and costs associated with the process.

Delaying replacements to customers transferring retailers should be minimised

To address complexities associated with replacing meters for customers who have switched retailers during the LMRP period, the metering review final report recommended that retailers be obligated to replace meters before 30 June 2030 or six months after the customer switches retailer, whichever is later[1].

In the draft rule decision, when discussing how information in the Market Settlements and Transfer Solutions (MSATS) system could be used to help manage impacts to the rollout of customer churn between retailers, the AEMC explains[2]:

> *This captures customer churn for sites that are due to be replaced in a subsequent interim period, as distinct from meters due to be replaced within the current period. For the latter, the new retailer would be expected to replace the legacy meter by 2030, noting the challenges retailers may face to adjust their schedules within period.*

We interpret this to mean the AEMC draft position requires the new retailer to replace meters no later than the year set out in the LMRP where the replacement is scheduled in any subsequent interim period. We consider this provides adequate opportunity for retailers to make the replacement and promotes the LMRP objective.

However, providing retailers the discretion to delay, by up to five years, replacements to customers won in the same period that their meters are scheduled to be replaced, is excessive and would:

- deny customers actively looking for a better retail offer the opportunity to access pricing options that could save them money and other benefits (e.g. avoid estimated reads);
- effectively penalise transferring customers and be inconsistent with the fairness element of the LMRP objective; and
- contribute to a spike in attempted replacements in the final year amid pressures to complete deployment by 2030.

As approximately 20% of the customers in Endeavour Energy's network transferred to a new retailer during 2023, we are concerned that this discretion has the potential to delay the replacements to a significant portion of our customers. In light of this, to the extent reasonably practicable, we consider that the LMRP should be preserved in circumstances where a customer has changed retailer.

We encourage the AEMC to consider alternative replacement timeframes to protect against transferred customers being disadvantaged, and to provide greater certainty about when they will receive a smart meter. Potentially, this relative disadvantage could be mitigated if transferred customers could initiate a replacement within the existing installation timelines.

In addition, we consider that the final rule should clarify how the retailer discretion interacts with the new obligation to replace meters upon receiving a request. To avoid replacements being unduly delayed, customer outcomes would be improved if transferred customers were informed of this option in any notice or correspondence from their new retailer.

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[1] AEMC, Review of the regulatory framework for metering services, Final report, 30 August 2023, p.52

[2] AEMC, Accelerating smart meter deployment, Draft rule determination, 4 April 2024, p.14

Shared fuse meter replacements

We support an 'one-in-all-in' approach to coordinate meter replacements at shared fuse sites. To further prove improve the efficiency of the installation process and customer outcomes, we **recommend** the AEMC:

- Mandate the use of a single MC for all meter replacements at a shared fuse site.
- Allow meters to be replaced outside of the standard maximum timeframe subject to agreement between DNSPs and retailer(s).
- Extend the timeframe for DNSPs to arrange a group isolation to 40 business days.
- Align the commencement of the Shared Fusing Meter Replacement Procedures with the start of the LMRP period.

Efficiencies are maximised if replacements are performed by a single party

The involvement of several parties to install meters at shared fuse sites contributes to a negative customer experience and is a barrier to their efficient deployment. We expect the risk of prolonged outages over multiple days will be highest among the approximate 9000 multi-occupancy sites with 10 or more customers in our network area which we estimate accounts for up to 150,000 meters. We therefore support a prescribed procedure for shared fuse sites that can efficiently deliver multiple meter replacements under a single group isolation.

The new Shared Fusing Meter Replacement Procedures has the potential to promote compliance with the LMRP and reduce inconvenience to customers from frequent interruptions to supply. However, the process could be improved by requiring meter replacements for any given shared fuse premises to be performed by a single party. Metering work performed by a single installer instils greater confidence that all replacements can be completed within the scheduled outage and provides a better overall customer experience.

Whilst the procedures provide retailers the opportunity to select a single MC, this may require retailers agreeing to appoint a non-preferred MC for their customers' meters. If retailers choose not to take up this option or are prevented through their commercial contracts with their respective MCs, many of the anticipated communication, installation and cost efficiencies will be lost and significant coordination between metering parties will be required to organise the replacement of all meters concurrently.

In circumstances where the original MC is not appointed and different installers attend a shared fuse site, we foresee increased cases of incomplete or aborted jobs particularly where space limitations prevent more than one installer working safely at a metering board. The late or non-arrival of installers or their inability to wait onsite where their access is delayed could result in an extended outage or need for subsequent planned outages and underscores the practical difficulties in allowing multiple installers under the proposed process.

Greater flexibility is required to coordinate meter replacements

The 'one-in-all-in' approach requires metering replacements to occur during a planned interruption. Cognisant that the AEMC previously identified significant consumer protection risks and regulatory challenges under an alternative proposal to allow MCs to perform group isolations for metering replacements[3], we agree that meter replacements at shared fuse sites would be best facilitated under a distributor planned interruption.

Under the draft Shared Fusing Meter Replacement Procedures, the role of DNSPs will be confined to assigning a date for a planned interruption, notifying affected customers and performing the interruption in accordance with the notice provided. We consider it is appropriate they do not confer additional responsibilities or expectations on the DNSP akin to a person

[3] AEMC, Metering coordinator planned interruptions, Rule determination, 21 May 2020, p.13

conducting a business or undertaking (PCBU) function that would make the DNSP accountable for additional 'coordination' activities for which they are ill-equipped (e.g., resolve access issues, scope metering works or adjudicate on defective sites).

Specifically, once notified of a shared fuse site, the DNSP is required to:

- visit the site to identify all NMIs requiring an interruption and issue a Shared Fusing Meter Replacement Notice to each relevant retailer within 20 business days; and
- set a time and date for the interruption that is between 25 and 45 business days after the Shared Fusing Meter Replacement Notice has been issued.

The procedure would be an ongoing provision which would be triggered under any type of deployment (e.g., LMRP acceleration, malfunctions, customer request, retailer rollout). Furthermore, the same obligations and timelines apply regardless of the type of deployment that triggered the one-in-all-in process. Given this, we expect to receive a substantial increase in group isolation requests once the procedures are implemented and are concerned about our ability to perform them within the timeframes set out in the draft rule.

We note that appropriate and efficient workforce planning is included among the LMRP principles as a key consideration DNSPs must factor into their LMRPs. Whilst this primarily pertains to the capabilities of MPs and their field-based labour performing the installation works, we consider it applies equally to DNSPs, because only authorised and trained staff can plan and perform distributor planned isolations.

For known shared fuse NMIs, LMRPs can be developed to limit annual variations in the provision of group isolations by scheduling replacements evenly over the LMRP period. However, as retailers have discretion over when these meters are replaced, there could still be significant variability for the service within an interim period.

Due in part to insufficient and inconsistent information on shared fuse connections, in most instances shared fuse locations will only be revealed after an MP's initial site visit and subsequent retailer request for a group isolation. DNSPs will therefore be exposed to volatility in demand for group isolations and will have limited ability to manage workforce resourcing requirements efficiently.

The challenges we anticipate DNSPs will experience in coordinating the availability of staff to perform isolations to ensure meter replacements occur on a specific time and date and within the prescribed timeframes could be further exacerbated by:

- retailers proactively replacing meters at shared fuse premises in advance of the year scheduled in the LMRP;
- shared fuse customers initiating the procedure due to their right to request a smart meter for any reason and receive one in the pre-existing installation timeframes;
- additional coordination effort required to provide retailers the opportunity to accommodate customers preferences for after-hours replacements at shopping centres and other commercial sites or for planning isolations over consecutive days for other large premises;
- resource constraints during major network events (e.g. bushfires and floods, severe storms etc) requiring a temporary reprioritisation of field and support labour from BAU activities; and
- the inability for DNSPs to amend LMRPs through a process equivalent to that provided to retailers in response to a material change event.

In our view, these compliance challenges could be mitigated if the procedures provided greater flexibility in balancing the requirement for DNSPs to coordinate meter replacements within a prescribed timeframe with customers' needs. This could be achieved by enabling meters to be replaced on a date outside of the 25-45 business day timeframe to accommodate commercial customers and other customers with complex needs (e.g. hospitals and medical precincts).

Permitting meter exchanges to be undertaken on an agreed alternative date would be consistent with existing provisions which allow metering installations outside of prescribed timeframes where customer consent is provided[4].

In conjunction with this, we recommend that the final rule extend the maximum time for DNSPs to issue a Shared Fusing Meter Replacement Notice to 40 business days. This would provide a reasonable opportunity for DNSPs and retailers to, given the above constraints, liaise with affected customers on the determination of a suitable time and date for a replacement – either within or beyond the 25-45 business day timeframe, that minimises cost and inconvenience for all participants.

We have also identified further opportunities to improve the 'one-in-all-in' process, and encourage the AEMC to consider including provisions in the final rule which:

- Enable DNSPs to arrange a group isolation without the obligation to first undertake a site visit where possible. This activity could be avoided where all affected NMIs are known to the DNSP or have been identified as part of a previous group isolation.
- Require MCs to confirm a shared fuse site is serviced by multiple retailers thereby ensuring the replacements cannot be performed under a retailer planned interruption and DNSP involvement is required.
- Consider requiring the original MC be responsible for replacing any meters for NMIs with no current retailer (e.g. vacant address) so as to avoid future site visits.
- Clarify how the procedures would apply to NMIs which have not had their meters replaced as intended during the "first" planned interruption (e.g. non-attendance by an installer). We are uncertain if the relevant retailer would need to notify the DNSP or whether a 'second' attempt is automatically triggered and timeframes reset.
- For the avoidance of doubt, outline the DNSPs customer interruption notification and consent obligations within the Shared Fusing Meter Replacement Procedures. Noting retailers are required to include an expected date and time for replacements as part of their notice to customers, from a communications perspective it may be preferable that the DNSP outage notification be issued after the customer is informed about their impending meter exchange.

The shared fuse procedures should commence with the LMRP period

We understand the Shared Fusing Meter Replacement Procedures will apply beyond the end of the LMRP. It is reasonable to expect there will be a proportion of shared fuse locations which will not have had all their meters replaced under accelerated deployment; we therefore consider it appropriate to continue with a coordinated approach to facilitate their eventual replacement.

We also note the AEMC proposes to commence the procedure from January 2025, which aligns to the date which the AER and Australian Energy Market Operator (AEMO) must review and amend their respective procedures, guidelines and other documents. Depending on the amendments required, this could entail a formal consultation process.

In relation to this decision, the AEMC explains[5]:

> *The commencement date recognises the implementation work that stakeholders would need to complete to comply with the changes. It would also allow AEMO to implement any changes to its processes and systems in line with any amendments it has made to relevant documents.*

Given DNSPs, retailers and metering parties would all be impacted by AEMO's amendments, we are concerned the timeframes do not provide impacted participants sufficient opportunity to

[4] National Energy Retail Rules, Version 40, Subrule 90(1)(b)

[5] AEMC, Accelerating smart meter deployment, Draft rule determination, 4 April 2024, p.43

implement any system upgrades and embed new processes required to give effect to the Shared Fusing Meter Replacement Procedures. It would be challenging for participants to make these upgrades in advance of AEMO finalising their requirements and we believe deferring the commencement will be necessary to ensure all participants have time to build up their capabilities.

Furthermore, any delay to the publication of updated procedures and/or AEMO systems risks impacting the workability of the "one-in-all-in" process. For instance, a site defect or failed meter replacement may not be appropriately recorded in MSATS if AEMO has not made the requisite updates to enable this information to be collected.

Power Quality Data

We support the new arrangements enabling DNSPs to access 'basic' power quality data. To ensure the data is fit-for-purpose and not vulnerable to delays in developing the exchange platform, we **recommend** the AEMC:

- Provide flexibility to allow compliance with 'basic' power quality data obligations through existing bi-lateral exchange mechanisms.
- Consider refining the definition of power quality data to ensure it is consistent.

Access provisions should commence ASAP to maximise benefits

Smart meters can deliver significant benefits and is a key enabler of the transition to net zero emissions. From a DNSP perspective, smart meters can capture power quality data (PQ data) which provides enhanced visibility of increasingly complex and less predictable power flows on the distribution system. Access to this data is increasingly critical for efficient distribution network planning and operation in the context of a high CER future. Projections of continued strong growth in CER uptake accentuates the value of PQ data for network management[6].

We therefore support the draft rule which enables DNSPs access to 'basic' PQ data at no charge from June 2025. This arrangement is necessary to overcome the difficulties, discussed at length during the metering framework review, which currently prevent DNSPs from accessing PQ data on reasonable commercial terms. Given its importance, it is appropriate that PQ data be broadly recognised alongside energy data and be included in provisions which currently only apply to metering data.

Allowing 'basic' PQ data to be transferred through a predefined and standardised format reduces data processing and transaction costs associated with receiving inconsistent datasets. As noted by the AEMC, AEMO is leading the work on establishing the exchange framework supported by technical working groups to advise on system requirements and implementation considerations to guide the design of the platform. This is a significant piece of work, and we remain confident that AEMO's continued collaborative approach will ensure 'basic' PQ data can be exchanged via the platform at the commencement of the LMRP period.

Nevertheless, we do not consider the commencement of 'basic' PQ data access provisions should necessarily be contingent on the implementation of AEMO's centralised platform. That is, if AEMO's platform is not sufficiently developed to facilitate PQ data exchange by June 2025, existing exchange mechanisms between DNSPs and Metering Providers (MP) or Metering Data Providers (MDP) can be leveraged to deliver the 'basic' PQ data service in the interim.

We understand that most, if not all, DNSPs have established peer-to-peer capabilities with major MPs and/or MDPs which would enable 'basic' PQ data from the vast majority of eligible NMIs to be exchanged from the outset. Our discussions with MPs and MDPs indicate they are generally amenable to exchanging 'basic' PQ data through such arrangements to meet their obligations in the event of delays or difficulties in developing AEMO's platform.

[6] AEMO, Draft 2024 Integrated System Plan for the National Electricity Market, 15 December 2023, p.47-48

The exchange of 'advanced' PQ data is outside the scope of the AEMO platform design and will therefore require these alternative exchange mechanisms to be retained and operate in parallel to the standardised framework. For MPs and MDPs who have not established these mechanisms, the ability to negotiate charges for this advanced data on commercial terms provides a financial incentive to eventually do so.

The final rule should provide the flexibility to utilise developed exchange mechanisms to ensure that 'basic' PQ data can be accessed by DNSPs consistent with the intent of the AEMC's metering review recommendations and irrespective of the operational status and performance of AEMO's platform. Given this alternative and viable avenue for exchange and the preparedness of DNSPs and MP and MDPs to utilise it, we believe it would be manifestly sub-optimal if the access to 'basic' PQ data was deferred due to any delays encountered by AEMO.

Power quality data should specify phase angle

The proposed definition of power quality data includes voltage, current and power factor. With respect to power factor, the definition provides the option to express power factor as the ratio of the active power (kW) to the apparent power (kVA) or as a phase angle.

In broad terms, power factor and phase angle measure similar electrical properties and are commonly used interchangeably. However, phase angle is typically preferred over the power factor for engineering purposes as it allows the direction of power flow to be established. For consistency, we suggest that phase angle be specified in the PQ data definition noting this would align with practices in Victoria whereby DNSPs use voltage, current and phase angle as the PQ measures from their smart meters.

Another potential consideration is whether instantaneous or average PQ data is exchanged. Depending on how smart meters have been programmed, they can record a precise measurement at a single point in time during the 5-minute interval period or alternatively provide a measure that reflects the interval average. The preferred measurement usually varies with the intended use but on balance instantaneous data allows for the widest set of use cases.

Whilst we would value clarification on this matter, it may be more appropriate for requirements to be specified in AEMO's MDP procedures.

Site defects and remediation

The Site Defect Notice Procedure provides greater transparency over defects, but customers may be non-responsive particularly where major rectification work is required. To reduce the number of failed replacements due to access issues or defects, we **recommend** the AEMC:

- Allow sites flagged as 'no access' through the site defect notice procedure be restored to the LMRP where a successful meter read confirms the issue is no longer present.
- Consider options that limit the use of the Site Defect Notice Procedure to significant meter board defects.
- Provide clarity on measures the AEMC plans to take to ensure its recommendation for jurisdictions to provide financial support to customers of defect sites is achieved.

Scheduled meter reading can be used to periodically verify no access sites

In delivering the LMRP, MPs will likely encounter a variety of practical barriers that may leave a proportion of meter replacements unable to be completed. The barriers make it doubtful all legacy meters will be replaced by the 2030 target although it is difficult to predict this amount. While stakeholder estimates differ, we consider the number of failed replacement attempts would on average exceed the AEMC's 10-15% estimate[7].

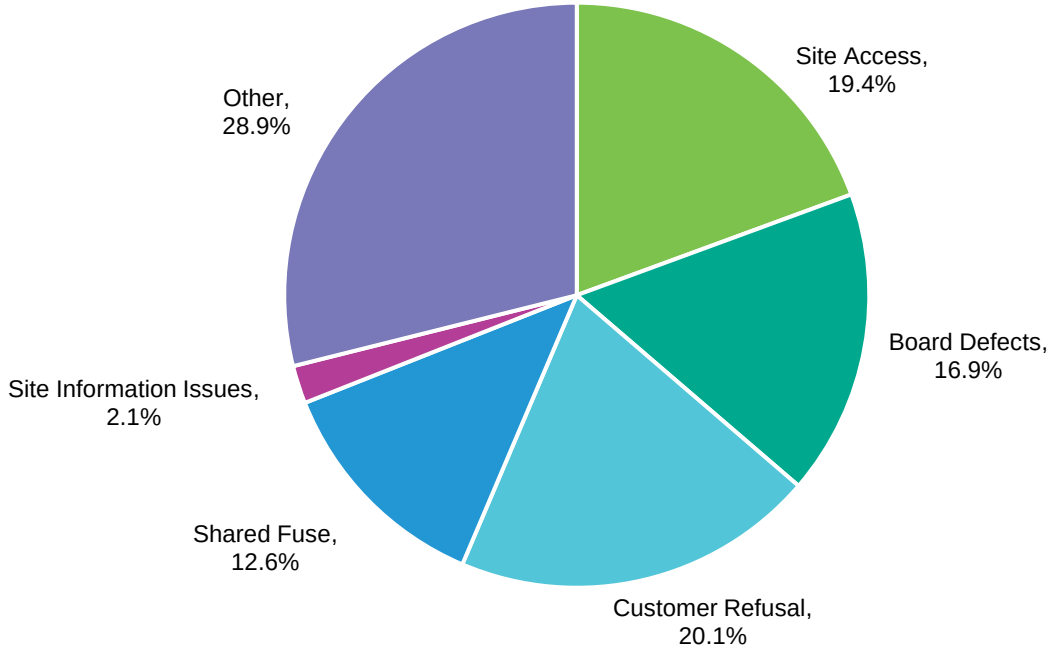
[7] AEMC, Review of the regulatory framework for metering services, Final report, 30 August 2023, p.32

The precise nature of site-specific issues preventing a replacement can vary. Aside from shared isolation points which will be managed through the Shared Fuse Meter Replacement Procedures, the main factors preventing meter installations in our distribution area include:

- site access and location issues (e.g., locked premises, vegetation and other obstacles, dogs, difficulties locating meters);
- defects at the meter board (e.g., asbestos detected, insufficient space, damaged wiring and defective equipment); and
- customer refusal (access denied, after-work hours required, insufficient notice).

In the draft rule, these barriers are collectively classified a 'site defect' and when encountered by MPs will trigger the Site Defect Notice Procedure. Combined, these factors have accounted for approximately 60% of the failed meter replacements reported in our network area so far this calendar year.

Figure 1: Failed meter installations – Endeavour Energy (January - May 2024)



Removing the current provisions which allow customers to opt-out of a smart meter installation is necessary for the success of an accelerated rollout. Coupled with an industry-led communications campaign to promote the rollout and prohibiting retailers from imposing direct and upfront charges, we expect instances of customer refusals will fall from current levels.

Site access and meter board defects will likely become the most common barriers encountered by MPs both during and after the LMRP period.

We support the introduction of the Site Defect Notice Procedure and consider it will encourage customers who are willing and have the financial means to rectify these defects. Nevertheless, the procedure will be less effective where customers choose not to rectify the identified defect. It is therefore important that low cost actions that may alleviate these issues be considered in the final rule.

For instance, there could be merit in requiring the notice of deployment issued by retailers to include clear guidance on the checks and steps customers should undertake ahead of the expected meter replacement date to ensure access is not inhibited. This could include practical guidance to ensuring the area around the meter box can be accessed from the property entrance, is clear of items, and dogs and other pets appropriately restrained. We understand that MPs typically only communicate these requirements after access prevents them from commencing

metering work, and we believe access issues can be significantly improved if this was provided to customers beforehand.

We also note that a DNSP's meter reading obligations would continue to apply at all sites until a meter is replaced. We are in the process of actively using scheduled meter reading to identify potential sites that will be problematic for the metering deployment so the replacements can proceed before the LMRP period.

For meter reads made during the LMRP period, these site visits could be also used to verify the status of any defect identified as a 'no access' site. This provides an opportunity to install a meter at a site where access conditions have since changed to allow it without requiring the customer to notify the retailer of this change.

We recommend the AEMC consider amending the final rule to allow 'no access' sites to be exempted from a second installation attempt through the Site Defect Notice Procedure, and returned to the LMRP (and potentially replaced as a priority) where a successful meter read has confirmed that the access barrier has been removed.

Minor meter board defects should not prevent planned meter replacements

In contrast to 'no access' sites, rectifying electrical defects at a customer's switchboard will usually involve imparting some cost to the customer depending on the defect detected. However, customers cannot be compelled to undertake remedial work required to facilitate a meter replacement. The Site Defect Notice Procedure may therefore not be effective where the defect is major, and rectification requires a meter board upgrade as the associated costs are likely to be prohibitive for most customers.

It is difficult to approximate a reasonable cost that would compel most customers to undertake rectification works. It is possible that a significant cohort of customers would not be willing to incur even a small a cost to enable the installation of a smart meter they have not explicitly requested. Cost-of-living challenges are likely to further reduce the prospects of customers responding to repeated rectification requests.

We are concerned many premises will remain defect sites due to the high proportion of meters boards in older buildings which are unlikely to be compliant with current day standards and requirements. For instance, most meter boards installed before 1990 are likely to contain asbestos. Meter boards may also not be compliant with space and location required due to changes made after construction (e.g., landscaping and building/fencing additions).

In several instances, defects can be rectified with minimal additional effort by a suitably qualified meter installer. We are aware that many retailers actively perform works incidental to a meter installation to bring sites up to the correct technical, safety and compliance requirements. This includes wiring and fault rectification, fuse relocation or replacement and work on asbestos panels including disposal. These additional activities attract a modest maximum fee charged directly to the customer. However, noting customer cost sensitivities and the barriers this presents, better deployment outcomes could be achieved if charges were spread across the retailers' customer base.

With this in mind, we consider MPs should be encouraged to proactively rectify minor site defects to ensure the Site Defect Notice Procedure is limited to only major defects which cannot be reasonably addressed at the initial site visit to allow a safe and successful replacement.

Finally, the AEMC has recommended that governments consider financial support options to enable sites to be remediated, particularly for vulnerable customers. We agree that affected customers should be provided with assistance to remediate major defects and encourage the AEMC to work alongside government and industry to help shape the design of any schemes to ensure they promote the objective of the amended metering framework.

These engagements could also be used to identify opportunities where remediation requirements in the Service and Installation Rules could be safely reduced so that meter replacements do not

needlessly trigger obligations to undertake switchboard work not required to facilitate the meter replacement or where the existing installation is not unsafe.

Post-LMRP period arrangements

Meter replacements should continue to be encouraged beyond the LMRP period to complete the transition to competitive framework for all metering services. To facilitate this transition, we **recommend** the AEMC:

- Not reinstate testing and inspection obligations with respect to legacy meters after the end of the LMRP period.
- Undertake a review of the rule change no later than 24 months from the start of the LMRP to assess the effectiveness of the framework and provide an opportunity to course correct.

Reinstating DNSPs inspection and testing requirements will deliver few benefits

We consider there is limited value in testing and inspecting legacy meters that are about to be replaced and consider it appropriate to pause this requirement during the LMRP period. Once the LMRP period ends, the draft rule requires the existing obligations to resume. This will require DNSPs to either maintain or re-establish testing and inspection capabilities for a depleted and diminishing legacy meter population.

We understand the rationale for resuming these obligations is to provide a safeguard against estimated bills for customers who are yet to have their meter exchanged. We agree that estimated reads should be avoided where possible, noting this is a key value driver of smart metering deployment. However, reinstating these obligations is unlikely to deliver any discernible additional protections to customers. For instance:

- The issues which contributed to an unsuccessful meter replacement during the LMRP period (e.g., no access) is also likely to affect the ability to perform inspection and testing activities and any consequential meter replacement.
- The age of metering populations will be a consideration in LMRPs with the replacement of older, less reliable meters prioritised ahead of younger models.
- For suspected individual meter failures, customers will be able to request a meter test with any replacement required within 15 days.
- The Rules provide an opportunity for customers to self-read their meters to replace a bill based on estimated consumption.

When these factors are considered in conjunction with the expected continuation of meter replacements after 2030, we consider on balance that the cost to resume testing and inspections will likely exceed any incremental benefit. It would also provide the wrong signal to customers that they can expect their existing meter to be maintained and serviced provided they manage to “hold out” during the LMRP period.

The framework should be reviewed during the LMRP period

Accelerating the deployment of smart meters through the LMRP is a significant undertaking with a scale and duration we consider necessitates a progress review. We consider that, as part of good regulatory practice, the AEMC could undertake this review to assess the effectiveness of the LMRP framework and identify opportunities for improvement to ensure the deployment objectives can best be achieved. We consider a review should be completed during the first half of the LMRP period to allow sufficient opportunity to make corrective adjustments in response to observations and experiences from impacted customers and stakeholders.

The scope of the review should also be expanded to include other aspects of the amended metering framework and allow for recommendations to ensure the framework remains fit-for-purpose. We believe a broad review should consider the following matters, as set out below in further detail:

- LMRP progress;
- PQ data access;
- government support for site remediation; and
- post-2030 arrangements.

LMRP progress

The core purpose of the review would be to determine whether the LMRP and associated procedures and provisions are being used appropriately to meet the universal deployment by 2030 expectations and identify changes needed to improve the efficiency and effectiveness of the LMRP framework.

This will require an assessment of how the actual replacements are tracking to the LMRP, drawing from information provided in retailers' LMRP compliance reports. It will also require an examination of any adverse impacts or challenges affecting compliance performance and options to better manage these in the remaining LMRP timeframe. These options could include providing DNSPs the discretion to have a more active role in replacing meters in locations and circumstances that are problematic and challenging for competitive MPs.

It will also be important that the review consider a range of customer experiences and their acceptance of the mandatory meter exchange and understand the factors which have contributed to any poor customer outcomes, particularly with respect to vulnerable customers.

PQ data access

Additionally, the review should consider how provisions relating to PQ data access could evolve to keep pace with the energy transition. For instance, the capabilities required for DNSPs to transition toward a Distribution System Operator (DSO) role will necessitate access to additional types of PQ data and at more granular levels of the distribution network.

Increasingly sophisticated datasets will be needed to facilitate the widespread implementation of key initiatives such as dynamic operating envelopes (flexible exports), flexible connection agreements (flexible loads) and real-time automated network outage and notification services. Over time, accessing basic PQ data at 24-hour intervals will not be sufficient to deliver the quality of network service that customers will increasingly depend on and expect from DNSPs.

The draft rule enables DNSPs to acquire additional PQ data on commercial terms; however, as these charges will not be subject to competitive price discovery, we consider they will remain inefficiently priced. Fair access to this data could be further stymied if charges to DNSPs were increased to recover revenues lost through the free provision of basic PQ data.

As several of these initiatives are expected to become more commonplace in the coming years, it would be appropriate for the AEMC to assess whether the PQ data access arrangements remain fit-for-purpose and provide flexibility for access obligations to change accordingly.

Government support for site remediation

The progress of the rollout should be sufficiently advanced for a review to provide policymakers valuable insights regarding the extent to which meter board defects and remediation costs are disrupting the rollout, and how effective government support and interventions have been in enabling customers to access the benefits of smart meters. A review would help to better inform the design of support schemes so that governments can allocate funding and resources in a way that promotes the LMRP objective and is consistent with their broader energy policy objectives.

Post-2030 arrangements

DNSPs' existing metering obligations will continue to apply for legacy meters which remain in service after the LMRP period. This would require DNSPs to incur metering related operational costs, many fixed, to manage compliance for a comparatively small and declining meter population.

In the context of the AER's 2024-29 distribution determinations which have approved the depreciation of DNSP metering asset bases to zero or near zero by 2029, we consider it incongruous for DNSPs to continue to be responsible for meters that have already been cost recovered and provide no network purpose or value. Our view is that the end of the LMRP period presents an opportune time to transition all metering services to the contestable market, potentially by transferring ownership and responsibilities for all Type 5 and 6 meters to retailers. Furthermore, certainty over arrangements after 2030 may increase the impetus among retailers and MPs to complete all replacements by the end of the LMRP period.