30 May 2024

Anna Collyer
Chair
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Submitted via: https://www.aemc.gov.au/contact-us/lodge-submission (ERC0378)

Dear Ms Collyer,

Accelerating Smart Meter Deployment: Draft Determination

Erne Energy is pleased to provide a submission on the AEMC's Draft Determination (the Draft rule) for the Accelerating Smart Meter Deployment (ERC0378) rule change, proposed by Intellihub, Alinta Energy and SA Power Networks, which covers some of the recommendations of the AEMC Review of the Regulatory Framework for Metering Services (EMO0040, the Review).

While supporting the need for the more rapid rollout of smart meters (type 4 meters) it is concerning that the AEMC has chosen to progress this rule change ahead of a rule change that supports customers and was a key recommendation of the Review:

> *"To allow customers to get access to more of their data, we recommend implementing a framework that provides customers access to their smart meter data in real-time free of direct charge, where they request it. A customer's authorised representative should also be empowered by the framework to access their real-time data."* Review, page viii-ix.

While the AEMC includes in the Draft rule, a framework for new consumer safeguards and an improved customer experience, the installation of the Type-4 smart meter will mean that the customer will be transferred to the Distribution Network Service Providers' (DNSPs) relevant Type-4 tariff. This is typically a Time-of-Use (ToU) tariff.

A review of the Tariff Structure Statements indicates that most DNSPs have a Type-4 smart meter related tariff for residential customers, and all of those tariffs are ToU based. With most DNSPs requiring the transfer of residential customers to a ToU tariff once a Type-4 meter is installed, the Draft rule will ensure that an accelerated rollout of Type-4 meters will expose customers to ToU tariffs, without having access to their own data to make an informed decision on whether that tariff is right for them.

The evidence shows that customers can find it difficult to move their electricity use to off-peak periods to avoid peak charges and higher electricity bills. It is especially hard for low income and vulnerable customers to shift when they use electricity and the Draft rule presents a risk that ToU tariffs will be imposed on customers who are less able to be flexible and will, as a result face significantly higher electricity bills, at a time when paying any bill is a challenge.

While noting that the DNSP tariff will be mediated through a retailer, by preferentially progressing an industry-centric rule change ahead of a rule change that will give customers access to their own data, and the knowledge that they or their agent can use to determine which tariffs will work best for them, the AEMC are placing customers at a disadvantage.

Additionally, without access to their own electricity usage data, it is difficult to see how a customer can, "in the moment", determine whether their current energy use is exposing them to higher prices.

The Draft rule also removes the customer opt-out provision that currently allows customers to refuse to have a smart meter installed. This poses a significant risk that by removing the opt-out provision and ensuring the industry has priority access to customer data, while not giving customers access to their own data, the already low levels of customer trust in the industry will be exacerbated, while hampering any hopes of a social licence for rollout of smart meters.

Given all these issues, the AEMC should reconsider how best protect customers from the risks of higher bills because of ToU tariffs and a lack of data, as well as the risk to the social licence.

An option would be to pause this industry-focused rule change and pause any accelerated rollout of Type-4 smart meters to ensure that customers are protected from uninformed bill increases. A rule change that gives customers access to their data could then be progressed, with an implementation timeline that would incorporate a 12-month window for data collection once the rule was made, following the smart meter installation, to allow customers to understand their electricity use. However, this would significantly delay the deployment of smart meters.

Another option is that following a new smart meter deployment there should be no change in tariff for customer until the consumer has had the ability to access and assess their electricity use data over at least a 12-month period, so they can make an informed decision on the bill implications of moving to a new ToU tariff. This has the benefit of the new smart meter being installed, but not the disadvantages to the customer of imposing a ToU tariff without the ability of the customer to make an informed decision on the suitability of that tariff for their circumstances.

In the 2019-2024 regulatory period, several DNSPs opted to provide a 12-month delay between the installation of a smart meter and the application of a new tariff and some DNSPs are continuing this approach in the 2025-2029 regulatory period. Those DNSPs that have continued this approach have indicated that they have done to address concerns about the impact of ToU tariffs on customers, with the 12-month delay allowing customers the opportunity to assess their data before any change in tariff. This recognition of the potential negative impact of ToU tariffs on customers, does not appear to be the case for all the DNSPs with recent AER determinations, but does demonstrate that a delay between smart meter deployment and transfer to a new tariff can be accommodated. Given some DNSPs (e.g. TasNetworks and EvoEnergy) have delayed the imposition of ToU tariffs for 12 months after a smart meter is installed, this 12-month delay should be mandated via this rule change for all customers of all DNSPs following a smart meter installation to mitigate the risks to customers.

Retailers should also not impose new tariffs, whether a retailer-led tariff or as a result of a new DNSP tariff, until the customer has had access to 12 months of real-time usage data. Customers need access to their data to make an informed decision on whether a new tariff is appropriate for their situation and circumstances. The 30-day notice period (the proposed framework in the Draft rule) would come into play towards the end of the data gathering 12-month period, allowing the customer to make an informed decision on any new tariff offer.

Another concern is that it is not immediately clear that the "type 4" meter will meet the requirement of delivering "real-time" data or even 5-minutely data, since the specification for the "type 4" smart meter only includes a requirement for a data point every "30 minutes or less". Given that settlement in the market is now on a 5-minute basis and that the operation of the power

system (both at the transmission and distribution level) is on a sub-second basis, this may mean that accelerated deployment of a "type 4" meter, under this rule change, will not enable the customer-side flexibility being sought via other rule changes (e.g. ERC0346: Unlocking CER benefits through flexible trading and ERC0352: Integrating price-responsive resources into the NEM). It may also mean that where customers do want to provide flexibility services to the DNSP or AEMO, they will have to invest in additional metering, increasing their costs and eroding the benefit case for smart meters.

There is real risk that the smart meters being deployed at an accelerated rate, will be obsolete and need replacement, and that consumers and their agents will have limited options for providing flexibility to either the local distribution network or the wider power system, further reducing trust and social licence.

While recognising the absolute need for the rapid rollout of smart meters, it is critical that the AEMC consider whether the Draft rule does meet the key requirements under the National Electricity Objective of beneficial consumer outcomes:

> *Do the proposed changes to the metering framework provide consumers earlier access to the benefits that smart meters offer? Do they improve consumer information and protections throughout the transition to smart meters?* Draft rule, page 6.

As the Draft rule stands, it narrowly focuses on the system-wide benefits of smart meters and the data they provide to DNSPs and retailers. It does not support the benefits to individual customers of having a smart meter and customers will not have access to the information they need to make informed decisions on ToU tariffs. There is a significant risk the Draft rule may result in customers being materially worse off with a smart meter, than without, and so are not sufficiently protected from the consequences of a smart meter installation.

Thank you for the opportunity to provide input on the Draft Determination. Please contact me if you need further information.

Yours Sincerely

Dr. Jill Cainey