Ref: 20240530AY:AP

30 May 2024

Ms Julia Cassuben
Australian Energy Market Commission
Submitted online

Dear Ms Cassuben,

Accelerating smart meter deployment rule change – ERC0378

Essential Energy welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) Accelerating smart meter deployment draft determination (draft determination) released in April 2024.

Essential Energy has been a keen participant in the AEMC's review of the metering framework (the review), which led this rule change. Essential Energy strongly supports the accelerated deployment of smart metering as the key enabling technology that will allow all electricity consumers to understand and derive value from the energy transition, particularly electrification and the rapid growth in consumer energy resources (CER). Our submission to the draft report recommendations raised concerns about how rural and regional customers in NSW have been underserved through the smart meter rollout to date.[1]

We appreciate the efforts of the AEMC and the rule proponents to seek to address a number of these concerns in the draft determination. This submission focusses on remaining areas of concern to Essential Energy's customers, which should be addressed in the rule change.

Access to data from smart meters

Essential Energy welcomes the progress made to enable better Distribution Network Service Provider (DNSP) access to power quality data from smart meters, which will deliver better safety outcomes for consumers. However, the customer benefits that arise from DNSP access to smart meter data is not limited to safety and network planning outcomes.

In its recent revenue decisions for NSW and ACT DNSPs, the AER approved a new common distribution service under which networks can provide smart meter data to customers. This service will allow smart meter data that the networks receive at no additional cost and packaged as part of standardised data sets, to be made available to customers and other stakeholders free of charge.[2] This will allow for the development of innovative customer products and services to enable customers to optimise their electricity usage and the benefits derived from smart meters.

As a result, the definition of smart meter data available to DNSPs, at no direct cost, should be as broad as possible to enable customers to capture the full benefits of smart meters through data utilisation. Permitting DNSPs to provide customers access to their consumption and other data at no cost will provide the impetus necessary for the potential benefits of smart meters to be fully realised.

Flexibility around timing of notices and completion for multi-occupancy sites

Flexibility is required for multi-occupancy sites that are identified as having more than one meter on a shared fuse due to the complexity in changing these meters. Specifically, flexibility is needed in the timing of notification and completion of legacy meter replacement.

[1] Essential Energy, Submission to the AEMC's review of the regulatory framework for metering services – draft report, February 2023, p. 4

[2] AER, Attachment 13, Classification of services, Final decision, Ausgrid, Endeavour Energy, Essential Energy (NSW) and Evoenergy (ACT) Distribution Determination 2024-29, April 2024, pp..6, 18.

The procedure requires the DNSP to consider the length of time reasonably required to install new meters in setting the duration of the outage.[3] However, in many cases, the outage duration required to replace all meters within a single visit cannot be achieved without a significant disruption to supply.

As a result, the final rule should permit DNSPs to plan for and manage scheduled outages to optimise the timing of meter replacement, while minimising the disruption to supply for customers on any given outage. A staged approach for larger sites, including staggered shorter duration outages over a longer timeframe, might result in better outcomes for customers than a single long-duration outage.

Similarly, the coordination of simultaneous replacement of many meters in a multi-occupancy site will be a complex exercise. The draft determination refers to allowing retailers and metering parties to replace meters ahead of the LMRP replacement schedule.[4] This should exclude the 'one-in-all-in" approach to multi-occupancy sites.

Review and planning for post-2030

For reasons outlined in our submission to the review and as noted above, the deployment of smart meters in rural and regional NSW is complex, and Essential Energy network customers have largely not benefitted from the smart meter rollout to date. We anticipate that smart meter penetration in the Essential Energy footprint is unlikely to approach close to the 100 per cent target ambition by 2030 as discussed in the draft determination.

We are therefore of the view that during the acceleration period, there should be a mid-term review, outside of the AER's annual performance reporting and compliance requirements, to assess how the deployment is taking shape. A mid-term review would allow the consideration of alternative approaches to address any challenges which are structural in nature, rather than circumstantial.

Essential Energy is very concerned about the planned approach to return to the business-as-usual practice for the DNSP to continue the testing, maintenance, and manual reading of Types 5 and 6 legacy meters in 2030 where Essential Energy will be responsible for tens of thousands of the most expensive to read and maintain meters in our service area for which all customers must pay.

In our view, the AEMC should consider in its rule change, a plan for the post-2030 deployment period, to transition DNSPs out of the metering market altogether by assigning responsibility for all remaining legacy meters to the relevant retailer. A transfer of responsibility to the relevant retailer will provide the necessary incentive for retailers to resolve outstanding issues related to replacement directly with their customers. The AEMC has already set the precedent for this by requiring responsibility for existing Types 1-4 meters be transferred to the relevant retailer as part of the Power of Choice reforms.[5] It is important to note that the AER has approved accelerated depreciation of the legacy meter data base (MAB), which will mean that all DNSP MABs will be fully depreciated by the end of the deployment period.

If you have any queries regarding this submission, please contact our Regulatory Strategy Manager, Adam Young on 0414 926 406 or via adam.young@essentialenergy.com.au.

Yours sincerely

Annie Pearson
Chief Corporate Affairs Officer

[3] AEMC, National Electricity Amendment (Accelerating Smart Meter Deployment) Draft Rule Determination, April 2024, p. 27.
[4] AEMC, National Electricity Amendment (Accelerating Smart Meter Deployment) Draft Rule Determination, April 2024, p. 11.
[5] See AEMC, expanding competition in metering and related services