

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

Nexa Advisory welcomes the opportunity to provide a submission on the AEMC's Draft Determination for the Accelerating Smart Meter Deployment (ERC0378) rule change, proposed by Intellihub, Alinta Energy and SA Power Networks to that addresses some of the recommendations of the AEMC Review of the Regulatory Framework for Metering Services (EMO0040, the Review), particularly related to retailer obligations and sharing data with Distribution Network Service Providers (DNSPs).

While we support the need for the more rapid rollout of smart meters (type 4 meters) we are concerned that the data sharing requirements related to the rollout are limited to DNSPs and does not progress the more urgent requirement to share data with consumers.

It is disappointing that the AEMC has chosen to progress this rule change ahead of a rule change (yet to be proposed) that supports the 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.¹

While the AEMC includes in the draft determination 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 DNSPs' relevant "Type 4" tariff. This is typically a Time-of-Use (ToU) tariff.

Without having prior access to their electricity use data, and customer use data over a sufficient period to identify seasonal patterns in electricity use, the customer can have no awareness of whether they will be better or worse off on a new tariff and cannot make the "informed choices" that the AEMC says the Draft Determination supports².

There is much evidence that indicates that customers can struggle to shift electricity demand into off-peak periods to avoid peak charges³. It is particularly hard for vulnerable customers to shift their demand⁴, which means those customers less able to be flexible are likely to face significant increases in their electricity bills⁵.

¹ https://www.aemc.gov.au/sites/default/files/2023-08/emo0040_-_metering_review_-_final_report.pdf

² *Ibid*, page 7

³ <https://www.csiro.au/en/research/technology-space/energy/energy-data-modelling/consumer-tariffs>

⁴ <https://www.nature.com/articles/s41560-019-0507-y>

⁵ <https://www.abc.net.au/news/2024-04-09/energy-companies-under-fire-over-time-of-use-rates/103655324>

By removing the customer opt-out (allowing customers to refuse to have a smart meter installed) to accelerate the deployment of smart meters, and by prioritising industry needs, particularly data access for DNSPs, ahead of customer needs and ahead of customer access to their own data, the AEMC is imposing higher electricity bills on customers.

The combination of not providing customers with their data ahead of DNSPs and removing the opt-out, may seriously undermine the social licence for smart meters, resulting in customer resistance to having a smart meter and further stalling the hoped-for accelerated deployment.

Given all these issues, there should be no change in tariff for customer following a new smart meter deployment until the customer has had the ability to access and assess their electricity use data over a 12-month period, so they can make an informed decision⁶ on the bill implications of moving to a new tariff, particularly where a ToU tariff is imposed.

The alternative option to ensure that customers can make an informed decision, is to delay this current industry-focused rule change until after a rule change, which provides customers with their own data, is progressed and finalised.

However, delaying this current rule change may delay the deployment of smart meters. Where-as, delaying any change in tariff related to installation of a smart meter would still allow the meter installation to progress, while affording customers the protection of avoiding new ToU tariffs (or other tariffs) that may increase their electricity costs, until they (or their agent) have access to sufficient data to ensure they are not materially worse off on a new tariff.

Thank you for the opportunity to provide input on the Draft Determination, we would welcome the opportunity to directly discuss our concerns with this rule change and the resultant impacts on consumers if it does progress. Please contact me, if you need further information.

Yours Sincerely

Stephanie Bashir
CEO and Principal
Nexa Advisory

⁶ <https://www.abc.net.au/news/2024-04-20/aer-admits-to-serious-concerns-over-time-of-use-power-tariffs/103737008>