

7 June 2024

To: Australian Energy Market Commission (AEMC)
Level 15, 60 Castlereagh Street, Sydney NSW 2000

Reference: ERC0378

RE: Draft Submission on Compliance Issues with the Accelerating Smart Meter Deployment Rule

Submitted: online

Next Business Energy thanks the Commission for the opportunity to provide feedback on the draft rule determination for the Accelerating Smart Meter Deployment. Next Business Energy appreciates the AEMC's effort to engage with stakeholders on this critical issue and the time allocated for responses.

Next Business Energy P/L (NBE) is a 100% Australian owned and operated electricity retailer. NBE is focussed to providing competitively priced electricity to businesses in Victoria, New South Wales, South Australia, Queensland, and the ACT.

Compliance Challenges for Energy Retailers

While we support the overarching goals of the draft rule to enhance the deployment of smart meters, there are several compliance challenges that energy retailers will face, particularly concerning the provision of 30 days' notice and the prohibition of extra charges to customers.

Provision of 30 Days' Notice:

The requirement to provide a 30-day notice to customers before replacing their existing meters presents logistical and operational challenges. Specifically:

- **Coordination Efforts:** Ensuring that the notice period aligns with customer availability and readiness for meter replacement can be complex. This coordination may involve multiple attempts to contact customers, reschedule appointments, and manage cancellations.
- **Customer Communication:** Clear and effective communication within the stipulated notice period is crucial. Retailers must ensure that all communications are comprehensible and reach customers in a timely manner, which may necessitate additional resources for managing customer inquiries and concerns.
- **Compliance Tracking:** Maintaining records of notices sent, and ensuring compliance with the 30-day requirement across a large customer base, will require enhanced tracking systems and processes.

Prohibition of upfront Charges:

The prohibition of imposing upfront charges, including exit fees related to the replacement of meters, while beneficial to customers, imposes financial constraints on retailers:

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- Recovery of ongoing charges: The Commission need to be clear exactly what type of charges are subject to the prohibition on charges. For example charges arising from Direct Metering Agreements or monthly metering charges.
- Cost Recovery: Retailers will need to absorb the costs associated with the accelerated deployment, including the procurement, installation, and operational costs of smart meters. Without the ability to pass on some of these costs to customers, retailers may face financial strain, particularly smaller retailers with limited capital.
- Financial Planning: The inability to levy extra charges will necessitate robust financial planning and potentially the reallocation of budgets to cover the unforeseen expenses associated with the accelerated rollout.

Notification of Tariff Changes and Associate price changes.

- Requiring retailers to provide a 30 days' notice of changes in retailer tariffs resulting from the installation of a smart meter will need to be backed with a 90 period between the installation of a smart meter and the application of the amended tariff, enabling retailers time to assess and notify customer of the changes and to update their systems accordingly.
- The Commission should also strongly consider that all small customers must only be able to opt into Demand tariffs if they are applied by distributors. Demand tariffs are not understood by most customers, especially residential customers, and most small business customers. This is a significant customer issue, that appears to have been ignored by the AER in making tariff determination. The Victorian Government has provided protection to Victorian customers protecting them from the indiscriminate application of Demand Tariffs.

Conclusion

In conclusion, while the proposed rule changes present significant benefits for consumers and the energy system, it is crucial to consider the operational and financial impacts on energy retailers. We urge the AEMC to take these compliance challenges into account and explore potential support mechanisms or phased approaches to mitigate the impact on retailers.

Should you wish to discuss our submission further, or if you require additional regarding our views on the Draft rule in relation to small business customers, please do not hesitate to contact me on 0419 388 283 or via email at andrew@nextbusinessenergy.com.au

Thank you once again for the opportunity to provide feedback.

A handwritten signature in black ink, appearing to read "Andrew Mair".

Andrew Mair

Head of Regulation and Compliance.

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