

# **Accelerating smart meter deployment draft determination**

4 June 2024

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## **About the Public Interest Advocacy Centre**

The Public Interest Advocacy Centre (PIAC) is leading social justice law and policy centre. Established in 1982, we are an independent, non-profit organisation that works with people and communities who are marginalised and facing disadvantage.

PIAC builds a fairer, stronger society by helping to change laws, policies and practices that cause injustice and inequality. Our work combines:

- legal advice and representation, specialising in test cases and strategic casework;
- research, analysis and policy development; and
- advocacy for systems change and public interest outcomes.

## **Energy and Water Consumers' Advocacy Program**

The Energy and Water Consumers' Advocacy Program works for better regulatory and policy outcomes so people's needs are met by clean, resilient and efficient energy and water systems. We ensure consumer protections and assistance limit disadvantage, and people can make meaningful choices in effective markets without experiencing detriment if they cannot participate. PIAC receives input from a community-based reference group whose members include:

- Affiliated Residential Park Residents Association NSW;
- Anglicare;
- Combined Pensioners and Superannuants Association of NSW;
- Energy and Water Ombudsman NSW;
- Ethnic Communities Council NSW;
- Financial Counsellors Association of NSW;
- NSW Council of Social Service;
- Physical Disability Council of NSW;
- St Vincent de Paul Society of NSW;
- Salvation Army;
- Tenants Union NSW; and
- The Sydney Alliance.

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# 1. Introduction

PIAC welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) Accelerating smart meter deployment draft determination (the Draft).

We note at the outset that we do not consider the existing industry structure and regulatory framework for metering, which the Draft proposes to retain, to be fit-for-purpose or in the long-term interests of consumers. We don't believe the review of metering, on which this rule change proposal draws, adequately considered the role of metering and assessed the most efficient and effective means of ensuring the regulatory framework for metering enables that role.

PIAC contend that a comprehensive review, responding to the assessment criteria and objectives it set, required consideration of reform to the industry structure. It should have undertaken a robust and transparent assessment of alternatives, including those where distribution networks (DNSPs) assume a level of responsibility for metering. Such an assessment was not undertaken. This rule change process, in regarding the review process as robust and its assessments and recommendations as well-founded, is fundamentally flawed in our estimation. As such we are not confident the proposed rule changes are fit for purpose in promoting efficient investment in, and use of the energy system.

The focus of metering reform should be establishing a metering framework capable of ensuring metering fulfills its role in the efficient and dynamic operation of the energy system, supporting the long term interest of all consumers. This rule change, in focusing more narrowly on 'accelerating the rollout of advanced metering', does not address fundamental flaws in the framework itself.

We are concerned with the approach to address the 'rollout acceleration' and data access separately. Implementing measures to accelerate transition to this system should have been considered after determining what the end point should be. Accordingly, considering the enduring framework for the creation, management and access to data is a priority and should have been an integral part of this rule change process, regardless of the approach taken by proponents. The final determination should include measures to address the end state of the metering and data framework, to ensure it is fit-for-purpose.

## **Ensuring a more robust metering framework promoting the consumer interest**

PIAC is particularly concerned that insufficient attention has been paid to ensuring that metering coordinators undertake their role in the best interests of consumers. We contend the draft does not do enough to ensure that in the course of accelerating the rollout, metering entities do not unduly exercise an effective monopoly power (as owner of the installation) through:

- the physical configuration of the meter,
- the accessibility of the meter as a platform,
- the contracts and other arrangements made relating to the use of the meter and the data it creates, and

- other factors which may impact the interoperability of the meter and its utility to the consumer and other third parties the consumer may directly (or indirectly) wish to empower on their behalf.

Metering entities may have a financial incentive to leverage their (largely unregulated) position to develop new revenue streams. In many (if not most) cases, this is not in the consumer interest, and at worst could impede the development of an efficient and flexible energy system. The original power of choice reforms creating the current industry structure intended metering coordinators to effectively act as the metering agents for retailers. While it did not explicitly define the bounds of their roles, it is reasonable to assume the intent was not to create unregulated entities with unfettered scope to extract proprietary value from the metering installation.

Limitations in contract, consumer and energy law, mean consumers have little direct scope to respond to the actions of metering parties and ensure their interests are protected. This role falls to retailers as the contracting party. Retailers' interest in securing favorable financial contract terms for themselves may in turn lessen their incentive to ensure their arrangements with metering parties actively promote the best interests of the consumer. PIAC strongly recommend the AEMC consider this and ensure there are mechanisms within the final rule to proscribe the role of metering coordinators and ensure that role is focused on delivering capable, efficient, flexible metering services. Particular attention should be paid to:

- Ensuring the physical installation of the meter retains open and compatible functionality.
- Ensuring the metering platform is openly interoperable and can be utilized effectively and efficiently for other purposes which require it, by entities other than the metering party or the retailer they have contracts with.
- Ensuring the metering parties have the capabilities to appropriately collect, retain and provide data, as required by the consumer, retailers, DNSPs and AEMO.
- Ensuring the data created by the meter is practically and openly accessible (and made available) to the consumer, DNSPs and other third parties who may be assigned by the consumer.

As part of this process, there is scope to affirm the role and functionality of metering itself. This should not only cover what meters must do, but also consider putting explicit boundaries around metering. In any case, clear definitions are needed to delineate what consumers should expect and what functionality and services they can be charged for. Where the default is for consumers to (in aggregate) pay all costs related to the meter and metering, it is necessary to be clear what is required from metering and what consumers may be charged for (whether directly or indirectly).

## **2. Target date for universal rollout**

PIAC supports the universal upgrade of metering and regards this as key to ensuring an efficient and flexible energy system. Universal rollout is also key to ensuring equity of access for all consumers to the benefits, services and products more advanced metering enables. We support setting an ambitious target date by which all metering will be upgraded. However, we question whether the proposed rules genuinely intend a 'universal rollout, and question whether the proposed target date is particularly ambitious.

The Draft notes that ‘As part of the Review, we considered the earliest feasible target date for achieving universal penetration of smart meters. We found that a 2030 target is feasible.’ However, the review did not conduct a robust assessment of any dates prior to 2030 and did not assess the potential for alternative frameworks and industry structures to deliver a more comprehensive rollout earlier. Indeed, looking at the associated pace of rollout, the 2030 date proposed does not actually involve an ‘acceleration’ beyond the rate of rollout previously achieved. The target would seem to imply continuation of the existing pace. Given the measures proposed in the draft to ‘accelerate’ rollout, this is not particularly ambitious.

While the narrative of the Draft is enabling universal rollout, we are not confident that the measures in the draft are capable of delivering universality. Remediation, shared fusing, access issues and delivering rollout in regional and remote areas will present complications which the Draft does not have robust responses for. We are concerned there is a high likelihood that a significant number of legacy meters will remain after 2030. We encourage the AEMC to focus on these issues and consider more durable measures to ensure equity and a rollout of (near) universality.

We contend that more direct DNSP responsibility for metering would enable a faster, more consistent and efficient rollout of upgraded metering, as well as serving as a more effective platform for ongoing metering service provision. As noted throughout our input to the metering review process, more direct DNSP responsibility for metering would also provide greater scope to deal with identified issues of remediation, shared fusing and multi-occupancy, access and other barriers to the efficient rollout of metering at least cost and impact to consumers.

## **Legacy metering retirement plans**

The Draft proposes a DNSP role in planning the retirement of legacy metering in order to plan a more efficient and equitable rollout. PIAC supports this role, but has concerns that, as proposed, this role will be less effective and more complicated than necessary. In formulating the legacy metering retirement plan (LMRP) DNSPs are required to consult with retailers and metering coordinators (MCs). Without stronger prescriptions and guidelines regarding how this is to be implemented, we are not confident it will deliver the intended outcomes.

PIACs specific concerns include:

- There is little added incentive to undertake replacements in regional and remote areas, or areas where low density of connections impacts on the relative costs of undertaking the rollout. This is evidenced by unacceptably extreme delays experienced within the Essential Energy network area.
- There are potentially costs and additional complications in undertaking replacements in multi-occupancy (and particularly shared fusing) circumstances, with the measures proposed in the Draft insufficient in our view.
- There are costs and complications in undertaking replacements for connections with access issues for which the Draft does not have durable solutions.

- There are costs and complications, and direct consumer impact issues, in undertaking replacements where remediation, upgrade or other works on the meter board or wiring is required. The Draft does little to address these issues or even provide a durable framework for consistently identifying, logging and dealing with installations requiring remediation.
- Churn of retailers is likely to present substantial complications and impediments to delivering on the LMRP. It's not clear to PIAC that the proposed mechanisms will efficiently manage this issue.
- There is not enough specificity regarding the scope of consultation required between DNSPs, MCs and retailers. Given the various issues outlined above, PIAC supports the final rules specifying the criteria DNSPs must consult on (such as workforce and meter stock adequacy) and ensure the efficiency of the LMRP is not unduly impacted. The AEMC should also clarify and define what constitutes a 'material event' and what associated obligations imply.
- There are insufficient measures to track the progress against the LMRPs and ensure compliance with progress targets. At the very least the final rules should include provisions for LMRPs to be supported mid-deployment reviews to ensure the process is progressing as required.

As we have noted elsewhere in this submission, and throughout the proceeding review process, a backstop or 'last resort' provision could help manage the risks inherent in continuing with the existing industry structure. Where metering parties and retailers cannot meet the conditions of the target rollout or are unable to make reasonable arrangements to fulfil the LRMP, there should be a mechanism to ensure this does not impact consumer or undermine the overall target of universal rollout, and the equity objective which underpins it.

### **3. Enabling better access to power quality data**

More comprehensive, quality, real-time data access is at the centre of the need to upgrade metering. This is data access is a crucial foundation to the efficient, flexible energy system envisaged as part of the transition. We are concerned the Draft determination is putting in place arrangements for data which are not fit for this purpose and are not in the long-term interests of consumers.

We see the failure to date has been in attempting to define which aspects of the added functionality and data made available by more advanced metering should be separated from the 'fundamental' functions of metering and be subject to secondary commercial arrangements. This is unacceptable in our view. We contend it represents a substantive expansion in scope of the role of Metering co-ordinators and data providers, creating added complication, cost and serious concerns of monopoly control which are not in the interests of consumers. We don't believe this outcome was intended as part of the 'Power of choice' reforms which created the metering framework and industry structure, and certainly was not cited as an objective. While the transition to more advanced metering involves expanded functionality, this is not a justification to fundamentally change the treatment of the data that functionality enables. In short, while meters can now capture more data, the meter should still be regarded as a meter always has, and the regulatory framework should explicitly reassert this where doubt exists.

PIAC support a simplified approach to defining and regulating the management and access to data, founded on several key principles:

- The cost of the meter and metering is recovered from consumers. Importantly, consumers must have a meter and they are regarded as responsible for the installation it is attached to.
- Data captured by the meter results from the consumers activities and is their 'property' to access, use and control for their benefit. It is their essential (and involuntary) energy use which creates the data the meter measures.
- Specified data that supports the safe, flexible and efficient operation of the energy system must be made available to defined parties at no additional cost (on the basis that these functions are now captured as the intended functions of the meter, for which the consumer has paid). This has previously been the case, and while the range of data required by the system is wider, the principle is still relevant and should be reasserted.
- The role of metering co-ordinators and data providers (regardless of who they are contracted by) is to facilitate the efficient installation and maintenance of metering and the management of data, in promotion of the consumer interest. Where there is any doubt, the regulatory framework should reassert this role and objective, as it does for all other parties involved in the provision of energy to consumers.

As we have noted throughout the metering review process, we consider these principles best delivered through DNSP responsibility for metering, where metering costs are transparent and regulated, and resources and incentives are aligned with responsibility. While the Commission has demonstrated an unwillingness to consider this approach, PIAC consider it possible (and necessary) to ensure this rule change process is still centred on the same principles. We are concerned that the Draft is departing from these principles (however unintentionally) and introducing unnecessary risks and additional costs for consumers.

PIACs specific concerns with the data provisions in the Draft include:

- That this rule change does not deal comprehensively with the question of data and delays substantive elements of the ongoing framework for data until a subsequent, separate rule change process. This is not acceptable in our opinion and introduces unreasonable risks that decisions in this rule change process will preclude or curtail the scope of the future rule changes by formalising responsibilities and definitions of data, and legitimise business models and practices which are not in the interests of consumers, and which will be difficult to unwind at a later date.
- The differentiation between basic and advanced power quality data. This is both unnecessary and creates several complications which are either not resolved, or which have serious implications for future costs and efficient availability of data.

Where the consumer is ultimately responsible for the ongoing costs of the meter and the data collection it provides, the costs related to the collection of all data are already covered by the consumer. In any case where the costs of metering and meter data provision (recovered from



consumers) are not transparent, it is impossible to reliably distinguish between the costs which have already been recovered from consumers and any prospective 'additional' costs related to the provision of some other set of 'advanced' data which might then be recovered from DNSPs.

PIAC does not agree that any meter data should be regarded separately or differently. Regardless, any attempt to distinguish between 'basic' and 'advanced' would have to be accompanied by transparency of metering costs recovered from consumers, and some regulation of those costs, so that any 'additional' costs related to 'advanced services' could be reliably identified, ensuring consumers are not 'paying twice'.

- It is not clear whether the definition of 'basic' and 'advanced' power quality data is intended to explain the scope of the data, the frequency of its provision, or both. PIAC consider the differentiation between 'basic' and 'advanced' to be unnecessary and likely to add complication which is not in the interests of consumers. However, if a distinction is to be made between the level of data which is to be made freely available, and that which is not, the definition of free data should refer to the scope of that data as well as the frequency of its availability.

PIAC strongly recommends that any definition of 'freely available' data, refer to real time availability. This definition should also ensure that the scope and frequency of data made freely available to both consumers and DNSPs supports the efficient development of more flexible network management mechanisms, such as dynamic operating envelopes. Where these mechanisms are already under consideration by many networks and regarded as key requirements of an efficient future system, the data required to enable them should not be regarded as 'advanced' and subject to costs which may render them impossible or inefficient.

- The Draft does not specify when the provision of data to DNSPs is intended to commence. PIAC recommend this be clarified, and that it be aligned with commencement of any final rule change (1 July 20205).

### **What is required**

PIAC recommend the final rule include changes such that.

- All data capable of being collected by the meter should be freely accessible to the consumer on a real time basis.
- Data required for the efficient, flexible operation of networks and the energy system should be defined and made freely available to nominated parties (such as DNSPs) at the frequency required. PIAC considers it reasonable for the starting point to be a frequency of data availability that matches that available to the consumer (real time).
- All data generated and made available by the meter be recognised as the property of the consumer, and subject to their control (other than that specified data to be made available for defined purposes).

- Metering parties should be required to have the capability to manage the required data and make it available to consumers, DNSPs and other nominated parties at the frequency required. This should be regarded as a fundamental function of their metering role.
- Civil penalties should apply where metering parties utilise or provide data to unauthorised parties, or for uses other than those approved by the customer. Penalties should also cover contracts between retailers and metering parties which unduly limit the availability of data, restrict the use of the meter or otherwise exercise an unreasonable 'monopoly' control over the metering installation.
- Any data that is not made 'freely available' should not be subject to commercial negotiation, but should be transparently regulated to ensure:
  - Metering parties are not exercising unreasonable monopoly control over the meter and the data it provides,
  - Metering parties are not benefiting financially from the 'sale' of data which is the consumers property,
  - That consumers are not 'paying twice' for data produced by the meter, to enable functions which are fundamental to the role of advanced metering in an efficient, flexible energy system.

## **4. Providing consumer safeguards**

Effective consumer safeguards are crucial to the success of any accelerated meter deployment program. This is particularly true where the measures involve a substantial degree of 'compulsion' and the curtailment of consumer choice. While PIAC supports a universal rollout of upgraded metering in principle, we again highlight the added consumer cost, risks and potential impacts which result from a determination to undertake the rollout through the existing industry structure. In simple terms it is hard to see how the existing 'choice based' framework for metering, is compatible with a compulsion to accept an advanced meter, particularly where that compulsion may involve added costs (including through any requirements for remediation). The Draft has not resolved this apparent contradiction. More robust protections are required in the final rule to ensure consumers are not unreasonably impacted.

### **4.1 Prohibit upfront charges for all smart meters**

PIAC supports an ongoing prohibition on consumers facing upfront charges (or exit fees) for the installation of an advanced meter. We regard this as a necessary part of any accelerated rollout. This prohibition should apply universally, including to new connections and installations initiated at consumer request.

There is no transparency of metering related costs incurred by or recovered from consumers under the current framework. It is not clear what costs are directly paid by consumers as part of their direct retail costs, or what costs are shared across a retailer's customer base. The Draft does not propose any measures which would address this. Given the lack of transparency, and the fact that all ongoing costs are eventually recovered from consumers through the retail costs they (and other consumers) pay, consumer protection requires ensuring consumers only 'pay

once' for metering costs. The lack of transparency makes it impossible to distinguish what part of a consumer's retail costs relate to the ongoing costs of metering, and therefore impossible to ensure that they are not being 'charged twice' for some aspect of upfront or ongoing costs.

PIAC recommend further measures to make the costs of metering more transparent. Our strong preference is for metering services and costs to be transparent and regulated, with this being a key strength of DNSP responsibility for metering. It is possible to require more transparency of metering related costs and provide some direction regarding how these costs can be recovered from consumers. We regard this as a crucial aspect in retaining consumer trust and ensuring the upgrading of metering capability promotes the long-term interests of all consumers.

## 4.2 Changes to retail pricing structures

PIAC supports the intent to protect consumers from any direct impacts resulting from a meter exchange, but the proposed measures are wholly inadequate.

The Draft only requires retailers to provide consumers with at least 30 days notice before transitioning them to a different retail price structure. This is manifestly inadequate, and we do not regard any period of notice as sufficient protection for consumers. Indeed, PIAC considers it completely inappropriate for retailers to undermine the principles of consumer choice and explicit informed consent and alter the terms of a consumer's contract, by changing the structure of their pricing, during the term of a retail contract.

This is a much larger and more fundamental problem predating the upgrade of metering and it already impacts people independently of changes to their metering. PIAC note the submissions of the South Australian Council of Social Service and others in highlighting widespread instances of issues related to failed consumer consent. We also note that it is increasingly central in public discussion<sup>1</sup> and we consider retail behaviour in this space presents a serious risk to consumer trust. While this issue extends well beyond acceleration of metering upgrades, the rollout of metering has highlighted this issue and drawn attention to it as a fundamental failure of energy market regulation. It is also the case that the accelerated rollout will, without accompanying measures such as those we propose, exacerbate the issue.

PIAC contend that any attempt to accelerate the upgrade of metering must be accompanied by measures to restore the consumers right to be informed, and freely choose and consent to the retail electricity arrangements which suit them, with the certainty this choice will be honoured for the term of their contract.

The AEMC should ensure this process re-asserts consumer choice by implementing measures which affirm a consistent approach to explicit informed consent. This should include, at a minimum:

- Affirming that retailers cannot change the material terms of a consumer's retail contract (during that contract) without their freely given, explicit informed consent.

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<sup>1</sup> ABC online <https://www.abc.net.au/news/2024-06-03/demand-power-tariffs-shock-to-australian-households/103913030>

- Explicit provisions affirming that a change of meter (and any underlying network tariff change) does not constitute a valid reason to ‘void’ an existing consumer contract during the term of that contract.

These measures are not likely to be sufficient and PIAC recommend this process be taken as an opportunity to comprehensively strengthen measures to ensure meaningful consumer choice and help restore consumer trust at a time of significant change, cost of living pressure and consumer anxiety about energy. To this end, PIAC also recommend:

- Affirming consumers choice by ensuring that retailers cannot change any material contract terms (including price) during the term of a retail contract. PIAC do not consider it necessary, or appropriate for a retailer to alter the price of a retail offer during the term covering a retail contract.
- Introducing an obligation on all retailers to make a ‘flat tariff/flat price’ offer available to consumers, regardless of their metering arrangements or network tariff. While there is scope within the current rules for individual retailers to provide a range of offers, without an obligation to offer a simple, flat-tariff option, many consumers are seeing this effectively disappear as an accessible option for them, effectively voiding their scope to choose. PIAC recommend linking this obligation to a reformed ‘default market offer’.
- Requiring the AER to implement reforms ensuring continuity between publicly offered retail deals and those consented to by the consumer. Specific attention should be paid to ensuring the price and price structure terms are consistent from offer to sign-up. Anecdotal evidence consistently shows a disconnect between the publicly advertised offers consumers wish to select, and those they end up on. This includes being inadvertently placed on offers with different pricing structures (such as demand charges).

We understand there are costs and risks related to metering changes, and changes to tariffs which retailers are exposed to. However, retailers’ fundamental purpose is the management of costs and risks through aggregation, hedging, and the creation of a range of offers. They are well placed to manage these costs and risks. They are, in any case, better placed than any individual consumer. As it stands, we contend retailers are often abrogating their role and simply passing that management task onto consumers by involuntarily changing their retail offers. This is unacceptable and in our view under mines any reasonable expectation of consumer choice and consent.

We do not consider this outcome results from a conscious choice by the Commission, nor does it reflect stakeholders and the community’s understanding of an appropriate way to manage the provision of essential service. Accordingly, we do not consider the measures we propose to be a fundamental departure creating new obligations or requirements, but simply a more explicit reassertion and restatement of expectations and assumptions of consumer choice which have always been expected and assumed. Where the AEMC considers aspects of these recommendations beyond the scope of this rule change process, we encourage the AEMC to recommend these actions be taken by the AER, Ministers and other parties, as a matter of urgency.

## 5. Improving the customer experience in metering upgrades

Provisions which focus on enhanced consumer information are not sufficient to ensure an improved consumer experience of metering upgrade. We support the AEMCs work, alongside ECA and other stakeholders, to develop a consistent and independent source of information to accompany the rollout. This is a critical measure to smooth the rollout and protect consumer trust, but we are concerned that few other tangible measures are intended.

As noted throughout this submission we are concerned that the Draft has inadequate measures to deal with a range of issues impacting the consumer experience of the meter upgrade process, including:

- Arrangements for dealing with shared-fusing and multi-occupancy circumstances are complicated, time-consuming and present significant scope for unreasonable delays and consumer frustration, as well as added cost.
- The Draft has almost no concrete measures for dealing with, or aiding in the management of, metering installations which require remediation. There is a significant risk of inconsistency in consumer experience, significant cost and confusion, and a large number of consumers left without any practical pathway to metering which meets the standard required in the future energy system.
- The provisions for testing and replacement of metering could leave many consumers without a functional meter, estimated bills, and without the confidence of a redress within a reasonable timeframe. Further, there do not appear to be any measures to deal with the testing and replacement of residual legacy meters after 2030.
- As discussed, the protections for consumers (in relation to retail price structures and pricing) are inadequate and will continue to result in consumers having their right to exercise and retain an informed choice undermined.
- The warnings of PIAC and other stakeholders regarding the failures of public messaging during the Victorian rollout appear to have gone unheeded. The public narrative regarding the rollout of upgraded metering continues to focus on 'consumer benefit'. Consumers will have a diverse experience of upgraded metering, with many seeing no tangible direct benefit. Indeed, under the proposals contained in the Draft many consumers may experience inconvenience, confusion and extra costs as part of the rollout, with any prospect of direct future benefit contingent upon other factors (such as ability to access innovative service offerings).

PIAC supports the upgrading of metering, but again highlights the need to ensure public information and messaging does not repeat past mistakes and does not exacerbate the current circumstances of poor consumer trust and growing suspicion and discontent as a result of their experience with the energy sector. We recommend the narrative and reasoning underpinning the rollout centre on upgrading metering to ensure it supports the safe, flexible

and efficient future energy system to ensure people understand the rollout, and have a greater likelihood of maintaining trust in its results.

## **6. Reducing barriers to installing smart meters**

PIAC supports reforms to facilitate an accelerated rollout of upgraded metering, including removing impediments to the rollout. While we support removing additional retail notices and consumer opt-out provisions, we do note that the result is effectively a commitment to an industry structure predicated on enabling consumer choice, while implementing arrangements which remove consumer choice. We question whether retaining an industry structure predicated on 'consumer choice' is relevant and appropriate in this context.

Dealing more efficiently with shared fusing and multi-occupancy circumstances is key to an effective rollout. While the draft includes arrangements to deal with existing barriers in these circumstances, we do not have confidence they are likely to be effective. We are unable to offer practical remedies to issues with shared fusing as we consider they are inherent to the flawed industry structure and regulatory framework the Draft reaffirms. We encourage the AEMC to focus on measures to streamline arrangements in shared fusing, and again recommend consideration of assigning DNSPs greater responsibility in directly managing or undertaking replacements in shared fusing arrangements, as part of a wider 'installer of last resort' or backstop function.

We have serious concerns the approach to shared fusing is not workable and the approach to remediation is insufficient to the degree they are likely to introduce serious risks to the equity and effectiveness of the rollout.

### **6.1 Site remediation**

The Draft does not make adequate provisions to deal with sites requiring remediation and we are concerned it creates serious risks to the equity and social licence of the rollout of upgraded metering. The Draft assumes no responsibility to support, enable or even provide guidelines for remediation and simply restates consumer responsibility for remediation and recommends jurisdictional support for vulnerable consumers.

The provisions around remediation are not fit for purpose in what is, effectively, a compulsory metering rollout. It is not acceptable to have retailers (or MCs acting on their behalf) notify consumers of a requirement to remediate without any further guidelines around when and how this is undertaken or what happens to sites after notification. Issues include:

- Broad estimates indicate up to 20% or more of sites in NSW may require some form of remediation. Under the framework proposed in the Draft, this could result in up to 20% or more of households in NSW going without an upgraded meter. Given the likely link between the requirement for remediation, quality of housing, and income, this is likely to mean low income and vulnerable households, particularly renters, are more likely to be impacted. This does not meet any threshold of equity for the rollout.
- There is no consistent guidance regarding the circumstances when remediation will be required. Without this, experience with the Victorian rollout demonstrates a wide variability in

consumer experience (some consumers being given a notice to remediate in circumstances where others are not, and visa versa). Given the incentives for metering parties to simplify their installation task, there could be an incentive to notify sites as requiring remediation when this is not necessarily the case. We recommend the AEMC include development of guidance on remediation as part of any final rules.

- Consumers having no consistent information to explain why remediation may be required, confirm that the notice to remediate is valid (or challenge it), or provide guidance regarding the range of costs which may be involved and where to source appropriate trades to undertake the work. We recommend the AEMC develop or require the AER to develop standard information which can be made accessible to consumers regarding remediation.
- There does not appear to be a robust and consistent scheme to record sites with remediation requirements (as well as sites with other access limitations), along with consistent details which can help build a durable register of sites without advanced metering, due to a requirement for remediation (or other ongoing access limitations). This could be included as part of measures to improve visibility regarding access issues at connection points and could be done through a consistent record in MSATS. We regard this measure as a crucial foundation for any subsequent measures which may be needed to address remaining sites with legacy metering.

## **7. Creating a fit-for-purpose testing and inspection regime**

PIAC are concerned the Draft does not deal sufficiently with legacy meters which remain after 2030. While the stated intent is for a 'universal' rollout which would result in all meters being replaced, with responsibility shifting to retailers and their MCs, there are real risks that this will not be delivered. This risk relates to:

- Legacy meters for which access has not been secured.
- Legacy meters where required remediation has not been undertaken.
- Any legacy meters where planned replacement has not been completed due to other delays.

It is possible that a material number of legacy meters will remain after 2030 as a result. Any legacy meters remaining in 2030 will have been exempt from testing and inspection for 5 years. Under the draft rules DNSPs will be justified (if not encouraged) to wind down testing and inspection activities and shed the related resources.

There does not appear to be any provision for re-establishing inspection and testing after 2030, with the implicit expectation seeming to be that DNSPs will recommence these activities. PIAC consider it unreasonable to expect DNSPs to resume responsibility for monitoring these remaining installations, essentially socialising the costs of re-establishing monitoring what would be the most complicated and expensive legacy meters, without the economies of scale and coverage that currently exist. This is not efficient and not in the interests of consumers.

Some DNSPs have recommended the final rules transfer any legacy meters which remain, to the responsibility of retailers and their MCs. While this would be in line with the approach being taken

elsewhere in the Draft, this is not PIACs preferred resolution. We would prefer the final rule include ongoing measures that enable DNSPs to retain a viable testing and inspection function.

We highlight this issue as yet another example of complications which result from reliance on the existing industry structure, which would be resolved through a rule change which gave responsibility for metering to DNSPs.

## 8. Previous submissions

The following submissions were provided to the Review of the regulatory framework for metering services. We draw particular attention to content relating to:

- The role of metering
- The objective of any review of metering, and any subsequent reforms and rollouts
- The adequacy of the reviews address of its own assessment criteria
- The identification of issues resulting from the current framework, and areas which must be resolved to deliver on the objective of the review and subsequent reform.

Given that this rule change process has drawn on the conclusions of the review and regarded it as a substantive process alleviating the necessity for a longer rule-change process, we consider the issues raised and addressed in these submissions, directly relevant to this process.

<https://piac.asn.au/wp-content/uploads/2021/02/21.02.26-Submission-to-AEMC-review-of-the-regulatory-framework-for-metering-services-consultation-paper-final.pdf>

<https://piac.asn.au/wp-content/uploads/2022/01/21.11.05-Submission-AEMC-Directions-Paper-Review-of-the-Regulatory-Framework-for-Metering-services-FINAL.pdf>

<https://piac.asn.au/wp-content/uploads/2023/02/23-02-02-Sub-to-AEMC-Review-of-the-regulatory-framework-for-metering-services-draft-report.pdf>

## 9. Further Engagement

PIAC has been deeply engaged in processes relating to metering for many years and continue to regard this as a high priority. We would welcome the opportunity to discuss these matters further with the AEMC and other stakeholders and strongly encourage the AEMC to continue engaging with stakeholder to identify and resolve issues with the metering framework. If you have any queries about this submission please contact Jan Kucic-Riker, Policy Officer, Energy and Water at [jkucicriker@piac.asn.au](mailto:jkucicriker@piac.asn.au)