Tasmanian Networks Pty Ltd
ABN 24 167 357 299
PO Box 606, Moonah, TAS, 7009

28 May 2024

Drew Butterworth
Director
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney New South Wales 2000

Dear Drew

Re: Accelerating smart meter deployment rule (ERC0378) – Draft rule determination

TasNetworks appreciates the opportunity to provide comments to the Australian Energy Market Commission (**AEMC**) in response to its draft rule determination regarding accelerating the deployment of smart meters to consumers. We note that Energy Networks Australia (**ENA**) has also prepared a submission in relation to this draft determination and TasNetworks endorses the comments made by the ENA.

The meters used to measure and record customers' use of electricity and, increasingly, their exports of energy, play a crucial role in the electricity supply chain, providing the data that enables generators, networks, retailers and customers to be recompensed for the services they provide. The information gathered by smart meters can also support better management of the power system, identify network performance and safety issues, and facilitate the delivery of new markets and services made possible by the growing uptake of consumer energy resources.

TasNetworks strongly supports distribution network service providers being given access to basic power quality data at no direct cost to the networks. Access to this data will help minimise our capital expenditure in the future, increase the capacity of the distribution network to host consumer energy resources and help identify safety risks – all of which will be of benefit to our customers.

In the final report for the AEMC's *Review of the regulatory framework for metering services*,[1] the AEMC acknowledged that the recommendations which have prompted the rule change proposal now under consideration were intended to benefit customers in New South Wales, the Australian Capital Territory, Queensland and South Australia. The report also recognised that Tasmania has an accelerated smart meter installation programme in place, reflecting the

[1] AEMC, *Review of the regulatory framework for metering services, Final report,* 30 August 2023

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Tasmanian Government's commitment that every Tasmanian home and business should have a smart meter by the end of 2026, well before the 2030 target being set by the AEMC.

It is important that the final rule provides flexibility in how Legacy Meter Replacement Plans (**LRMPs**) are implemented in Tasmania so that the LRMP can be consistent with and reflect State Government policy.

Appendix 1 provides more detail on the LRMP issues in Tasmania and lists some other aspects of the rule change that TasNetworks believes requires further consideration by the AEMC.

Once again, thank you for the opportunity to comment on the AEMC's draft determination regarding the accelerated rollout of smart meters in the NEM. To discuss the views expressed in this letter please contact Scott Lancaster, Senior Regulatory Analyst, on 0417 467 099 or at Scott.Lancaster@TasNetworks.com.au.

Yours sincerely

Chantal Hopwood
Head of Regulation

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Appendix 1

Target meter replacement volumes

The draft rule determination provides that in developing an LMRP, a distribution network will be required to have regard to the "LMRP principles". This includes a requirement that for each Interim Period (i.e. year) of the nominated five-year LMRP period, the target volume for the replacement of legacy meters should be around 15-25 per cent of the legacy meters in service at the commencement of the LMRP period.

As at the end of January 2024, 70 per cent of customers in Tasmania had been supplied with an advanced meter[2] and the State is on-track for the remainder to be replaced by the end of 2026. Mandating the replacement of 15-25 per cent of legacy meters per annum over the LMRP would not be consistent with the Tasmanian Government's stated policy of achieving universal smart meter coverage by the end of 2026 and adhering to the LMRP principles in this regard would risk slowing the deployment of smart meters in Tasmania.

TasNetworks requests, therefore, that the final rule change be drafted in a way that permits DNSPs the flexibility to retire a greater (or lesser) percentage of legacy meters in any given year (Interim Period) than the 15-25 per cent range stipulated in the draft rule determination, and to base their LMRPs on an alternative, shorter LMRP period if they so desire.

Legacy meter testing

Consideration should be given as part of the current rule change process to the arrangements that will apply to any legacy meters remaining in service at the conclusion of the LMRP period. While TasNetworks anticipates that all legacy meters in service in Tasmania at the beginning of the LMRP period will be replaced with smart meters, if not by the end of 2026, then certainly by 2030, there may still be a small number of legacy meters that remain in use in Tasmania come 30 June 2030. As noted in the AEMC's draft decision, some customer's installations may require prohibitively expensive remediation in order for smart meters to be installed, and this could see a small minority of customers still using legacy meters beyond the LMRP period.

We are of the view that the draft rule change's temporary exemption from the requirement to test and inspect legacy meters during the LMRP period should apply to TasNetworks until 30 June 2030, even though TasNetworks' LMRP period will effectively conclude at the end of calendar year 2026. Ceasing the testing and inspection of legacy meters from 1 July 2025, only to resume testing from 1 January 2027, would negate most of the benefit

[2] More Tasmanians better off with advanced meters - Premier of Tasmania

envisaged by the draft rule change, in terms of minimising costs for industry and consumers, and may even introduce additional costs for TasNetworks.

Similarly, it would be uneconomical for TasNetworks, as the metering coordinator for legacy meters in Tasmania, to resume inspecting and testing legacy meters beyond the conclusion of the LMRP period stipulated in the draft rule change (i.e. 30 June 2030). On this basis, we consider that the draft determination's stipulation that the testing and inspection requirements for legacy meters would re-apply after that date is not consistent with the idea of a fit for purpose meter testing and inspection framework.

Implementation timeframes

TasNetworks notes that there are elements of the draft rule change, such as the procedure relating to shared fuse meter replacement, which are intended by the AEMC to come into effect on 22 January 2025, while other components of the rule change are not due to become effective until 26 June 2025. In our view, the introduction of new business-to-business procedures by 22 January next year does not recognise the implementation work that stakeholders will need to undertake and is unlikely to be achievable.

TasNetworks suggests that the implementation timeframes associated with this rule change be aligned to the greatest extent possible, with a view to any arrangements requiring new business-to-business procedures and system changes commencing no sooner than July 2025, to provide more time to prepare for implementation.

Shared fuse meter replacement

TasNetworks considers that further thought needs to be given to the procedure proposed in the draft rule for shared fusing meter replacement, which places a range of obligations and associated timeframes on local network service providers (**LNSPs**), without corresponding obligations on retailers to, for example, confirm the receipt of Shared Fusing Meter Replacement Notices or issue service requests to LNSPs. Retailer acknowledgement of the receipt of Shared Fusing Meter Replacement Notices and a requirement for service requests to be issued to LNSPs are of particular importance in relation to shared fuse meter replacement because of the potential for multiple retailers to be involved with meter replacement on the one site.

The lack of reciprocal obligations on retailers in relation to shared fuse meter replacement risks repeated outages for customers who are supplied under shared fusing and scheduled for meter replacement, as well as non-compliance by LNSPs with elements of the rule change, noting that the AEMC is proposing civil penalties in relation to non-compliance with the specified timeframe in which shared fusing meter replacements are to be carried out.

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Meter replacement obligations

In TasNetworks' view, retailers and metering coordinators should not be able to decline a request from an LNSP to exchange meters in the cases of de-energised premises or premises without an active customer. This is a particularly important consideration in relation to shared fusing meter replacement, given the potential for vacant premises to be amongst those scheduled for meter replacement.

Basic power quality data

As stated previously, TasNetworks welcomes the AEMC's draft determination that basic power quality data (**PQD**) should be made available to DNSPs free of direct cost. Access to PQD by DNSPs is something that is in the long-term best interests of consumers, in that PQD will help minimise capital expenditure on network infrastructure, increase the capacity of distribution networks to host consumer energy resources and help DNSPs identify safety risks.

We note, however, that the date specified in the draft rule change determination for basic PQD to be made available by metering coordinators is earlier than the dates canvassed by the AEMC previously. While DNSPs, including TasNetworks, may want to have access to basic PQD as soon as possible, it is yet to be established how metering coordinators are actually going to facilitate the provision of PQD to DNSPs.

There remains a significant body of work to be undertaken before metering coordinators, metering data providers, the Australian Energy Market Operator and DNSPs are ready to capture, send and receive even basic PQD by 26 June 2025. Noting that the definition of basic PQD will not be finalised until the AEMC publishes its final determination in mid-July, TasNetworks would support the provision of a grace period during which metering coordinators and metering data providers are not subject to the proposed civil penalty for a failure to provide basic PQD to DNSPs, if a metering coordinator is not ready to provide PQD from 26 June 2025.

Similarly, if a metering coordinator is in a position to provide DNSPs with basic PQD by the 26 June 2025 and a DNSP is not ready to accept the data by that date, neither the metering coordinator nor the DNSP should be held to be non-compliant with the Rules.