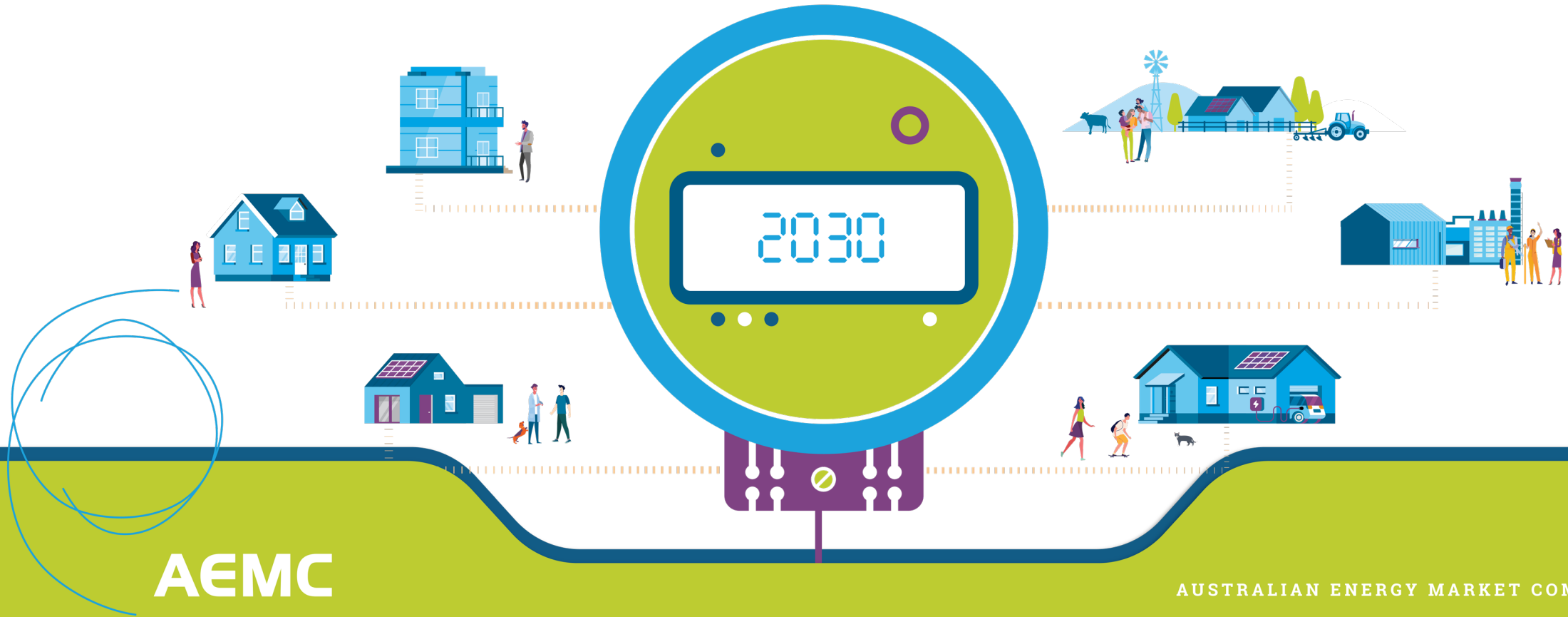


Accelerating smart meter deployment rule change

Virtual public forum




AEMC

AUSTRALIAN ENERGY MARKET COMMISSION

29 August 2024

ACKNOWLEDGEMENT OF COUNTRY



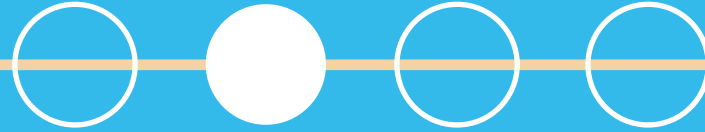
The AEMC acknowledges and shows respect for the traditional custodians of the many different lands across Australia on which we all live and work. We pay respect to all Elders past and present and the continuing connection of Aboriginal and Torres Strait Islander peoples to Country. The AEMC office is located on the land traditionally owned by the Gadigal people of the Eora nation.

29 August 2024

**Opening remarks:
Anna Collyer, Commission Chair**



'Without appropriate safeguards, the customer benefits associated with receiving a smart meter could be undermined by negative customer experiences'



Forum overview

Danielle Beinart
Executive General Manager, Networks & Technical

Agenda

- 1 Purpose of today's forum

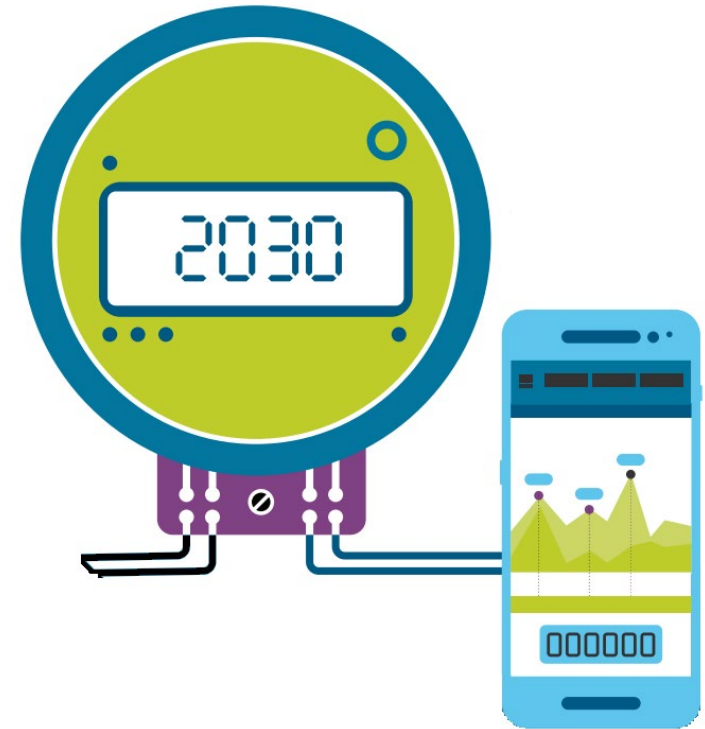
- 2 Housekeeping

- 3 Context

- 4 Purpose and overview of our proposed new safeguards

- 5 Timeline and next steps

- 6 Q&A



Purpose of today's public forum



Discuss feedback from stakeholders regarding the consumer safeguards in our draft determination, and concerns about retail tariff changes



Provide an overview of the two new proposed consumer safeguards in our Directions paper, and invite stakeholders to ask questions



Discuss next steps as we progress towards the final determination

Housekeeping

1. This forum is not being recorded
2. Today's presentation will be uploaded to the project webpage
3. All participants are currently in 'listen-only' mode
4. Use the Q&A button on the bottom of your screen to ask questions
 - questions should focus specifically on the directions paper
 - we will prioritise questions with most 'upvotes' first
 - you may be asked to speak to the questions you have submitted via the Q&A button.



COMPETITION PROTOCOL

KEY PRINCIPLES



The AEMC is committed to complying with all applicable laws, including the ***Competition and Consumer Act 2010*** (CCA), during this forum. Breaching the CCA can lead to serious penalties for individuals involved in any breach (including large financial penalties and imprisonment for key individuals involved). This protocol governs the way in which discussions will proceed at this forum, and each attendee agrees to adhere to this protocol in order to comply with the CCA.

Each attendee must make an independent and unilateral decision about their commercial positions and approach in relation to the matters under discussion in this forum.

Attendees must not discuss, or reach or give effect to any agreement or understanding which relates to:

- **pricing** for the products and/or services that any attendee supplies or will supply, or the terms on which those products and/or services will be supplied (including discounts, rebates, price methodologies etc)
- **targeting (or not targeting) customers** of a particular kind, or in particular areas
- **tender processes** and whether (or how) they will participate
- any decision by attendees:
 - about the purchase or supply of any products or services that other attendees also buy or sell
 - to not engage with persons or the terms upon which they will engage with such persons (i.e. boycotting); or
 - to deny any person's access to any products, services or inputs they require
- **sharing competitively sensitive information** such as non-publicly available pricing or strategic information including details of customers, suppliers (or the terms on which they do business), volumes, future capacity etc
- **breaching confidentiality obligations** that each attendee owes to third parties.

COMPETITION PROTOCOL

COMMUNICATION AND
MEETING GUIDELINES

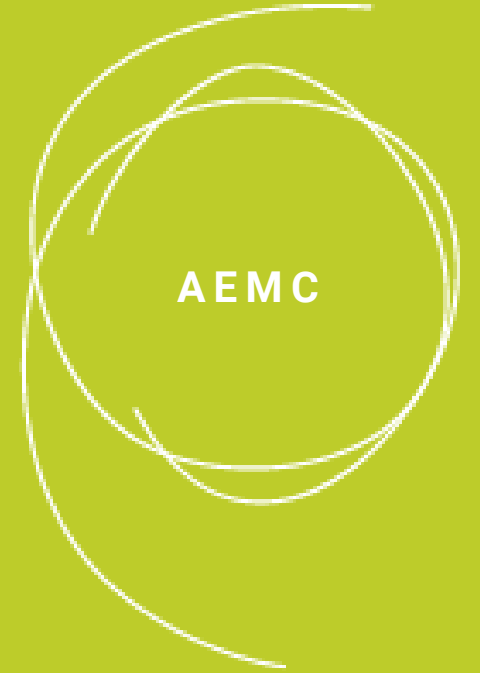


Attendees must ensure that all communications (including emails and verbal discussions) adhere to the ***Key Principles***.

This forum will be conducted in accordance with the following rules:

- The agenda for this forum does not include anything that could contravene the Key Principles set out in this protocol.
- We will read and minute the below *competition health warning*:
 - Attendees at this forum must not enter into any discussion, activity or conduct that may infringe, on their part or on the part of other attendees, any applicable competition laws. For example, attendees must not discuss, communicate or exchange any commercially sensitive information, including information relating to prices, marketing and advertising strategy, costs and revenues, terms and conditions with third parties, terms of supply or access.
 - Participating in this forum is subject to you having read and understood the protocol including the Key Principles.
- We will keep accurate minutes of the forum, including details of attendees.
- If something comes up during the forum that could risk contravening any competition laws, attendees should:
 - Object immediately and ask for the discussion to be stopped.
 - Ensure the minutes record that the discussion was objected to and stopped.
 - Raise concerns about anything that occurred in the forum with their respective legal counsel immediately afterwards.
- All attendees understand that any competitively sensitive matters must be subject to legal review before any commitment/agreement can be given.
- Any decision about whether, and on what terms, to engage with customers and suppliers is an independent and unilateral decision of each attendee.

Directions paper



Accelerating smart meter deployment

Drew Butterworth, Director – Project Sponsor

Context: How we got here and where we're going



How we got here

Accelerating the deployment of smart meters draft determination

In feedback provided on the draft determination, stakeholders:

- continue to support the accelerated rollout
- acknowledge the critical role of smart meters in the future energy system
- raised concerns regarding the impact of retail tariff changes following a smart meter upgrade
- considered we should strengthen our proposed consumer safeguards package.

Where we are now

Accelerating the deployment of smart meters directions paper

Proposes two new consumer safeguards, in response to feedback to the draft determination.

Stakeholder submissions due by 12 September 2024.

What's next

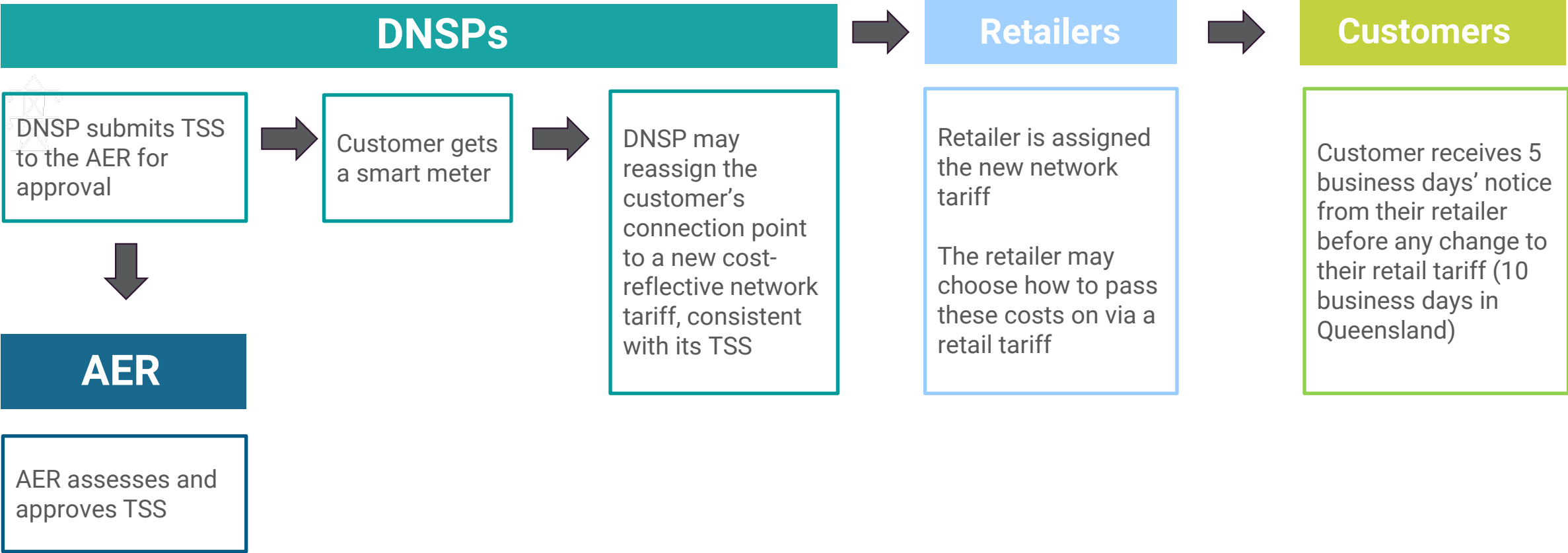
Accelerating the deployment of smart meters final determination

November 2024

Real-time data for consumers

Rule change request from ECA which reflects additional recommendations from the *Review*, and will be progressed via a separate rule change process

Context: A customer's tariff may change when they get a smart meter



We consider exploring additional safeguard measures is warranted

There are growing concerns about the impact of tariff changes on customers

- Many customers will move to cost-reflective tariffs after getting a smart meter.
- Cost-reflective tariffs may benefit some customers, but will not benefit all.
- Stakeholders are concerned about negative impacts such as bill shock, and have observed growing customer complaints.



Inability to opt-out

from cost-reflective retail tariffs



No flat tariff offer

available to customers once smart meter has been installed



Insufficient information

about the impacts and implications of a retail tariff change



Inadequate information

ahead of a retail tariff change



Bill shock

after a retail tariff change

We consider exploring additional safeguard measures is warranted

Our proposed consumer safeguards may not go far enough

- Some stakeholders think that our proposed do not go far enough to mitigate risks.
- Success of existing package relies on the customer proactively engaging with their retailer on changes to their retail tariff.

Social licence is critical for the accelerated rollout

- Stakeholders agree there are clear benefits of a 2030 rollout.
- The rollout is a key enabler of CER reforms and the energy transition.
- Without social licence, there is a risk that reform benefits won't be realised.

We've proposed two new consumer safeguard measures



1. Explicit informed consent (EIC) for retail tariff changes

- For 3 years after a smart meter upgrade, a retailer must get a customer's EIC to change their retail tariff
- When the 3 years ends, before changing a customer's tariff, the retailer must give:
 - 30BD notice
 - A historical bill comparison
 - Supporting information about the new tariff
- Applies to all smart meter deployment types from 1 Jan 2025 - 31 May 2031



2. Mandatory flat tariff offer for customers with smart meters

- Designated retailers must offer all smart meter customers for which they are designated a flat tariff offer
- Jurisdictions would need to implement this through a local instrument

Our safeguards would benefit consumers and support social licence



1. Explicit informed consent (EIC) for retail tariff changes

Enhance choice

Enhances customer's ability to pick the retail tariff that best suits them

Minimise negative impacts

Mitigates the risk of negative customer impacts, such as bill shock

Improve information

Incentivises retailers to give customers better information about tariff offers

Data-informed decision-making

Gives customers a period to accumulate usage data, to better understand what offer best suits their needs



2. Mandatory flat tariff offer for customers with smart meters

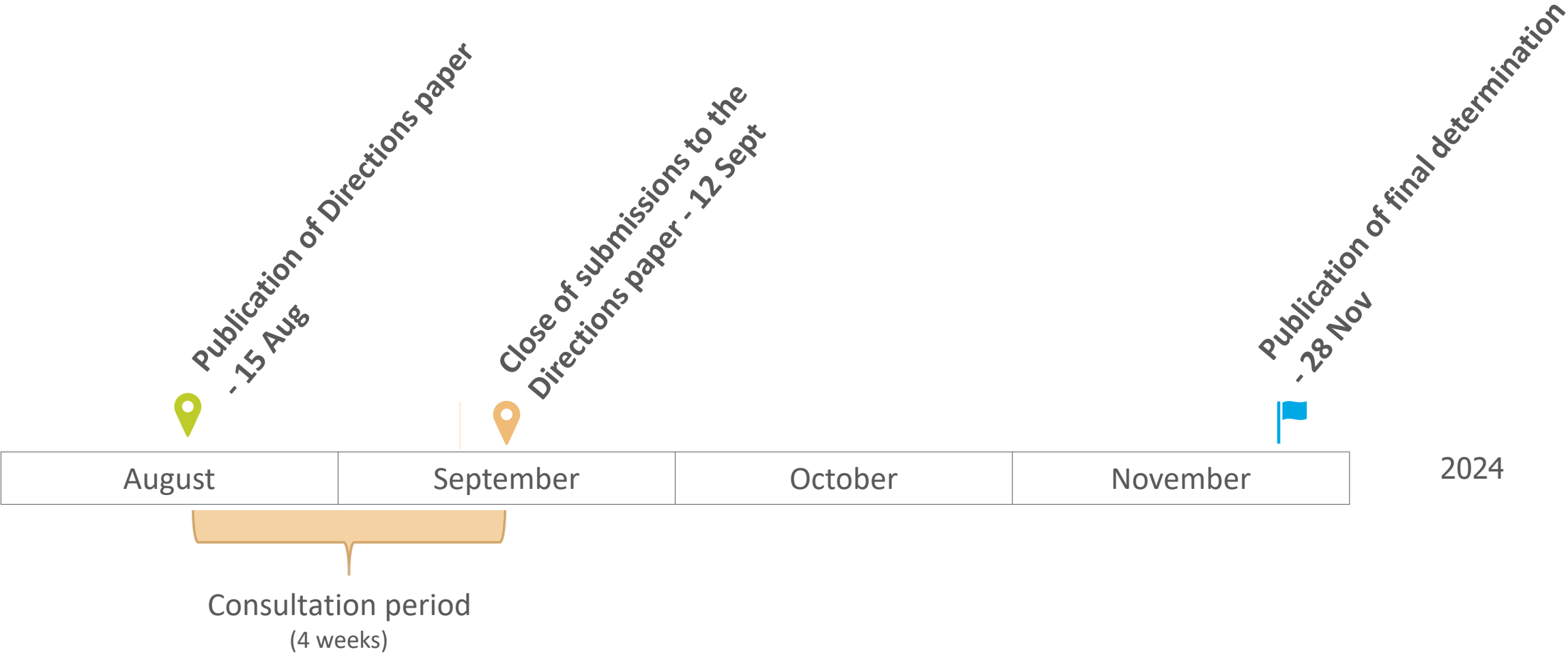
More options

Ensures a broader range of retail tariffs are available to customers with smart meters

Support simplicity

Ensures simple offers are available to customers that find cost-reflective tariffs complex

Timeline and next steps for the rule change process



Danielle Beinart, EGM

Q&A

Panel

Anna Collyer - Chair

Danielle Beinart - Executive General Manager

Drew Butterworth - Director – Project Sponsor

AEMC



Keep in touch

www.aemc.gov.au



LEVEL 15
60 CASTLEREAGH STREET
SYDNEY NSW 2000

+61 2 8296 7800

