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Australian Energy Market Commission (AEMC)
GPO Box 2603
Sydney NSW 2000

Submitted electronically.

Dear AEMC,

RE: Accelerating Smart Meter Deployment Directions Paper

GloBird Energy (**GloBird**) welcomes the opportunity to provide feedback on the AEMC' s Accelerating Smart Meter Deployment Direction Paper (**Paper**) to enhanced customer safeguards for the accelerating smart meter deployment.

GloBird commenced operation in 2015 and has steadily grown, currently retailing energy to over 200,000 residential and small business customers across Victoria, New South Wales, Queensland and South Australia. Our excellent value energy offerings, innovative products and a high-quality customer service are key drivers of our success in this highly competitive energy market.

The global shift towards renewable energy is important. Both state and federal governments have been at the forefront of this transition, encouraging the adoption of solar and other renewable energy sources. However, this shift has introduced challenges to the stability of our electricity grid, particularly manifesting in what is known as the "Duck Curve" phenomenon.

As stable coal generation is increasingly replaced by intermittent renewable sources, the electricity market is experiencing significant fluctuations in energy prices throughout the day. During daylight hours, when solar generation is at its peak, electricity prices often plummet, sometimes even turning negative. Conversely, as the sun sets and solar generation diminishes, prices surge during the evening peak when demand is highest. This "Duck Curve" presents a challenge to electricity distributors and the overall stability of the system.

The crux of the issue is not merely about having sufficient generation capacity; it is about managing and shifting energy usage to align with the availability of renewable energy. If consumers do not adjust their energy consumption patterns to take advantage of low-cost electricity during the day, additional infrastructure investments in will be required to meet evening demand. These investments will inevitably lead to higher costs for consumers.

Time-of-use tariffs offer the most common sense and realistic solution to this problem by incentivising customers to shift their energy usage to off-peak periods, thereby stabilising the grid and aligning with broader state and federal government objectives. However, the effectiveness of these tariffs' hinges on the widespread adoption of smart meters.

We recognise that regulators are accelerating the rollout of smart meters to address this very issue, and this approach is indeed logical. By equipping consumers with smart meters, the energy market can become more dynamic and responsive, helping to smooth out the Duck Curve and move to a more sustainable energy system.

However, allowing customers with smart meters to opt into a flat tariff undermines the very purpose of these meters. Flat tariffs eliminate the financial incentives for consumers to adjust their usage patterns, effectively negating the benefits that smart meters are intended to provide. If usage patterns do not change, networks will need to make further investments to ensure grid stability, driving up costs for all consumers.

To avoid these unintended consequences, it is crucial that energy policy and regulatory decisions remain strategically aligned with the overarching goal of grid stability and cost efficiency by ensuring that smart meters are utilised to their full potential. By encouraging time-of-use tariffs rather than flat tariffs we can better manage energy demand, reduce the need for costly infrastructure investments, and ultimately provide consumers with more stable and affordable energy prices.

We agree that customers should not be moved onto a cost reflective tariff without any notice and think that 30 days' notice is appropriate. But this should not require explicit informed consent. Obtaining customer's explicit informed consent is not a simple process, especially when customers are not engaged. As a retailer we find that most residential customers understand time of use tariffs, households are very familiar with concepts like peak / off-peak. However, they find demand tariffs to be complex and extremely difficult to understand. Assigning customers to complex tariffs will not deliver the benefits sought from the deployment of smart meters. A better approach would be for governments, rule makers and regulators to prohibit distributors from mandating the assignment of demand network tariffs to residential customers.

If the proposed changes were to go ahead, there will be mismatched between retail pricing and network tariff structures. Such mismatch will transfer the risk from those who are best placed to manage the risk (distributors) to those who are unable to manage such risk (retailers). While retailers can manage risk in the NEM through the available tools to manage exposure to the volatility of spot prices, there are no tools available to retailers to manage network pricing risks. Transferring network pricing risks to retailers will only lead to increase in consumers' cost. For this reason, we do not support the proposal in the Paper.

We support the equitably sharing of effort and risk between distributors and retailers, it is therefore important to allow retailers to align their retail tariff structures with distributor tariff structures.

We submit that he AEMC should ensure that any new retail customer safeguard obligations under the proposed changes are matched by corresponding and aligned distributor obligations. For example, if a customer is able to continue to access a flat retail rate, their electricity retailer must also be able to access the corresponding flat network tariff from distributors. Such approach is consistent with existing law associated with undercharging, whereby the distributor cannot recover from the retailer network charges for a period exceeding the period the retailer can recover charge from the customer (4 months in Victoria and 9 months in NECF jurisdictions).

Should you wish to discuss this submission, please contact me.

Yours sincerely

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