

MCC's submission on Accelerating Smart Meter Deployment

1. It is our pleasure to introduce MCC Economics and Finance (MCC). We are an international advisory firm specialising in economic regulatory frameworks. Our experience spans multiple jurisdictions and sectors, but we have a particular passion for energy issues.

2. Given our interest and experience in the space, we offer a few suggestions on the AEMC's proposed new rules to support the deployment of smart meters and improve consumer outcomes.

Strategic Trade-Offs for Smart Meter Regulations

3. Implementing new smart meter rules involves navigating several strategic trade-offs, including:

- **Consumer Consent for Tariff Changes vs. Retailer Flexibility:** Balancing the need for explicit consent to prevent unexpected tariff changes with retailers' ability to adapt pricing structures.
- **Flat Tariffs vs. Cost-Reflective Pricing:** Offering simple flat tariffs might limit pricing flexibility and cost-reflective benefits.
- **Implementation Costs vs. Consumer Benefits:** Addressing potential cost increases for retailers while ensuring meaningful benefits for consumers.
- **Consumer Choice vs. Complexity:** Providing straightforward options versus offering a range of tariffs that cater to different needs.

For instance, in the UK, extensive deliberation on pricing changes led to delays, highlighting the challenges of balancing stability with innovation.

Timeliness and Impact

4. The AEMC's proposed rules for smart meters are timely and well-received. They aim to enhance consumer protection and choice, reflecting broader trends in energy regulation. Improved smart meter deployment can support better energy management, particularly as Australia's energy landscape evolves with increasing intermittent generation and shifting demand patterns. Effective

collaboration between distribution network service providers and retailers is crucial for the successful transition from legacy systems. [Coordination issues](#) have been noted as a barrier to achieving a smooth rollout.

Consumer-Centric Focus

5. The emphasis on consumer outcomes in the AEMC's rules is commendable. However, the focus could be further strengthened by clearly addressing vulnerable consumers and exploring measures to ensure that no one is disadvantaged by these changes. The [UK's approach](#) to smart meter deployment has specifically addressed the needs of vulnerable consumers through targeted support measures and programs to ensure inclusivity.

Rewarding Consumers

6. While pricing reforms often face criticism, the proposed rules aim to benefit consumers through increased transparency and choice. Strengthening this focus by considering innovative approaches to delivering benefits, and ensuring that no consumer ends up worse off, could enhance the overall effectiveness of the regulations. In [Finland](#), for example, the integration of smart meters has been used to offer personalized energy-saving advice and incentives, demonstrating how pricing reforms can be designed to benefit consumers directly.

Technology and Pricing Integration

7. Effective smart meter deployment requires a synergistic approach between pricing and technology. Emphasizing the role of technology in optimizing smart meter benefits, such as through load control and electric vehicle integration, will be crucial for achieving superior outcomes. [Germany's](#) integration of smart meters with electric vehicle charging infrastructure provides a strong example of how technology and pricing can be aligned to maximize consumer benefits and grid efficiency.

Phased Implementation and Competition

8. Given the potential risks and community concerns, a pragmatic approach, such as phased implementation, could be beneficial. Additionally, addressing current weaknesses in retail competition by setting specific obligations for retailers might be necessary to ensure the rules

achieve their intended outcomes. In [France](#), a phased rollout of smart meters has been used to manage costs and integration challenges, serving as a model for gradual implementation.

Is a retailer led roll-out of smart meters the best option?

9. We consider a genuine question remains over whether retailers are best placed to roll-out smart meters. The AEMC is introducing considerable overhead and prescription to force retailers to take action. We think there is a case for the role to be undertaken by network companies. If we do not see early success from the AEMC's new rules we suggest that consideration be given to transferring the role to network companies and rolling the meter values into the regulatory asset bases.


Conclusion


10. We support the AEMC's proposed rules and the potential benefits for consumers. We are keen to provide further assistance and insights as these regulations evolve.

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