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DEM Ref: 2024D124297

Ms Anna Collyer
Chair
Australian Energy Market Commission
PO Box A2449
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Dear Ms Collyer

ACCELERATING SMART METER DEPLOYMENT RULE CHANGE - DIRECTIONS PAPER (ERC0378)

The Department for Energy and Mining (the Department) thanks the Australian Energy Market Commission (the Commission) for the opportunity to comment on its Accelerating Smart Meter Deployment Rule Change - Directions Paper (Directions Paper).

As you would be aware, the Department has continually supported an accelerated rollout of smart meters, which we see as a critical tool in the energy transition. However, for the rollout to be successful it is imperative that consumers are not only well informed, but also supportive of the change to smart metering and cost reflective pricing. We therefore consider that stakeholder concerns about tariff structure changes following a smart meter installation need to be addressed for the rollout to be effective.

The Department is supportive of the Commission's proposed customer safeguards, which we hope will alleviate any negative customer experiences due to retail tariff variations following installation of a smart meter. We consider this to be the most reasonable approach to ensure consumers are supported through this important transition.

While supportive, it is worth noting that the Department continues to see cost reflective pricing as an important component in meeting the challenges associated with peak and minimum operational demand in South Australia and ensuring network costs are equitable distributed across customers.

We support the proposed introduction of a customer consent requirement for any retail tariff changes following a smart meter deployment. Additionally, we support customers, at the expiry of this requirement, being provided with sufficient notification of tariff changes, historical bill comparison and supporting information detailing how to understand, monitor, and manage their electricity usage.

This requirement to provide an estimate of the customer's historical bill could be clarified to ensure that the estimate covers an appropriate period to provide a meaningful estimate for the customer. As drafted (paragraph 21 of the directions paper), the period to which the 'historical bill' would apply is unclear. This period should be not less than the previous 12 months, so that all seasonal conditions are covered, and could be up to the entire period since the meter installation. The Department notes that Part 4 of the Better Bills Guideline requires retailers to perform better offer checks, and these must have regard to a customer's annual usage. Small customers have the right to access historical billing data for the previous two years (on request) and the Commission may wish to consider applying a two-year timeframe, which would provide a more comprehensive basis for consumers to understand how their usage interacts with the proposed new tariff.

We consider this should mitigate any unforeseen costs arising for some customers following a change in tariff structure. It will also help them make a more informed choice about how best to manage their usage, and get the most suitable tariff structure, in the future.

We do, however, question the proposal for this to apply for three years post the customers' meter installation, which may slow the transition to cost-reflective pricing. There could be merit in considering a shorter timeframe, although this timeframe should not be less than 12 months. At least one full year of meter data should be required to allow retailers to provide their customers with a basic comparison of the bill outcomes for different tariff types across seasonal conditions.

The Department also notes, where a customer does not provide consent to move to a ToU tariff, retailers will still be required to pay network costs. Flat tariffs may increase for all customers not providing this consent, to cover this risk and recover retailer costs. We would be concerned if this resulted in an increase in the prices that retailers charge.

This aside, the Department for Energy and Mining supports the enhancements proposed to the consumer safeguards as part of the rule change. We consider on balance, the Commission's proposed approach is an appropriate next step in this important transition.

The Department thanks the Commission for the work on this rule change determination.

Yours sincerely



Vince Duffy

DEPUTY CHIEF EXECUTIVE

19 / 9 / 2024