

17 October 2017

Mr John Pearce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Re: Five Minute Settlement Draft Determination

Thank you for allowing us the opportunity to provide a submission on the AEMC's Five Minute Settlement Draft Rule Determination.

Since this rule change was first suggested in May 2016, Landis+Gyr has read with great interest all suggestions and opinions submitted on behalf of our industry colleagues. As the leading global provider of integrated energy management solutions for the utility sector and one of the largest suppliers of electricity and gas meters in Australia, our focus is to meet the needs of businesses coming from all parts of the value chain. That said, with an installed base of over 300 million electricity meters, fifteen million meters under managed services and delivery of smart metering solutions to over 3,500 utilities world-wide, smart metering is at the core of our business.

Adding to the wealth of complimentary papers already submitted, we believe our input at this stage is best focussed on smart metering in particular, offering suggestions to optimise the benefits of the rule change for the most important group in the mix - the energy consumer.

Landis+Gyr appreciates the benefit of aligning dispatch and settlement periods. Our current and future metering, measurement and control technology readily supports five-minute intervals and can be enhanced to support the required storage of this data. As such, we look forward to providing technology that supports the products and services that such a change could encourage.

The draft determination, however, must be considered in the context of current market conditions and the manifold challenges Landis+Gyr's direct customers – distributors and retailers - face as our energy system works through the effects of digitalisation, transforming distribution models, pricing pressures and the raft of other legislation changes happening concurrently.

In light of this, we would like to address the key implications of the proposed approach and implementation timeframes. To be specific, our concern is the balance that must be achieved between existing meter inventories and new meters manufactured between now, and when firmware enhancements can reasonably be incorporated into the production process.

Timeframe and Operational Considerations

From the 1 December 2018 all new and replacement meters must be capable of supporting five-minute intervals and storing this increased amount of data for 35 days for Type 4 installations. Landis+Gyr meters readily support this reading of five-minute billing and settlement data. The need for increased data storage, however, means meters must be modified with a firmware change.

Landis+Gyr notes that there are potential risks to achieving this firmware change in the required timeframe, as many of the modifications must be done sequentially and be necessarily methodical. The overall time required, including full system testing and the incorporation of new firmware into the manufacturing supply chain, is estimated to be more than six months.

In the midst of the market challenges mentioned previously, Landis+Gyr has gauged some concern from Metering Providers, and thus Metering Coordinators, regarding the need to hold inventory with outdated meter firmware and software configurations. We are seeing changes to meter buying behaviours in anticipation of the rule change right now. This, no doubt, will have flow-on impacts to consumers, such as delays in installation due to shortages of compliant meters.

To remove the risk of stranded assets and provide more surety of supply, Landis+Gyr would like to propose a grandfathering approach. This approach would focus on the date of manufacture rather than deployment, in that meters that do not comply to the five-minute settlement requirements would be permitted to be deployed if they are manufactured prior to 1 December 2018. This approach reflects the practice of the National Measurement Institute (NMI)¹ when changes are made to metering requirements. This broadly accepted practice is understood, across the industry, to provide a good balance between the risks and costs of change, and the need for timely implementation².

Landis+Gyr would like to thank the AEMC again for the opportunity to make this submission. We remain available for further comment and welcome future discussions with the AEMC.

Yours sincerely,



Joe Thorne
Landis+Gyr Regulatory Lead

NB: We provided further supporting information Attachment 1, which has been provided confidentially as a separate attachment.

¹ The role of the National Measurement Institute is to ensure meters support fair trade through accurate measurement. This is achieved through requirements and a legislated testing and approval process.

² Further information regarding this grandfathering process can be found at <http://www.measurement.gov.au/Pages/Exemption-Lifted-Electricity-Meters.aspx>