

## Metering and related services

Draft determination released for public comment

**The Australian Energy Market Commission (AEMC) today released draft changes to the National Electricity Rules and National Energy Retail Rules to remove the networks' effective metering monopoly.**

AEMC Chairman John Pierce called for public feedback on proposals to allow new competitors to offer metering services, and give people a choice to either retain their existing working meters or to take up new services that advanced meters enable.

"This is the missing link between ongoing electricity reforms and consumer choice," Mr Pierce said.

"Under the draft changes, consumers can retain their current working meter, and where new meters are installed to replace those no longer working, consumers retain the right to choose which, if any, services they want to access.

"Advances in technology have introduced new ways to better manage our electricity to reduce demand and costs, but the 1950s-style meters installed in most Australian homes and businesses are preventing consumers from accessing 21<sup>st</sup> century services."

The information and services available through advanced metering can make it quicker for consumers to switch retailers, allow them to decide how often they want to be billed, and provide them with better information about how they can change their electricity use to save money if they want to.

Consumers would also benefit from more accurate meter reads.

The proposals increase competition between retailers, networks and others to deliver new services via advanced metering to consumers who want to actively manage their electricity use. While retailers can install advanced meters under the current rules, a number of regulatory barriers have prevented them from doing so to date.

Mr Pierce said the proposed new arrangements are designed to be simple and practical for small consumers.

"Residential and small business consumers would continue to deal solely with their retailer, will continue to be covered by existing consumer protections, and enjoy access to new services if they want them," he said.

Mr Pierce said all consumers, regardless of whether they take up new services, could benefit from the changes which support more efficient network investment decisions; lower cost and more accurate automated meter reading; faster remote connections; and faster response to outages.

The proposals would mean:

- Increased competition to encourage cost efficiency and innovation. Any party could set up a business to provide metering services if they meet registration requirements.

- Additional consumer protections:
  - allowing consumers to opt out of having an advanced meter if their existing meter works, and
  - putting in place rules that make sure only authorised parties have access to consumers' electricity data and the services provided through their meter.
- Minimum services that all new or replacement meters for small customers must be capable of providing to promote consistency across the National Electricity Market.

Mr Pierce said transitional arrangements are proposed for Victoria, where 98 per cent of households and small businesses already have advanced meters installed.

Under the draft rules, Victorian customers who already have an advanced meter installed are not expected to see any change in the short to medium term.

"These arrangements are designed to help consumers reap the benefits of the advanced meters introduced by the Victorian Government; and increase competition to reduce costs and increase innovation for customers who will eventually need new meters in the years ahead," Mr Pierce said.

The draft rule changes are part of the COAG Energy Council's Power of Choice reforms to support consumer-driven transformation of the energy market so consumers have more control over how they use electricity and the costs associated with their usage decisions.

The AEMC is seeking submissions on the draft rules until 21 May 2015.

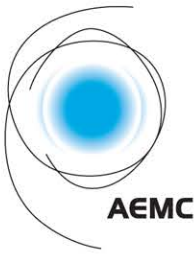
If adopted, the rules are proposed to commence from 1 July 2017.

For information contact:

AEMC Chairman, **John Pierce** (02) 8296 7800

Media: Communication Manager, Prudence Anderson 0404 821 935 or (02) 8296 7817

26 March 2015



# INFORMATION

AUSTRALIAN ENERGY MARKET COMMISSION LEVEL 6, 201 ELIZABETH STREET SYDNEY NSW 2000  
T: 02 8296 7800 E: [AEMC@AEMC.GOV.AU](mailto:AEMC@AEMC.GOV.AU) W: [WWW.AEMC.GOV.AU](http://WWW.AEMC.GOV.AU)

## Draft new arrangements for the provision of metering services

### Publication of draft rule and draft determination

**The AEMC has invited submissions on a draft rule made in relation to a request from the Council of Australian Governments' (COAG) Energy Council. The draft rule would facilitate a market-led approach to the deployment of advanced meters where consumers will drive the uptake of technology through their choice of products and services.**

### Why the rules for metering services need to be changed

Most meters used in the National Electricity Market (NEM) at the premises of small customers are accumulation meters. Accumulation meters can only be used to measure the total amount of electricity a consumer uses over a period of time and must be read manually at the consumer's premises. Technological innovation means that advanced meters can now measure both how much electricity is used and when it is used – remotely in near real time.

Advanced meters also enable a range of other electricity products and services which can offer a wide range of benefits to all parties across the electricity supply chain including consumers, retailers, distribution network businesses and energy services companies. Advanced meters provide retailers and Local Network Service Providers (LNSPs) the opportunity to access services that support the efficient operation of the electricity system, allowing them to provide lower cost and higher quality services to consumers.

Despite the benefits advanced meters can offer, the COAG Energy Council identified a number of issues with the National Electricity Rules (NER) and National Energy Retail Rules (NERR) in its rule change request that limit competition and may inhibit investment in the provision of advanced metering services.

Firstly, COAG Energy Council identified that the exclusivity arrangements which limit who can take responsibility for the provision of metering services for certain types of meters impede competition and potentially encourage the continued use of accumulation meters. Additionally, the COAG Energy Council also identified that certain exit fees and the structure of metering charges create a disincentive for retailers to invest in advanced meters. Other issues identified by the COAG Energy Council related to minimum requirements for advanced meters and uncertainty over access to advanced metering services and metering data and consumer protections.

### What changes under the draft rule

The draft rule opens up the provision of metering services to more competition to promote efficient investment and increased consumer choice in products and services. It also includes a number of other features to support a competitive framework, including new minimum requirements for new and replacement meters for small customers and new obligations so that security of, and access to, advanced meters and the services they provide are managed appropriately. The consistent NEM-wide approach to metering services across jurisdictions also reduces impediments to investment.

The draft rule would lay the foundation for a market-led and consumer driven approach to the deployment of advanced meters. Other than where a new or replacement meter needs to be installed, advanced meters would only be deployed where energy businesses and consumers want access to the services enabled by advanced meters at a price they are willing to pay for those services. The draft rule also provides for consumers to continue to deal solely with their retailer and opt-out of having their existing working meter replaced.

The draft rule incorporates many of the key elements of the COAG Energy Council's rule change request. Key features of the draft rule are summarised below.

### Overview of the draft rule

- The draft rule changes who has overall responsibility for metering services under the NER to promote competition in the provision of metering and related services by:
  - providing for the role and responsibilities of the existing “Responsible Person” to be provided by a new type of registered participant – a Metering Coordinator;
  - allowing any person to become a Metering Coordinator, subject to meeting the registration requirements;
  - permitting a large customer to appoint its own Metering Coordinator; and
  - requiring a retailer to appoint the Metering Coordinator, except where a large customer has appointed its own Metering Coordinator.
- It requires a Metering Coordinator to take on roles additional to those currently performed by the Responsible Person so that the security of, and access to, advanced meters and the services they provide are appropriately managed.
- It specifies the minimum services that a new or replacement meter installed at a small customer’s premises must be capable of providing.
- It sets out the circumstances in which small customers may opt out of having a new meter installed at their premises.
- It clarifies the entitlement of parties to access energy data and metering data to reflect the changes to roles and responsibilities of parties providing metering services.
- It provides for LNSPs to use network devices installed at customers’ premises that assist them to monitor and operate their networks.
- It permits a retailer to arrange for a Metering Coordinator to remotely disconnect or reconnect a small customer’s premises in specified circumstances.
- It makes changes to the model terms and conditions of standard retail contracts to reflect the changes to the roles and responsibilities of parties providing metering services.

An infographic describing the roles and responsibilities of key parties in the provision of metering services under the new arrangements is attached to this infosheet. For a complete description of the new arrangements stakeholders should refer to the draft rule determination and the draft rule.

### Implementation

The draft rule specifies that the new Chapter 7 of the NER would start on 1 July 2017, although some provisions would come into effect earlier to allow a range of parties to undertake a number of steps prior to the commencement of the new arrangements.

### Power of Choice

This rule change is part of a series of changes recommended in the AEMC’s Power of Choice review to support demand side participation in the NEM, including network pricing arrangements and access to energy consumption information. Improved access to advanced metering services provides the missing link in this broader market reform program to empower consumers to monitor, manage and adjust their electricity consumption and costs in a way that best suits their lifestyles and price preferences.

### Submissions

The AEMC invites submissions on the draft rule determination and the draft rule by 21 May 2015.

For information contact:

AEMC Chairman, **John Pierce** (02) 8296 7800

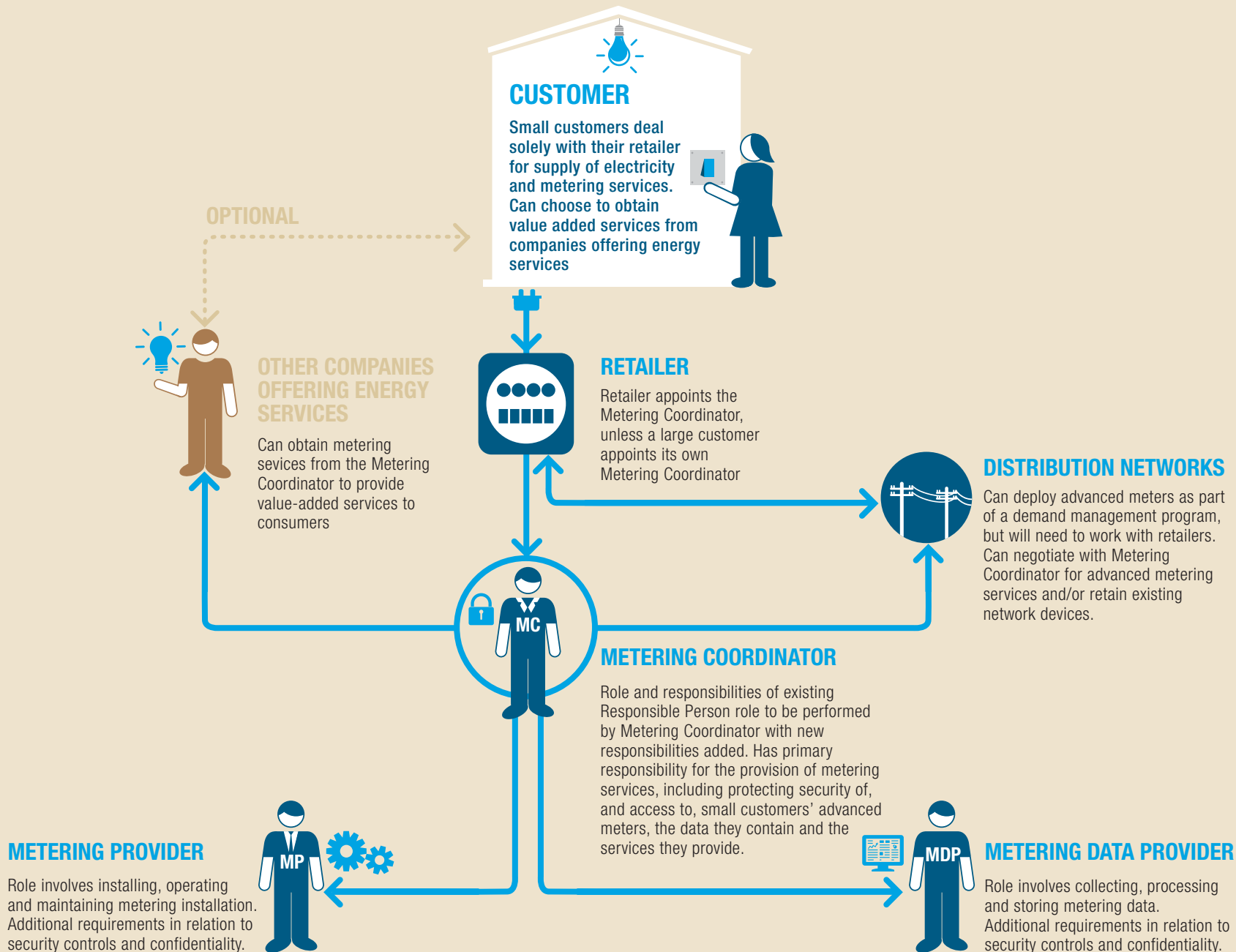
AEMC Chief Executive, **Paul Smith** (02) 8296 7800

Media: Communication Manager, Prudence Anderson 0404 821 935 or (02) 8296 7817

26 March 2015

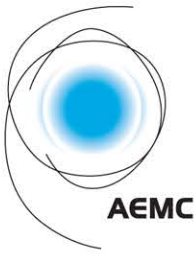
# ROLES AND RESPONSIBILITIES

Clarifying, expanding and opening up existing roles will promote competition in the provision of metering services to improve consumer choice and control while protecting customers.



None of these roles are new: all exist under the current rules but some new responsibilities have been added relating to advanced metering services.

Any person could perform the Metering Coordinator, Metering Provider and Metering Data Provider roles subject to accreditation and registration requirements.



## Backgrounder: consumers and new energy services

Expanding competition in metering and related services – draft determination released for public comment

**The AEMC is seeking submissions on proposals to change the National Electricity Rules and National Energy Retail Rules so consumers have more opportunities to access new products and services that would help them manage their electricity bills.**

### What issues do the draft rules address?

These proposals aim to allow consumers to drive the uptake of metering technology through their choice of products and services which suit their individual lifestyles and budgets.

Most residential and small business consumers in Australia have their electricity use measured by 1950s-style electricity meters with limited functionality. As a result, most Australians have little information about their electricity use and costs.

Advances in metering technology, and the energy products and services this technology enables, can give consumers more choice and control. With the right technology, information and price signals, consumers are better able to make decisions about how and when they use electricity, and manage the costs of those decisions. On a larger scale, the choices consumers make about how they use electricity can affect the operation of the electricity system and the prices that everyone pays for electricity supply.

### What do the draft rules do?

They provide a framework for the competitive provision of advanced meters and services to residential and small business consumers.

This approach is based on evidence that competition is the lowest cost way to drive innovation and facilitate the deployment of advanced meters and services to consumers..

The draft rules maintain existing arrangements that protect consumers in their dealings with electricity retailers and network businesses. It also introduces new protections to restrict who has access to the data and services enabled by advanced meters.

### How will the proposals benefit consumers?

The draft rules are intended to promote innovation and lead to investment in advanced meters that deliver the services valued by consumers at a price they are willing to pay.

Like a mobile phone or pay TV box, advanced meters are an enabling technology that consumers can use to access a service that they value.

Consumers with advanced meters will be able to choose from a range of electricity services and pricing options, giving them new ways to monitor, manage and adjust their electricity consumption.

The benefits of advanced meters can be broken down into five areas, which are outlined in the infographic at the end of this information sheet.

Under the draft changes consumers can retain their current working meter, and where new meters are installed to replace those no longer working, consumers retain the right to choose which, if any, services they want to access.

Under the draft changes consumers can retain their current working meter, and where new meters are installed to replace those no longer working, consumers retain the right to choose which, if any, services they want to access.

## The Power of Choice review: A program for reform

These rule changes form part of a program of electricity market reforms that was set out in the AEMC's *Power of Choice* review. The AEMC and other parties are working on a number of changes to the regulatory framework to support these reforms, including:

1. *Consumer information*: New rules made by the AEMC in November 2014 make it easier for consumers to obtain information about their electricity consumption. This information can help consumers make more informed decisions about switching retailers or choosing an electricity plan.
2. *Technological innovation*: The competition in metering rule change will help provide consumers with the technology that is needed to support choice in electricity products and services.
3. *Poles and wires reform*: New rules made by the AEMC in November 2014 require network businesses to consult with consumers before prices are set for 2017 and beyond. The network charges will better reflect the costs of supplying electricity to individual consumers with networks required to take into account total efficient costs, consumer impacts and any jurisdictional pricing obligations

The primary objective of these reforms is to provide consumers with the tools and information to make more informed choices about how they use electricity.

### Submissions

The AEMC invites submissions on the draft determination and draft rule by 21 May 2015. Submissions can be made on the AEMC website.

For information contact:

AEMC Chairman, **John Pierce** (02) 8296 7800

AEMC Chief Executive, **Paul Smith** (02) 8296 7800

Media: Communications Manager, Prudence Anderson 0404 821 935 or (02) 8296 7817

26 March 2015

# CONSUMER BENEFITS

The draft rules enable the competitive deployment of advanced metering – allowing people to find new ways to monitor, manage and adjust their use of electricity to suit their budget.



## BETTER INFORMATION

- Access to **more detailed** and timely data about what you use and when and associated costs
- More **accurate billing**
- **Easier for you to shop around** for retail offers that better suit your lifestyle and budget



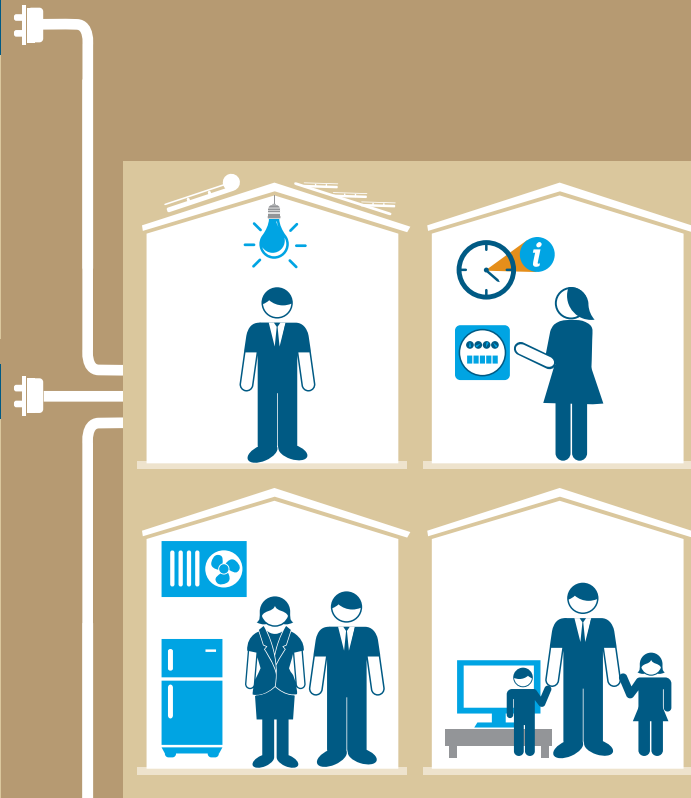
## COST REFLECTIVE PRICING

- **Network charges that better reflect the cost of supplying electricity** at the time you use it
- **Cost reflective tariffs likely to lower bills for majority of consumers**, including low income or hardship customers, as they provide greater rewards for reducing peak demand
- **Lower future network costs** as a result of reductions in peak demand, which are passed on to all consumers



## BETTER NETWORK SERVICE

- Quicker and **lower cost response** to power interruptions
- Potential for lower network costs flowing from **more efficient operation** of, and investment in, poles and wires



## BETTER RETAIL SERVICE

- Retailers will be able to offer **more innovative pricing** service and product options
- Faster process to switch retailers
- Potential bill savings due to **remote (rather than manual) meter reads** and more efficient retail services
- More **flexibility** for people who want more frequent bills



## NEW PRODUCTS AND SERVICES

- **Bigger range of electricity products and services** to choose from such as a web portal or in-home display
- **More control** over smart appliances to manage usage
- Support for **take-up of other technologies** such as battery storage and solar

Service offerings for individual consumers will depend on a range of factors. Competition and consumer choice, rather than regulation, will be the drivers of innovation in new products and services.





## Backgrounder: Metering services for residences and small businesses

### History

Australia started to manufacture electromechanical accumulation electricity meters around 1920. These meters had glass windows showing a metal disc that spins as electricity is consumed; along with a series of dials that display the total (or accumulated) amount of electricity consumed at households and small businesses.

Electromechanical accumulation meters are read manually, usually once a quarter, so consumers at the premises can be charged for the power they use. These meters do not allow households and small businesses to see how much electricity they use each day; or how much they use at peak periods; and do not support services which could help manage consumption and costs.

From the 1980s electronic accumulation meters were manufactured in Australia. The spinning disc was replaced by electronic circuits and the dials replaced by electronic displays but they provided the same level of service as the earlier electromechanical meters. As the manufacturing costs of electronic accumulation meters reduced, they began to replace electromechanical accumulation meters in greater numbers.

By about 2005 electromechanical accumulation meters were no longer made in Australia and are now very hard to source internationally.

Today, electronic meters are evolving into advanced meters which use increasingly sophisticated computing capability. Advanced meters (also known as smart meters) can support a range of additional services as well as recording consumption.

The additional services supported by advanced meters would enable:

- consumers to monitor, manage and adjust their use of electricity to suit their lifestyle and budget;
- retailers to more efficiently operate their businesses, by reducing costs for remote meter reading and connecting customers more quickly; and
- distribution businesses to better manage the operation of their electricity networks with access to more detailed outage and power quality information.

The range of services that will be enabled by advanced meters will evolve over time as new benefits are identified and the technology develops.

### Regulation

Before de-regulation of the electricity supply industry electricity meters were provided by vertically integrated utilities that were responsible for both the supply and distribution of electricity to individual consumers.




Following de-regulation, the provision of meters for residential and small business consumers was primarily undertaken by the distribution businesses. Prices charged by the distribution businesses for metering services are currently regulated by the Australian Energy Regulator.

Today, electricity consumption decisions made at the household and small business level can help improve the operation of the entire electricity market, leading to greater system efficiencies and cost savings for all consumers.

Increased consumer choice around energy use and the adoption of new technologies can greatly influence the future direction of Australia's electricity system.

New and emerging technologies like real-time energy usage displays and portals, smart air conditioners and in-home storage systems enabled by advanced technology will facilitate a wider range of ways for consumers to manage their electricity consumption, particularly during peak demand periods.

Advanced meters can support a range of additional services as well as recording consumption.

	<p><b>Electromechanical (spinning disc) accumulation meter</b></p> <ul style="list-style-type: none"> <li>• Made in Australia from the 1920s (the model meter on the left was available from 1963 to 1972).</li> <li>• Only measures total electricity consumption at a home or business.</li> <li>• Manufacture of electromechanical meters was phased out about 2005 following introduction of cheaper electronic meters.</li> </ul>
	<p><b>Electronic accumulation meter</b></p> <ul style="list-style-type: none"> <li>• Made in Australia from the late 1980s.</li> <li>• Provides the same service as an electromechanical accumulation meter – it only measures total consumption.</li> <li>• Replaced electromechanical meters as manufacturing costs reduced – now the standard meter for new houses and small businesses other than in Victoria.</li> </ul>
	<p><b>Electronic advanced meter</b></p> <ul style="list-style-type: none"> <li>• Made in Australia from 2009.</li> <li>• An electronic meter with a bigger computer which has the ability to monitor and control electricity consumption and conditions in the distribution network (outages, and power quality).</li> <li>• Capable of supporting a greater range of services to benefit consumers and improve the operation of the retailer and distribution businesses.</li> </ul>

For information contact:  
 AEMC Chairman, **John Pierce** (02) 8296 7800  
 AEMC Chief Executive, **Paul Smith** (02) 8296 7800

Media: Communication Manager, Prudence Anderson 0404 821 935 or (02) 8296 7817

26 March 2015

# ENABLING NEW ELECTRICITY SERVICES

AEMC Metering and Related Services Draft Determination 26 March 2015

## WHY WE NEED THIS RULE

### BASIC METERS = LIMITED OPTIONS

Most Australians (except Victorians) have basic 1950s style meters that prevent us managing our electricity better.



Basic meters are manually read each quarter and only measure total energy used

Basic meters do not allow households and small businesses to:



- See what they use each day
- Know what they use during peak periods
- Manage their consumption and energy costs

## WHAT WE PROPOSE

This rule change will support greater access to new technology that helps consumers take control of their energy use.



If you want to keep your current working meter, you can. And if you do get a new meter, you don't have to take up any new services or pricing. It's up to each consumer to choose what works best for them.

## BENEFITS

New ways to monitor, manage and adjust electricity consumption

### SERVICES MADE POSSIBLE BY ADVANCED METERS



Easy access to detailed usage data



Real-time consumption information



Better management of energy use and costs



Time of use pricing for new ways to save



More control over price-sensitive remote-controlled appliances



Compare retailers easily and switch offers faster

### FUTURE COST SAVINGS



Consumers benefit from more efficient network investment decisions; lower cost automated meter reading and remote connections/disconnections; and faster response to outages.

**ELECTRICITY REFORMS DELIVERING SMARTER ENERGY SERVICES**



- NOV 2012** Power of Choice Review: Proposals to give people more options in how they use power and manage bills
- NOV 2012** Economic regulation of networks rules: Costs that make up around 50% of your bill now take into account efficiency benchmarks
- APR 2014** Embedded generation rules: Clearer rules for connecting local generators like gas, solar and wind to networks
- APR 2014** Switching review: Making it easier for energy shoppers to switch retailers
- APR 2014** Open access review: New communication standards for advanced metering technology
- NOV 2014** Network pricing rules: New rules so networks provide cost reflective prices which consumers can use to make decisions about how they consume energy
- NOV 2014** Consumer access to energy information rules: New rules improving customer access to information about their energy consumption
- MAR 2015** Demand information rules: New rules improving demand side participation information used for forecasting
- MAR 2015** Competition in metering rules: Draft rule released 26 Mar 2015, consultation ongoing. New rules to improve competition in metering and related services