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Dear Alisa

AGL Energy (AGL) welcomes the opportunity to provide feedback on the Australian Energy Market Commission's (AEMC's) Consultation Paper for the review of the regulatory frameworks for metering services.

AGL has been a strong and vocal supporter of the roll out of competitive digital metering services. We established Active Stream as a metering provider in the years preceding the commencement of metering contestability as part of the Power of Choice changes. We have also developed several products and services that are supported by competitive digital metering services, including but not limited to:

- [Energy Insights Reports](#)
- Solar Health Check
- Peak Rewards program
- Virtual Power Plant and Bring Your Own Battery orchestration
- EVs
- AGL App and on-line MyAccount
- Monthly billing

Digital meters are one of the key enablers of the energy transformation currently occurring. Like mobile phones in telecommunications, digital meters are a key device that opens up a whole range of products and services to consumers to take more control of their energy usage and costs. Apart from supporting the energy transformation, especially the two-sided market, digital meters also present significant industry efficiencies for retailer operations. These efficiencies assist in driving down industry costs, and therefore helping to keep energy bills affordable for consumers.

This review is timely and AGL supports the AEMC's proposal to assess whether or not the current benefits of digital meters have been realised as well as consider the future of metering services and how they can complement market reforms and innovation.

Our focus in providing feedback to the consultation paper is on identifying and remediating existing complexities and improving industry co-ordination and efficiency through better defining market participants roles and assigning commercial and regulatory risks and rewards to these roles. If we get these foundations right, AGL strongly believes this will lead to improved customer experience and more efficient operational practices associated with digital meter roll out.

AGL supports the policy intent of digital metering that energy consumers drive the roll out of the program and metering services are delivered through a competitive market. This is the best way of matching metering benefit with costs. The AEMC finding that consumer requests is the main reason for digital meter installations, making up over a third of meter installations, followed by a new connection (also consumer driven) is prima facie a positive sign that the framework is working. Importantly, the year-on-year exponential



growth in digital meter installation and replacement indicates energy consumers are more and more embracing digital meters and associated benefits.

Mandated roll out programs, such as the Victorian program, have shown that energy consumers pay a significant cost for digital meters up front without realising commensurate benefits for many years in the future, if at all¹. A program that focusses on consumers' requesting digital meters at the same time they also acquire energy products and services that require a digital meter, ensures the costs associated with the meter are quickly offset by the benefits that flow from the products and services. For example, a consumer installing solar panels on their home can realise the benefits of the panels through self-consumption and feed-in tariffs immediately, therefore reducing the pay-back period associated with the digital meter and solar panels.

Complementing the customer led program with an aged assets and malfunction digital meter replacement provides an opportunity to improve customer services and realise operational efficiencies through the provision of digital metering services (ie reads, disconnections and reconnection) and retail energy services. For example, replacing an accumulation meter that has come to the end of its economic life, or has malfunctioned, with a digital meter assists consumers in managing and reducing their energy costs through digital on-line accounts and Apps, eliminates problems associated with older meters (such as, poor access and estimated bills), and allows for more data points and the electronic capture and transfer (rather than manual collection and recording) of metering data.

As such, in providing feedback on the consultation paper, AGL has focussed on how to maximise the efficiencies and customer benefits of the current policy framework by:

- changing the current complex rules that impact customer experience and those which make retailer led roll out difficult; and
- improving customer experience and operational matters associated with the roll out that support broader market trends and reforms.

Fix the basics

Chapter 5 of the consultation paper clearly highlights the many issues associated at an operational level that currently impede the effective and efficient uptake of digital meters and has also negatively impacted customer experience with the program to date. These issues are well known and aligned to feedback AGL has previously provided to the AEMC and other policy and regulatory makers.

Industry Co-ordination

The AEMC has identified that there are multiple roles and parties performing metering installation/exchange activities under the current regulatory framework. The first three years of the new framework has shown how the complexity and ambiguity around roles and responsibilities has impacted cooperation and coordination, and therefore led to poor customer experience, especially in relation to the timely installation of digital meters.

By and large, the setting of the regulatory framework for digital meters was based on a lift and shift of metering obligations from networks to retailers/MCs/MPs/MDPs. This has led to less than ideal outcomes as the Power of Choice decision created a new market structure and new market participants as part of creating competitive metering services. However, metering rules that applied to monopoly distribution businesses

¹ For example, see Victorian Auditor-General Report, *Realising the Benefits of Smart Meters*, September 2015, which found "by the end of this year [2015], Victorians will have paid an estimated \$2.239 billion in metering charges.....I also found a real risk that the expected benefits will not be achieved [in full].....the final net cost to consumers is also likely to rise above \$319 million".



that had end-to-end visibility and control of the process are not fit for purpose in the new metering structure with multiple participants.

AGL believes the proposed AEMC Reference Group should be responsible with undertaking an end-to-end process mapping exercise to identify different metering installations use cases and the parties who are responsible for each process step under each use case. This mapping should then underpin any changes to the rules or AEMO Procedures, so as to align regulatory responsibility, risk, reward and penalty to the appropriate party. This should facilitate better co-ordination through role clarity and responsibility. Some use cases the Reference Group could consider, but not limited to, includes:

- who has the right to enter a property and for what purposes linked to the installation or replacement of a meter.
- Which party is responsible for accessing master keys for locked meter boxes/gates with respect to carrying out metering services?
- which party has the right to issue defect notices and for what parts of the electricity connection and associated aspects of the connection can these notices be issued and by which party. Many defects arise prior to the network meter is to be replaced with a smart meter. As such, customers can churn retailers, who are then likely to appoint a new MC who would have no visibility of that defect notice. It is AGL's view, that once the MCs issue defect notices the notice should be managed by the network as they have the ongoing relationship with the customer. This will then allow the relevant distribution business to track the defect notice and use appropriate B2B platform to record actions, and the retailer to view the platform and provide feedback to any consumer query related to how the defect notice has impacted the metering service.
- For co-ordinated metering work jobs via Accredited Service Provider (ASP), Registered Electrician or distribution businesses, the Rules are ambiguous on which party is responsible for issuing Planned Interruption Notices. As these parties can undertake an interruptions without retailer involvement, and the work is co-ordinated by the customer and the relevant party, AGL would propose that the interruption requirements would not apply in these cases, as this is not retailer led work.
- What is the process for a meter exchange following a customer refusal? Especially if the customer has originally accepted the meter exchange but subsequently refuses the installation due to a site or meter box defect they need to address prior to the installation of the new meter. Retailers and MCs have obligations under the NER to ensure customers metering is fit for purpose. If customers are rejecting meter exchanges, which means the installed meter is no longer considered fit for purpose, the only option for the retailer is to then disconnect the customer, which AGL would consider a poor customer experience.

Aged asset and meter malfunction

Prior to the commencement of the digital metering program, metering services were provided by distribution businesses. As part of their function, distribution businesses were required to provide meter aged asset and replacement forecasts as part the Australian Energy Regulator (AER) broader expenditure forecasting methodology for the up-coming 5-year regulatory period. Distribution businesses generally used a bottom-up cost build to forecast metering capital expenditure, which included, but not limited to forecasts for:

- replacing end-of-life and defective meters
- installing meters for new customer connections

Since the commencement of the Power of Choice framework, distribution businesses have been inconsistent with the provision of aged assets and family failure metering lists. This has led to a boom/bust program of work with respect to replacement of aged or faulty meters. This is inefficient and has negative and costly



flow-on impacts for scheduling, including achieving scale and efficiency in meter replacements, all of which drives unnecessary costs.

AGL believes that distribution businesses should be required to provide end-of-life, and new connection meter installing forecasts to retailers on a regular basis. This will assist retailers to work with their MCs to better co-ordinate metering replacement and exchange work and drive more efficient replacement program. This should also increase the speed of meter replacement program.

Central B2B platform

Prior to the commencement of the Power of Choice framework, the AEMC made changes to the AEMO B2B Hub with the aim of enhancing the efficiencies and benefits of the competition in metering rule change by facilitating communications between the businesses offering and accessing services related to a customer meters.

Unfortunately, distribution businesses were not required to use the B2B E-Hub and what has emerged is various different processes for supporting digital meter roll out. For example, SAPN did not choose to use the B2B Hub and only after industry pressure did they expand their REX portal to include metering works. The REX portal is the SAPN system that enables users to create, monitor and manage bookings for various kinds of low voltage electrical works. The REX portal still does not provide access and therefore visibility to MCs on status of work (especially for solar installations), which makes it difficult to keep customer informed and to schedule meter installation / exchanges with confidence.

Further, the breadth of information that is captured in the system does not necessarily allow for an efficient and effective meter replacement program. For example, at an AEMC forum conducted in 2018 in Adelaide, industry participants discussed, but never came to a resolution, on who should be responsible for capturing information about a site (eg, other fuse services and meter board conditions). The AEMC should use this consultation and the proposed Reference Group to develop solution(s) that drives better customer outcomes. In particular, AGL believes the AEMC carefully consider requiring all parties to use one central system for metering services, such as the AEMO B2B Hub.

Further, in NSW, distribution businesses are required to upload paperwork with respect to a metering installation onto B2B Hub. However, often not all activities are processed through the B2B system because works are carried out by ASPs, rather than distribution businesses, and there can be delays in the distribution businesses uploading ASP work into MSATS. This makes it difficult for retailer to respond to customer queries on the status of a meter exchange, as retailers do not have full visibility of or when the ASP has completed electrical work on site. As the ASPs are accredited by the distribution businesses for this activity, AGL would support tighter requirements, including possibility of civil penalties, to incentivise distribution businesses and ASPs to record completed tasks more efficiently.

Regulatory

AGL has continually outlined that the Retailer led meter replacement regulatory obligations (clause 59A of the NERR) is slow and cumbersome, which leads to poor customer experience.

This is based on the timeframe required to provide customer with two opt-out opportunities and the timeframe between these two communication obligations. Regulations require an 'expected date' (Sec. 59A(3)(b)) to be provided in communications to the customer about the meter exchange. This requires a single day being nominated for installations up to 60 business days, or no later than 25 business days, prior to the exchange.

Through our experience of providing metering services through Active Stream, it is AGL's opinion that customers would generally prefer their meter installation to be as prompt as possible. AGL acknowledges that some customers desire a single day installation timeframe due to access issues or security, however



overwhelming customer feedback has been that this is a secondary concern to being able to commit to a prompt installation timeframe.

Hence, AGL believes the current regulatory obligations for retailer-led meter exchanges are not fit for purpose. We propose more flexible and less prescriptive retailer-led rules. Based on our experience prior to the commencement of Power of Choice and operating a metering business, customers should be provided with one opt-out notification that provides a two-week window on when the installation will occur. We have shown previously that under such arrangements, we were able to achieve substantially more efficient meter exchanges without any customer detriment².

It is important to note that efficiency of the MC and their meter installers for retailer-led exchanges has a positive flow-on impact to other types of metering work, including new connections, end-of-life and faulty meter exchanges. It also provides the right commercial incentives to MCs and their installers, who generally are compensated for their installation efficiency under commercial arrangements.

While AEMO provides a central accreditation for MC and MPs for enrolling as a market participants to carry out metering services, in NSW each MC/MP also have their own training and accreditation process that is unique for installing their own specific digital meter type. The complexity with different MC/MP accreditation programs is that for metering work that is ASP-led based on commercial arrangements with consumers (generally this type of scenario is prevalent for multi-site arrangements where builders or franchises enter into arrangements with ASPs), retailer (who is subsequently appointed as the FRMP) may be required to work with an MC they do not have a commercial arrangement with. However, that MC has accredited those ASPs who are commercially attached to the consumer (see section above for more discussion on this point).

Finally, as the consultation paper identified, jurisdictional restrictions on remote re-energisation and de-energisation has hindered industry from gaining access to a significant operational benefit of digital meters. AGL recommends that jurisdictions enable remote re and de-energisation services in a nationally streamlined and efficient framework. While NSW announced last year a regulatory framework towards enabling these services we do not believe they have established a framework that has struck the correct balance in promoting positive customer experience, protecting consumer safety and establishing efficient operational requirements.

Metering Data

AGL supports the principle that customer should have access to their metering data. Further, NEM meter grid data should be the single source of truth. AGL believes, Consumer Data Rights (CDR) should be the primary access point for metering data by consumers or their appointed third-party agents (Accredited Data Recipients). To this end, AGL is working closely with stakeholders through the development of the energy designation and rules to give effect to this outcome.

The consultation paper notes that distribution businesses are allowed to access or receive metering data, settlements data, NMI standing data and data from the metering register for a metering installation without customer consent, so as to carry out their functions. However, if they would like to access data on voltages, current, power, supply frequency and events associated with the meters, distribution businesses need to request it from the MC and the MC can charge a negotiated fee for providing these services.

ENA and ENEA were of the view that this data is key for improving network management and operations, particularly as DER penetration increases. However, how this data is provided and who can access it is also important in the context of broader market reforms the Energy Security Board (ESB) and the Distributed

² See AGL submission to AEMC meter installation timeframe rule consultation, https://www.aemc.gov.au/sites/default/files/2018-09/AGL_1.pdf



Energy Industry Program (DEIP) are currently considering with respect to Distributed Energy Resource (DER) and 2-sided market arrangements. Specifically, this data is critical in expanding the potential for new markets for retailers and aggregators to provide non-network solutions at the distribution network level, as well as in the wholesale market and Frequency Control Ancillary Services (FCAS).

Further, the ESB energy data strategy is considering how to implement a data sharing arrangement for energy. Specifically, on the question on Low Voltage reporting to provide transparency for DER investors and planners, AGL stated that distribution networks be required to publish their estimated DER hosting capacity and related contextual data.

Part of the challenge of providing competitive non-network solutions is accessing relevant information on available opportunities in particular distribution networks. In the context of the AGL SA VPP trial, SAPN provided AGL with useful network constraint data upon request to assess the suitability of VPP's to provide non-network solutions on their network. The kind of information that AGL relied upon in the trial is not generally available to the market. This information will be critical in assisting in the development of emerging markets by offering consumers who purchasing DER and aggregators who offer orchestration services transparency for the wider market support value they can obtain from integrating their asset into the electricity system.

We do not believe it is role of this review to determine who and what data, beyond the current requirements, should be made available. Rather this review should focus on establishing a metering services framework that is flexible and fit for any future DER and 2-sided market arrangements.

We would welcome the opportunity to discuss our views in more detail or answer any queries the AEMC may have regarding our response. Please contact Con Hristodoulidis, Senior Manager Regulatory Strategy, 0448719825 or christodoulidis@agl.com.au.

Yours sincerely,

(signed for electronic transmission)

Elizabeth Molyneux
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