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Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

By electronic lodgement: www.aemc.gov.au

Review of the regulatory framework for metering services – Consultation Paper

Alinta Energy welcomes the opportunity to respond to the Commission's consultation paper on the review of the regulatory framework for metering services.

Alinta Energy is an active investor in energy markets across Australia with an owned and contracted generation portfolio of nearly 3,000MW and more than 1.1 million electricity and gas customers. The regulatory framework governing metering services impacts small customers and industry processes and any changes to the framework will require careful assessment and clear benefits identified before making any significant changes.

We believe the speed of the roll out of smart meters has developed generally in line with expectations. The rate of deployment is commensurate with the incentives for customers and retailers and the retirement of legacy meters. The economics of large-scale retailer-led deployment of smart meters has been negatively impacted by the prohibition on the use and lack of consistent regulation of remote services (energisation and de-energisation). The benefits of Victoria's mandatory roll out of advanced metering infrastructure have also been difficult to realise over a period much longer than Competition in Metering rule change has been in place.

The benefits of the roll out under the Competition in Metering rule will take time to emerge and Alinta Energy would encourage the Commission examine ways for the roll out and its associated benefits to be realised by focusing on removing existing regulatory and industry barriers that reduce the incentives to deploy smart meters, rather than make substantive changes to the regulatory framework at this time.

We respond to questions raised in the consultation paper below and welcome further discussion with the Commission on this matter. Please contact David Calder on (03) 9675 5359 in the first instance.

Yours sincerely

Graeme Hamilton
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Q1: Consideration of other market reforms and related work

1. Are there other significant market reforms that are likely to impact the metering framework that the Commission has not identified?
2. Is there additional related work that the Commission should consider in this metering review?

The reforms and initiatives identified by the Commission in section 1.1.4 of the consultation paper capture the relevant impacts on the metering framework.

Q2: Assessment Framework

Do you agree with the Commission's proposed Assessment Framework for this Review? Are there any additional criteria we should consider as a part of this framework?

Alinta Energy supports the Commission's proposed Assessment Framework.

Q3: Expectations of meter roll out

Although the numbers are steadily increasing, whether the rate of the roll out meets expectations and current requirements is a key question for this review.

1. How does the roll out of smart meters to date compare with your expectations?
2. Is the current pace of smart meter deployment appropriate? What should be the appropriate pace of rollout?
3. What benefits are smart meters providing consumers? Have the benefits changed or improved over time?
4. Have the prices of smart meters plus the costs of associated products and services changed from the introduction of Competition in metering? If so, how?

1. The deployment of smart meters is in line with the expectations given experience gained rolling out meters over the past few years. Some barriers (often regulatory in nature) have contributed to a slower roll out than some stakeholders might have contemplated, however the level of penetration of smart meters of 17.4% across the NEM (outside of Victoria) is in line with expectations given the barriers identified and the early stage of the roll out itself.
2. The pace of the roll out would ideally be faster than the current rate of deployment, but Alinta Energy does not believe there is a 'correct' rate of deployment. Comparisons with Victorian roll out are not appropriate given the mandated and directed nature of that program.
3. Customers are benefiting from:
 - An increase in bill accuracy (and the elimination of estimates);
 - More frequent billing cycles (e.g., monthly), which can help with budgeting and understanding their energy consumption;
 - Access to online portals and mobile apps providing comprehensive information about their energy usage and cost; and
 - Improved network planning, fault and outage identification for distributors; and
 - Integration of smart meter data with other products and services (for example solar PV and battery technologies).
4. As the scale of meter deployment grows, the marginal cost of installation will decrease. However, this has been impacted by:

- A prohibition on remote services that benefit customers, retailers and distributors, particularly in New South Wales and Queensland;
- A non-uniform approach to the provision information on aged metering fleets by distributors;
- Incomplete or missing information on sites with exceptional characteristics including site access issues and multiple fuses,

Some of these challenges have been addressed and the cost of metering deployment should continue to fall over time.

Q4: Are incentives in the right place?

As well as understanding more about stakeholder expectations around the roll out of smart meters, and whether those expectations have been met, the Commission is additionally interested in stakeholder views on whether incentives are in the right place.

1. Are the incentives in relation to smart meter roll out correct? Please provide details on why/why not.
2. Is the current market structure financially viable? If not, for whom is it not financially viable?

1. Alinta Energy believes the incentives for smart meter roll out are generally appropriate. Smart meters are being provided to customers who often will benefit most - primarily customers installing solar PV at present, but increasingly, battery and electric vehicle customers and those customers seeking to change their consumption patterns and take advantage of cost reflective pricing. Energy retailers hold the primary commercial relationship with end use consumers and as the benefits and use cases for smart meters grows over time, this relationship will be key to incentives to roll out on a commercial basis.

Some barriers (discussed below) are hindering the rate of deployment, particularly the lack of harmonised policy and regulation across jurisdictions governing remote services.

2. We believe the current market structure is viable and commercial agreements have been readily made between metering coordinators and retailers.

Q5: Drivers of smart meter roll outs

1. What were your expectations regarding the drivers of smart meter roll outs?
2. Has there been any changes in the overall reasons for installing smart meters since the Competition in metering rule commenced?
3. Which parties should be responsible for driving the roll out of smart meters?
4. Do consumers have clear information on the benefits of smart meters and their rights relating requesting a smart meter?

1. The drivers of the roll out of smart meters discussed in section 3.2 of the consultation paper are consistent with our expectations and the experience gained in deploying smart meters since 2017. The economics for mass retailer-led deployment of smart meters remain challenging, particularly given some of the barriers identified. The fact that smart meters are commonly being installed in conjunction with solar PV installations by customers is consistent with the consumer and retailer incentives and preferences. The complimentary nature of smart meters with behind the meter services will increasingly see pairings of smart meters with solar PV-battery combinations and EV charging devices.
2. The delay to implementing a uniform regulatory approach to enabling the use of remote services was not anticipated at the time the Competition in Metering rules began and has

undoubtedly impacted the business case and benefits of commercial deployment opportunities. Alinta Energy considers safety in the energy sector as paramount - which is why remote services should be prioritised as they are an inherently safer means to energise and de-energise a site than manual fuse removal.

3. Alinta Energy believes metering services and smart meters should remain contestable and the responsibility of retailers as the party with the direct relationship with electricity customers.
4. Retailers have promoted the benefits of smart meters through their websites and other sources of information to customers.

Q6: Consumer experience

1. What are your views on the customer experience in relation to smart meter roll out and installation?

In general, customers are relatively indifferent to the installation of smart meters. There were negative experiences associated with the delay in installations of meters where solar PV was being installed (particularly in South Australia), however these delays have been progressively dealt with as cooperation between distributors, MCs and metering providers and retailers has improved.

Q7: Industry cooperation

1. Do you have any suggestions on how industry cooperation can be improved?
2. Are changes to the market structure or roles and responsibilities needed to improve the consumer experience?

1. While industry cooperation has improved, improvements in information provision and transfer from distributors to retailers and MCs would reduce costs and improve planning and logistics rolling out smart meters. At present, information is ad hoc and historic data on site details (for example, keyed access and other access issues) is often not consistently provided.
2. We do not believe changes to the market structure or roles and responsibilities is necessary to improve the customer experience.

Q8: Expectations of metering services

1. What expectations did you have around the services that smart meters would provide? Were your expectations met?
2. What services are being provided by smart meters currently? Are these services widely available?
3. What services did you expect from smart meters which have not eventuated?
4. Are there any services being provided by smart meters which were not anticipated at the time of the Competition in metering rule change?

1. The availability of remote services has not met expectations. An absence of a consistent framework and continued delays in developing it across jurisdictions has limited the benefits associated with this service enabled by smart meters and the business case for retailer-initiated deployment.

2. Remote reading, monthly billing, data provision and sharing with customers and distributors are services that are available and enable additional products and services for customers, including optimising battery capacity on installation behind the meter and sizing of new solar PV installations.
3. Again, the provision of remote services was a key functionality and benefit that was expected but has not materialised in line with expectations.

Q9: Collection and use of metering data

1. In relation to metering data, what data should be captured by smart meters and why?
2. In relation to metering data, who should be able to access metering data, and how? What protections should be in place?
3. What impact do you think the Consumer Data Right may have on the access to, and use of, metering data?

1. The data provided by smart meters at the present time is suitable to customer and industry needs. Alinta Energy would not support an expansion of the minimum data set currently required of smart meters, given the relatively early stage of the roll out in the NECF jurisdictions.
2. Meter Data Providers and MCs incur costs to collect, store and transmit data. To the extent data sits outside the minimum requirements for market settlement and regulatory purposes, access to this data should be on a commercial basis.
3. When the Consumer Data Right is implemented in the energy sector, we believe that consumption data from smart meters could be used to:
 - Help customers identify better energy offers and products and services offered by retailers;
 - Assist solar PV, battery and EV installers to model and optimise the best products for customers;
 - Contribute to academic and government research of energy consumption patterns, changes in CO₂-e emissions and contribute to policy development.

Q10: Future metering services

1. What is your understanding of other services that smart meters can provide?
2. What future services do you expect or want metering to facilitate?
3. If additional services are to be provided by smart meters, how should the costs of providing these services be allocated?

1. Increasingly, smart meters will be integrated with solar PV and other distributed generation and energy resources including batteries and EVs. Design and optimisation of these behind the meter services will become more common, leading to more efficient sized installations that best suit customer needs and preferences.
2. There is limited incremental cost associated with facilitating services such as these as the data is readily available (to the customer). The CDR will broaden access to data, which Alinta Energy is supportive of where informed consumer consent and privacy protections are in place.
3. The cost of additional services should be determined commercially between data and service seekers and providers, in keeping with the contestable nature of metering services more generally.

Q11: Penetration of smart meters required

1. Are particular metering services only cost effective when a particular penetration is achieved? If so, what services and what penetration is required?
2. What other factors are important in determining whether the provision of particular services are efficient or effective (e.g., geographic spread)?

1. The penetration level of smart meters has more of an impact on the cost of deployment and as scale grows, these costs decrease. To the extent the smart meters reach a critical mass, some services may become more commonplace (and their cost of provision lowered). However, for portals and data provision, remote energisation and de-energisation, monthly billing etc., services can be provided efficiently at relatively low levels of penetration.
2. Benefits associated with network management and fault detection will increase with the level of penetration, including the geographic distribution of meters as sample points (and eventually a population) in parts of a network.

Q12: Encouraging the adoption of smart meters and future services

1. Is the current regulatory framework appropriate for the current needs of metering and the market? Is it flexible enough to provide encouragement for the development of future services in metering?
2. To encourage higher adoption of smart meters:
 - (a) What changes, if any, need to be made to the current regulatory framework for future services?
 - (b) What changes, if any, need to be made to other instruments? (e.g., regulatory instruments, guidelines, codes)
3. Are there other avenues of encouragement that are available that the Commission has not considered in this paper?

1. Alinta Energy believes that the regulatory framework for metering services is appropriate for current and future needs. Additional rule changes that have been made since the introduction of the Competition in Metering rule change have improved installation timeframes and clarified roles and responsibilities.
2. We would not support material changes to the existing regulatory framework since Competition in Metering itself is at an early stage of development (practically since 2017).
3. There may be scope to encourage the take up of smart meters (apart from reducing barriers such as the prohibition on remote services) that sit outside of the rules. For example:
 - Greater cooperation between jurisdictional safety regulators to enable the safe use of remote services in close consultation with industry; and
 - Incentives from government to encourage retailer-led deployments and funding to assist customers (particularly vulnerable customers) to upgrade and make safe meter boards to a compliant standard would reduce the exception rate when installing smart meters.

Q13: Barriers to realizing the benefits of smart meters

1. Are there other barriers that were not identified by the Commission that you have found to prevent the realisation of benefits of smart meters and/or slowed the rollout of smart meters in the NEM?
2. What changes, if any, need to be made to the current regulatory framework for current arrangements to improve deployment?
3. Are there other tools outside of the regulatory framework that may address some of the current barriers to realising the benefits of smart meters and/or the slower rollout of smart meters in the NEM?

1. We believe some regulatory changes and interventions have a required significant commitment of resources by retailers in recent years - for example:
 - the re-introduction of price regulation through the Default Market Offer (and the Victorian Default Offer for retailers in Victoria);
 - The introduction of the CDR;
 - Implementing the customer switching rule change;
 - Wholesale market changes such as five-minute settlement and the wholesale demand response mechanism, the Retailer Reliability Obligation (which impact shared IT resources);
 - Changes to the Reliability and Emergency Reserve Trader Scheme; and
 - Changes to compliance and penalty frameworks in NECF and Victoria.

The cumulative impact of these interventions inevitably draws attention and resources away from business development activities of retailers and impact the ability for large and small retailers to innovate.

2. As discussed earlier, Alinta Energy does not believe significant changes to the current regulatory framework are necessary (and could be counter productive or create unintended consequences in the future). A focus on barriers that sit outside the scope of the National Electricity and Retail Rules will reduce the cost of rolling out meters, enabling the safe and efficient provision of remote services.