



24 April 2020

John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Project Reference Code: ERC0275

Dear John

Re: Additional consultation on the introduction of metering co-ordinator planned interruptions

CitiPower, Powercor and United Energy welcome the opportunity to respond to Australian Energy Market Commission's (AEMC) consultation on the proposed alternative solution to the draft decision on the introduction of metering co-ordinator (MC) planned interruptions under the National Electricity Rules (rules).

In its email on 30 March 2020, the AEMC advised stakeholders of two scenarios it is considering and on which it is engaging, as an alternative to the draft decision:

1. requiring distributors to install separate isolation devices to each premise at the first supply interruption to facilitate the installation of a new meter
2. a number of smaller amendments:
 - (i) providing for customer choice of meter installation date
 - (ii) allowing for prioritisation of critical distributor work, allowing retailers to coordinate installation of meters in the same supply interruption to reduce the number of interruptions to impacted customers
 - (iii) providing greater time for consultation and system changes to implement changes under the rule.

In relation to the alternative option 1, we note:

- distributors cannot be responsible for individual isolation devices
- metering co-ordinators should work together on share fuse sites to minimise the impact on consumers.

Furthermore, we consider that that AEMC should formally consult on the alternative option 1 given the material change from the draft rule, as well as extend the timeframes for implementation. Finally, we request the AEMC exclude Victoria from the final rule.

1 Concerns with alternative option 1

Distributors cannot be responsible for installing separate isolation devices behind the point of supply

The isolation assets are located within the customers' electrical installation and beyond the distributors' 'point of supply'. Isolation devices are supplied and installed by the customer's electrician. As such, under the National Electricity Rules and the Victorian Service and Installation Rules, this does not form part of a distribution service and we are prohibited from conducting works on those assets, and are not trained or licenced in that area.

Distributors cannot be made responsible for working on the customers' electrical installation (or works that extend beyond providing traditional metering services in Victoria). Making this distributors' responsibility would:

- require unnecessary changes to installation requirements, potentially leading to confusion around responsibility in the industry

- require changes to distributors' work practices, licencing and increased trainings, at additional cost
- result in a significant uplift in distributors' cost related to metering provision services which all customers would have to share. This is in direct contradiction to the intent of metering competition.

Remedial works costs associated with customers installation is high and should not be shared by all customers

Installation of new meters at legacy sites inherently uncovers complications with customers' installations, including ageing assets (e.g. aged meter panels), unsafe and poor wiring, degraded meter enclosures, exposed metal and asbestos, exposed single insulated wiring, or inadequate space for new smart meter assets. If distributors are made responsible for works behind the point of supply, any remedial works necessary to make the customer installation safe will also become the responsibility of the distributor, to rectify or issue defect notices to the customer or their metering provider (MP).

During the smart meter roll-out in Victoria, approximately 30% of sites included some remedial works to customer installation to ensure a safe installation of the smart meter. Because of the nature of the roll-out, the responsibility of the remedial works was passed onto distributors as the Metering Providers, through an exemption from the Victorian Service and Installation Rules and Victorian licencing and wiring regulations.

For CitiPower and Powercor, remedial works totalled \$30 million over the duration of the roll-out. In addition to the cost of remedial works, Victorian distributors also required staff training and new work practices to ensure the remedial works were carried out safely (these works are typically carried out by trained electricians).

The cost of the remedial works and additional training in Victoria was recovered by all customers through their metering charges. However, under metering competition in other jurisdictions, the cost of remedial works related to a safe installation of competitive smart meters cannot be recovered from all customers. This would be in direct conflict with the intent of metering competition.

Metering co-ordinators should work together on share fuse sites to minimise the impact on consumers

We agree with the intent of the rule change—to minimise customer impact in the process of smart meter installations at shared fuse sites under metering contestability. However, as our experience shows, metering installations can uncover substantial safety issues at customers' installations that require remedial works.

The safety of installations beyond the 'point of supply' should remain the responsibility of the individual customer(s). It is more effective to resolve any safety or meter installation challenges at the time of the installation of the first meter (as opposed to at a time of installation of multiple isolation devices) to allow for better switchboard and meter panel design.

To ensure all installations are safe and within standard most effectively, we propose:

- the 'first' contestable MP should identify and address the remedial works necessary to make the shared fuse installation safe at the time of the installation of the first meter
- the MP should then be allowed to recover the cost of the remedial works from each new meter installation at the site, apportioned to the number of installations/replacements, or coordinate and project manage the necessary works with other affected MPs at commercially agreed rates.

2 Other matters

Implementation timeframes should be aligned with other system updates

In our submission to the draft determination, we indicated that more cost effective solutions can be achieved by aligning upgrades to our systems related to this rule change with upgrades resulting from other new regulatory obligations, such as the upgrade expected to take place for the five-minute and global settlement rule change and Australian Energy Market Operator's (AEMO) review of the Market Settlement and Transfer Solutions (MSATS) standing data.

We propose the rule be pushed out to align with the new date for the implementation of the five-minute and global settlement rule changes, to ensure we can deliver the necessary information to AEMO, retailers and MCs at least cost to customers.

The AEMC should conduct formal consultation of the new proposed approach

Proposed scenario 1 is a significant change in direction from the draft rule published by the AEMC in December 2019. The extent of the change since the draft decision warrants a second or revised draft decision with appropriate stakeholder consultation.

Victoria should be excluded from the final rule

The problems customers are facing that have led to the original rule change do not exist in Victoria due to the current Victorian metering services arrangements. Any changes to the rules that increase the responsibilities of distributors are likely to result in additional costs to all consumers, albeit with no additional benefit to Victorian customers. As such, we request that the final rule does not apply in Victoria on the basis that the costs will outweigh the benefits.

Should you have any queries about this letter please do not hesitate to contact Sonja Lekovic on (03) 9683 4784 or slekovic@powercor.com.au.

Yours sincerely



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