

10 October 2019

Mr Ed Chan
Director
Australian Energy Market Commission
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Dear Mr Chan

Submission to Introduction of metering co-ordinator planned interruptions rule change consultation paper

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC's) consultation paper on the rule change proposal to introduce metering co-ordinator planned interruptions.

PIAC does not support the proposed rule change and strongly recommends the AEMC explore alternative measures within the existing regulatory framework to address the issues identified.

Recommendation

PIAC recommends the AEMC explore opportunities within the current regulatory framework to address the issues identified, focussing on improved co-ordination and communication, and the clarification of existing roles and responsibilities.

PIAC agrees meter exchanges and replacements should be undertaken within appropriate timeframes, a fact recognised in the recent rule change aimed at reducing metering exchange times. The key priorities for implementing limits are to ensure consumers are not left without a connection and consumers and retailers have a clear and reasonable expectation regarding metering exchange timeframes. Some waiting time is acceptable and improvements to exchange timeframes should not be prioritised over ensuring appropriate consumer information, protection and safety. Any measures to improve the efficiency of exchanges must maintain clear lines of responsibility, avenues for dispute resolution, and minimise the need for additional regulatory complexity.

PIAC has the following concerns with the proposed response:

- The magnitude of the issue has not been established. Presentations from the proponent and retailers during consultation indicate shared fuse issues are responsible for a small minority of delayed meter exchanges. The proposal does not present a solution in all shared fuse instances or the range of other more consequential issues that currently impact metering exchanges. An

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alternative that can more effectively address potential metering exchange issues should be pursued.

- The proposal does not demonstrate that the current practice materially impacts consumers. PIAC understands that in most instances consumers continue to have access to a connection and the requirement to coordinate with distributors means that delays to exchanges need not exceed 30 days.

Delays to meter exchanges are inconvenient, and should be minimised. However, the proposal does not establish that current delays are significant or have a material impact on consumers. The proposal does not demonstrate how the solution will result in material financial improvements for consumers. PIAC questions whether the potential for benefit in 'access to metering technology' is significant enough to warrant the magnitude of changes proposed, and whether it is likely that any benefit would be delivered to consumers. For example, we question whether potential cost savings realised in the meter exchange process will result in lower charges or costs for consumers.

- The proposal does not utilise existing roles, responsibilities and regulatory frameworks and PIAC contends there are simpler alternative responses that should be pursued within the existing framework. Distribution networks currently have responsibility for communicating and undertaking interruptions to multiple consumers, when planned works on the network are required. There are opportunities to adapt the existing responsibilities of distribution networks where multiple consumers are impacted, and utilise improved communication and co-ordination to make metering exchanges more efficient.
- The proposal involves the creation of new relationships between the Metering co-ordinators and customers, duplicating relationships that already exist with retailers and distributors. Consumers are already confused in their dealings with retailers and distributors, and have difficulty determining responsibility where service issues arise. Where it is certain that distributors and retailers will continue to have a direct relationship with consumers, introducing a direct consumer role for metering co-ordinators increases the likelihood of consumer confusion.
- The proposal would make oversight by the AER more difficult and responsibility for safety and outages less transparent. Retailers and distributors currently have regulated responsibilities to maintain a customer's connection. They share responsibility for keeping customers properly informed in advance and protected against negative impacts of any interruption. Allowing direct metering co-ordinators interruptions makes responsibility for interruptions less transparent, and complicates the AER's role in monitoring performance and adherence to regulatory requirements.
- The proposal increases the risk of interruptions impacting consumers with life-support or medical energy needs, and reduces oversight and protections. Retailers and distributors have a regulated obligation to maintain information regarding life-support protected connections. This recognises potential harm resulting from loss of connection for life support customers and other consumers with medical energy needs. The regulator is currently able to monitor performance against these protections, and pursue retailers and distributors for penalties when they do not perform appropriately. Allowing metering co-ordinators to interrupt supply makes tracking responsibility more complicated, and shortens the timeframe available for provision of information to affected consumers.

- The proposal would impact the ability for consumers to access independent dispute resolution in relation to issues with metering exchanges. Metering co-ordinators do not operate under the jurisdiction of Ombudsman schemes and could not be investigated in relation to disputes that may result from inappropriate supply interruption.

The proposal does not provide an effective avenue to address the full range of issues that currently impact the efficiency of the metering exchange process. This means that additional responses will be required. The proposal involves significant increased risk to consumers, increased regulatory complexity, and limited opportunity for material benefit. PIAC does not consider the proposal to be an appropriate solution.

Assessment framework

PIAC broadly agrees with the assessment framework proposed in the consultation paper, with the addition of criteria specifically assessing the materiality of the issue. We make the following comments on the elements of the assessment framework:

- **Efficient use of energy**

The timely installation of an advanced meter can benefit consumers through access to usage information enabling more efficient usage. Current practice facilitates exchange timeframes of 30 days, and PIAC does not consider that consumers will realise material benefit, even if this timeframe is substantially reduced. Most consumers do not access innovative retail tariffs, and may even remain on a flat tariff, regardless of their metering. The impact of the proposal upon efficient use of energy is dependent on immediate consumer behaviour change. Any potential gain within this narrow timeframe is further tempered by the significant proportion of fixed costs which will not be influenced by efficiency.

PIAC does not consider material consumer benefit to be likely within the timeframes indicated particularly when this is weighed against the significant potential for consumer harm, and the increased requirement for additional regulatory frameworks.

- **Consumer Protection**

The proposal has not established that consumers are currently being left without electricity supply. PIAC understands that the issue relates more to consumers' delayed access to a new meter rather than lack of access to electricity service. Lack of access to electricity supply is a significant concern, however, further assessment must establish whether this is actually happening. If the issue relates only to a consumer's ability to 'access new products and services' this should not be characterised as a matter of consumer protection, but one of consumer choice and should be assessed separately and assigned a lower level of priority.

PIAC contends that the priority consideration should be protection of consumers' ongoing access to supply, their right to be informed in advance of interruptions, the needs of customers with life support or medical energy requirements, the ability to assign clear regulatory responsibility, and recourse to independent dispute resolution. It is crucial that these protections are not eroded in an attempt to make potential improvements to metering exchange efficiency.

- **Efficient provision of electricity services**

PIAC considers the efficient provision of electricity services to be a priority. This efficiency is improved by limiting the number of entities involved in the provision of an individual

service or product. It is particularly important in relation to the number of entities that a consumer must deal with directly.

Consumers have an existing direct relationship with their retailer, and a less direct relationship with their distributor. Any proposal which introduces further layers of responsibility and direct interaction with consumers, is detrimental to the efficient, transparent and simple provision of electricity services.

In the remainder of this submission, PIAC has responded to specific questions posed in the consultation paper, and the priorities for an appropriate alternative response to the issue.

Responses to selected consultation questions

1.1 What are the benefits of allowing metering co-ordinators to arrange and carry out planned supply interruptions?

PIAC does not consider the potential benefits of the proposal have been established. It is not evident that improvements in metering exchange timeframes are likely to be significant or result in material savings or benefits for consumers.

1.2 What is the magnitude of the issue that the rule change request is attempting to resolve?

PIAC highlights the following considerations in support of our view that the magnitude of the issue does not warrant the proposed response:

- In the presentation to the consultation workshop (below) the proponent's data indicates that the issue is likely to effect 5% or less of meter installations, and substantially less in most distribution areas.

| | Ausgrid | Endeavour | Essential | Energy QLD | SAPN |
|--|--------------|--------------|--------------|--------------|--------------|
| Successful Installation | 74.20% | 83.61% | 83.70% | 95.35% | 83.92% |
| Unsuccessful Installation | 25.80% | 16.39% | 16.30% | 4.66% | 16.08% |
| Customer Side Defect | 8.90% | 9.42% | 5.87% | 2.33% | 5.53% |
| Isolation Issue | | | | | |
| ASP/DB Isolation Required | 3.40% | 0.03% | 3.54% | 0.01% | 0.00% |
| No Operable Isolation Point available | 6.80% | 2.64% | 5.40% | 0.78% | 5.33% |
| Shared Fuse < 9 other meters | 5.00% | 3.97% | 1.32% | 1.23% | 3.86% |
| Shared fuse > 9 other meters | 1.80% | 0.34% | 0.15% | 0.31% | 1.37% |

- The issue does not involve households being without access to electricity, but merely involves delayed access to a replacement meter. Accordingly, PIAC considers this issue to involve consumer inconvenience, rather than cost or harm to consumers.
- The maximum delay under the current system is not significant. PIAC understands that distributors can guarantee a service response date to coordinate with retailers with 30 days' notice.
- The potential cost/benefit to consumers is likely to be immaterial, if any, based on calculation of:

- The potential reduction in waiting time attributable to any improvements.
- The potential efficiency gains realised through access to improved information and innovative tariff structures. This is significantly limited by the high proportion of costs which are fixed, the unavailability of innovative retail tariffs, and the need for immediate behaviour change on the part of the consumer.
- The likelihood that any cost savings made by retailers via improvements to metering exchange processes are not passed through in full or significant part.

1.5 Are there alternative solutions to introducing metering co-ordinator planned interruptions which would address the underlying issue of delays in installing or replacing meters in circumstances where there are shared fusing issues?

PIAC strongly recommends an alternative approach which leverages the existing roles and responsibilities of distributors, and adapts the existing regulatory framework with improved communication and co-operation. We do not consider changes to the regulatory framework necessary, particularly when the scope to improve co-ordination and communication within the current framework has not been explored sufficiently.

PIAC recommends that retailers remain responsible for the provision of information on individual interruptions, or interruptions of multiple of their own customers, using the existing framework for interruptions. All circumstances where there are multiple household and multiple retailer relationships should be regarded as 'network interruptions' and handled through frameworks for network communication. There are significant opportunities to utilise these existing responsibilities with improved communication and co-ordination. Opportunities for delegated authority where metering co-ordinators may act on behalf of distributors where appropriate should be explored.

The identified issue is one of several which impact successful metering exchange, most of which require a level of network involvement, communication or oversight. The proposal does not address these issues. An alternative approach utilising the existing framework could be employed to address these other issues. Doing so would require minimal intervention in the regulatory frameworks, help to ensure clear lines of responsibility and oversight, minimise consumer confusion, inconvenience and the potential for unintended consequences, and maintain appropriate consumer protections and dispute resolution mechanisms.

2.1 Are retailer planned interruptions required if metering coordinator planned interruptions are introduced?

Retailers should remain the entity responsible for planned interruptions of their own customers, with distributors being responsible for undertaking information and communication of interruptions affecting multiple customers, where they are customers of different retailers. Alternative means of facilitating metering co-ordinators to act on behalf of retailers and distributors should be explored as a more appropriate response to the identified issue. For example, in the case study example where 2 customers of different retailers living in a 'duplex' arrangement share a fuse, the metering co-ordinator should be able to access a system of designated authority to obtain onsite explicit informed consent on behalf of the distributor to undertake work with a planned interruption.

3.2 What are the most appropriate arrangements for a metering co-ordinator to determine whether a resident uses life support equipment

It is not appropriate for metering co-ordinators to determine whether a resident of a premise impacted by a planned supply interruption has life support requirements. Retailers and

distributors have existing, regulated responsibilities in this regard and should remain responsible for ensuring the identification, information and protection of residents with life support needs. If an alternative solution allows metering co-ordinators to act on behalf of distributors where a single additional household is impacted, then a mechanism to allow explicit informed consent from that resident should proceed. If this does occur, the explicit informed consent requirements should ensure that if life support customers are identified, immediate work cannot proceed.

3.3 Should customers have any access to dispute resolution or another form of recourse if a metering coordinator breaches any of the rules in relation to metering coordinator planned interruptions?

Effective, easy access to dispute resolution is a key consumer protection that must be maintained. The expanded role for metering co-ordinators outlined in the proposal would either reduce or significantly complicate consumers' access to this vital protection and should not proceed. Any role for metering co-ordinators should be carried out on behalf of retailers or distributors to retain responsibility, and effective recourse to dispute resolution.

3.4 Are there any other issues that the commission should consider in relation to the proposed rule change?

PIAC disagrees with the proposed rule change and strongly recommends the Commission consider alternative responses to the issues identified in the proposal. An effective alternative response should:

- utilise and, where necessary, adapt the existing roles, responsibilities and regulatory frameworks relating to retailers and distributors
- be consistent with the framework governing information, communication and protection of consumers in relation to network and retail interruptions
- be the simplest possible solution to the identified issue
- be a solution that, where possible, utilises the same roles, responsibilities and mechanisms as solutions to other issues impacting delivery of metering exchanges
- not impact transparency of responsibility to the consumer or regulator.

Furthermore, it must prioritise consumers' protection.

Continued engagement

PIAC would welcome the opportunity to meet with AEMC and other stakeholders to discuss these issues in more depth.

Yours sincerely,

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