

Review of the regulatory framework for metering services draft report

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- legal advice and representation, specialising in test cases and strategic casework;
- research, analysis and policy development; and
- advocacy for systems change and public interest outcomes.

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- Anglicare;
- Combined Pensioners and Superannuants Association of NSW;
- Energy and Water Ombudsman NSW;
- Ethnic Communities Council NSW;
- Financial Counsellors Association of NSW;
- NSW Council of Social Service;
- Physical Disability Council of NSW;
- St Vincent de Paul Society of NSW;
- Salvation Army;
- Tenants Union NSW; and
- The Sydney Alliance.

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Introduction

PIAC welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) review of the regulatory framework for metering services draft report (the review). We strongly support the Commission's effort to ensure the delivery of metering services is efficient, equitable, and supports the efficient operation of the energy system in the long-term interests of consumers. We commend the Commission's commitment to an extensive and collaborative engagement process and look forward to further discussion.

The review accurately identifies a range of the issues associated with the existing framework and has set an appropriate objective to achieve a more equitable, efficient, and effective deployment of more advanced meters. We are concerned, however, that the scope of the reviews assessment does not match the scope and significance of issues identified. The explicit exclusion of any meaningful assessment of changes to industry structure, which may present the most obvious and effective means of resolving the identified issues, is a material gap in the review process. This gap undermines confidence the proposals arising from the review are the best means of supporting outcomes in the long-term interests of consumers.

The Commission must undertake an assessment of alternative industry structures for the provision of metering and metering services, including the option of assigning metering responsibility to Distribution Network Service Providers (DNSPs). This assessment should be undertaken in support of measures to allow DNSPs to contract directly with metering co-ordinators and as a part of a broader effort to appropriately align incentives, roles, and responsibilities for metering and improve frameworks governing the control and use of metering data. To this end, we strongly support the ACOSS joint submission to this process and support its recommendations in addition to those we make in our own.

The remainder of our submission reiterates the role of meters and metering for consumers and the energy system, assesses the proposed recommendations against the review's objectives and the long-term interests of consumers, outlines the case for returning responsibilities for metering to DNSPs and details why this represents the best arrangement to address the issues identified in the review. The final section of this submission responds directly to the review's questions in detail outlining our recommendations for reform.

The role of meters and metering

Metering is an essential component of the energy system and is crucial to the safe, efficient, and reliable delivery of energy services in the long-term interests of consumers. To this end, meters must be able to:

- safely connect consumers to the network,
- deliver and manage a safe and reliable flow of energy,
- measure consumption for the consumer and system operating entities
- help enable voltage management, fault detection and other functions crucial to efficient two-way-flows and a flexible energy system.

The evolution of the energy system and technological improvements mean more is required of meters, both by consumers and the entities delivering energy services, than was the case when legacy metering was installed. This is recognised in the national electricity rules which stipulate that all new or replacement meter installations must be type 4 or 4A advanced meters¹². PIAC regards this as a 'statement of acceptable standard' in metering. An upgrade of acceptable standards, such as this, requires a reassessment of the industry and regulatory structures required to efficiently accommodate metering and ensure it fulfils its functions to the new standard. We argue this has not occurred.

Advanced meters digitally measure and record electricity consumption and power quality data in near real-time. As such, they can significantly increase the scope, efficiency, and reliability of the delivery of energy services. This makes advanced meters key enablers of system efficiency, and essential to the transition to a cleaner, more distributed, and flexible energy system. Further, with the anticipated transition to a more dynamically managed energy system, with reforms in flexible trading relationships and scheduled light, the capabilities of advanced metering need to be seen not as 'benefits' but requirements.

The granular data more advanced meters capture improves safety management, meets consumer needs for control of energy costs, provides for accurate billing, and allows efficient integration and operation of CER assets such as rooftop solar and battery storage for consumers and the energy system. Ensuring metering can fulfil these functions requires reforms to existing metering and data arrangements which do not promote the long-term interest of consumers. Any new framework must begin by affirming the consumer's right to access and control local, near real-time data from their meter, and guaranteeing key market participants access to the range of data they need to operate the system efficiently in the consumer interest.

We strongly dispute that any change to the regulatory framework that retains the industry structure devised under the *competition in metering* rule change³ is capable of accomplishing the accelerated rollout target or providing an efficient and effective ongoing foundation for metering services that is required. The source of issues with the existing framework is the industry structure itself, founded on a misconception of metering as a 'choice' product rather than a crucial piece of system infrastructure subject to required standards.

Meters are technical components of the physical infrastructure required to deliver an essential service. Like other components of infrastructure such as poles and wires, meters are subject to specification requirements that deliver expected levels of safety, efficiency, and capability in the operation of the system and the provision of energy services. Importantly metering is crucial for delivering outcomes not only for the metered consumer, but all consumers, through their role in safe, efficient energy system operation.

Meters enable products and services that are of benefit and may be of interest to consumers, but they are not, in themselves, an object of interest or preference. Nor should they be. Meters are not discrete products subject to personal preference and choice. Unlike 'mobile phones or pay TV

¹ A type 4 meter is a remotely-read advanced meter. A type 4A is an advanced meter with its remote communications disabled such that it must be read manually.

² See [NER clause 7.8.2.](#)

³ See AEMC [Expanding competition in metering and related services](#) rule change.

boxes⁴, meters are compulsory, essential infrastructure subject to prescribed standards, and not personal property.

While consumers pay for meters like any other piece of shared infrastructure required to deliver energy, meters are no more personal property than the poles and wires on their street (which they are also responsible for paying for). However, unlike other components of the energy distribution system, there is no transparency around the costs of metering assets and metering data provision under the current framework. This renders the costs of metering opaque and unregulated, and gives little confidence to consumers that these costs are being incurred and apportioned efficiently or fairly on their behalf.

Understanding metering in this context, namely as a technical component of physical infrastructure subject to compulsory standards and required to deliver a range of system functions, is critical to any assessment of what is required to deploy and manage more advanced meters and metering data in a manner that aligns with and promotes the long-term interests of consumers.

This understanding is missing from the review. This has led to a deficient assessment of reform options and proposals which are inadequate to resolve the substantial issues identified through the review process. Rather than aiming to ‘deliver *better* consumer outcomes⁵’ the review should provide a basis for determining the framework, roles, and responsibilities *best* suited to achieving the purpose of metering as set out above. The review forecloses on this possibility from the outset by refusing to consider reassigning responsibilities for the provision of metering services and retaining the dysfunctional industry structure developed under the *competition in metering* reforms. Further, the review has assiduously avoided any meaningful examination or assessment of any alternatives to the status quo to demonstrate why pursuing this alternative is not in the best interests of consumers. Without a full and transparent assessment of credible alternatives, such as returning responsibilities to DNSPs, the review cannot demonstrate that its recommendations are demonstrably in the best interest of consumers.

Assessment of the Review

PIAC is concerned assessments undertaken as part of the review have not been comprehensive as they have avoided assessment of the most obvious alternative (namely DNSP responsibility for metering). The lack of these assessments undermines the reviews’ ability to demonstrate it has met its obligations under the NEO, and that it has fulfilled the intent of its own objective for this review.

Objective and the NEO

The Commission outlines the review’s objective as follows:

To enable the deployment of appropriately capable smart metering to consumers in a timely, cost effective, safe and equitable way, and to ensure metering contributes to an efficient energy system capable of maximising the benefits for all consumers.

⁴ AEMC [Expanding competition in metering and related services](#) rule change, p. ii.

⁵ AEMC [Review of the regulatory framework for metering services](#) draft report, p. 3.

We strongly support this objective and its reading in conjunction with the national electricity objective (NEO) which requires the review's recommendations to promote the long-term interests of consumers through efficient investment in and operation of the energy system. The NEO is particularly relevant to this review as the adopted framework affects not only the deployment of more advanced metering but the long-term integration and management of metering and metering enabled services in the National Electricity Market (NEM). That is, the outcomes of this review will have significant long-term implications for consumers.

The Commission notes that the review's objective aims to 'reduce barriers consumers face to realise the benefits [of advanced metering]⁶. PIAC disagrees with this interpretation of the objective and do not consider this 'barrier reduction' approach appropriate. Metering has an inherent purpose – providing safe and reliable access to the electricity system and enabling an efficient and flexible energy system for all consumers. The AEMC's role in this review is to assess the framework with regard to how well arrangements for metering (and any alternatives) fulfil this purpose and support the long-term interest of consumers. The AEMC's proposals for the framework should ensure metering can serve its priority functions for consumers and the energy system most efficiently, simply, and with least risk and cost to consumers. Merely assessing and proposing marginal improvements to the status quo is not acceptable.

PIAC does not consider the review adequately demonstrates its proposals contribute to the achievement of the NEO and the long-term interests of consumers given it has not fully and transparently assessed credible alternatives to the prevailing industry structure. The Commission claims the current structure 'remains the appropriate arrangement to achieve accelerated deployment of smart meters' and that

reassigning responsibilities for metering would require significant changes to the regulatory framework, the unwinding of contractual relationships between retailers and metering parties, as well as complications in transferring responsibilities for sites that have smart meters already installed⁷.

We accept that reassigning responsibilities for metering is not without costs and complications. However, there are significant cost (and risk) implications for maintaining the current structure as the issues identified in the course of this review clearly demonstrate. We also note that DNSPs are currently responsible for metering that represents the vast bulk of the current fleet. We strongly disagree that prospective arrangements to deal with the 75%+ of metering replacements, should be restricted by the need to resolve issues with the smaller proportion of metering that has already been replaced. Without any meaningful relative assessment of the status quo against reform alternatives, the Commission's assertions in this case are groundless.

The review's recommendation to retain retailer and metering party responsibility for metering services fails to recognise that the key issue with the ongoing deployment and management of metering is the 'choice' framework and industry structure itself. 'Choice' does, and should continue, to relate to products and services available to consumers which are enabled by appropriately capable metering. This does not, and should not, require an attempt to apply choice to metering itself.

⁶ Ibid, p. 1.

⁷ Ibid, p. v.

We are concerned that the review does not adequately consider the implications of retaining retailer and metering provider responsibility for providing metering services. Retailer and metering provider incentives are not aligned with responsibilities or the capacity to manage system risks and transparently control costs for the benefit of all consumers. This is especially true for metering cost and cost recovery, the handling of data, and the ability to manage risks and costs related to remediation.

In order to establish that the proposed framework best meets the objectives of the review, the Commission must demonstrate that it is preferable to alternative options. As outlined above, DNSPs have the greatest incentive to facilitate advanced metering at scale and to manage metering and metering data in a manner that aligns with promoting the long-term interests of consumers. PIAC considers it unacceptable for the Commission to reject DNSP metering responsibility without assessing this option against the current industry structure.

Assessment Criteria

We strongly recommend the Commission apply the assessment criteria fully, to all reasonable alternatives that meet its objective and the NEO. PIAC considers that at a minimum this must involve a robust, transparent assessment of the costs and benefits of the option for DNSP responsibility for metering (or contracting metering co-ordinators) compared to continuation of the existing industry structure and framework. Until then, consumers cannot be confident that the proposed recommendations will best promote their interests and resolve the issues identified in the course of the review.

The Commission has not demonstrated consumers are better served by the existing industry structure and has not applied the assessment criteria fully. PIAC contends the review does not adequately address the following criteria:

The review's recommendations should deliver better consumer outcomes regarding metering services

The review's recommendations do not demonstrate they are capable of delivering better consumer outcomes through metering services, as they retain fundamental aspects of the current framework. At best, the draft recommendations make marginal improvements on the status quo, particularly in relation to the control, ownership and use of data.

The review does not adequately justify the decision to retain the current industry structure and fails to assess credible alternatives such as returning responsibilities for metering to DNSPs. The Commission does not provide sufficient evidence to make the case that retailers and metering parties are best placed to manage the costs of metering, handle metering data, or improve access to metering-enabled benefits for all consumers. Given these issues we cannot be confident the recommendations deliver better consumer outcomes.

The review's recommendations should consider implementation and ongoing costs and their proportionality to the expected benefits

The Commission has not demonstrated its recommendations meets this criterion as the review does not consider alternatives to retailer and metering provider responsibility for metering services that may contribute to a more transparent, consistent, efficient and lower-cost metering

services and support for a more efficient, lower-cost energy system. Actual ongoing costs of metering under the current framework have not been revealed or assessed against any credible alternative. The absence of such an assessment makes relative cost-benefit impossible to calculate.

Likewise, the review does not assess a pre-2030 target for universal uptake of advanced meters. The Commission provides no context for the 2030 target beyond stating that it is ‘the earliest time that is realistically achievable by the industry’⁸. This is contradicted by data on meter installations which shows that deployment volume even under the current compromised rollout has consistently exceeded the proposed accelerated volume since 2018-19⁹.

Given the lack of justification for the 2030 target, contradictory deployment evidence, and the review’s failure to consider alternatives that could achieve a faster and more efficient deployment, we cannot be confident the recommended timeframe is optimal.

The review’s recommendations should consider how to achieve NEM-wide success by drawing on specific jurisdictional considerations, issues, and benefits

The Commission has not demonstrated it meets this criterion as the review has not drawn on experience of the Victorian experience and the benefits enabled by a DNSP-centred metering framework. Further the review does not assess opportunities for jurisdictional alignment with Victoria. Greater jurisdictional alignment would contribute to simplified relationships, better aligned incentives, and greater co-ordination of metering services across the NEM.

Victoria has DNSP responsibility for metering and is the only NEM region with near-universal uptake of advanced meters. Given the review omits assessing alignment benefits with the second-largest and most advanced NEM region in terms of metering deployment we cannot be confident the recommendations draw on specific jurisdictional considerations, issues and benefits to achieve NEM-wide success.

The review’s recommendations should encourage innovation that benefits consumers in new services or ways of providing existing services

The Commission has not demonstrated it meets this criterion as it recommends retaining metering responsibility in entities with an inherent incentive to retain and leverage consumer data as an income stream. This arrangement contravenes consumer interests by actively inhibiting consumers from using (and controlling) their meter and data for their own benefit.

As we outline above, DNSPs have no inherent incentive to monetise or gatekeep consumer data as their revenue is not dependant on the usage of the consumer. Consumers could access other service providers to lower their usage or manage their load, without impacting DNSP revenue. This is not true of retailers, or metering co-ordinators contracted by them. Reassigning responsibilities for metering to DNSPs is the most effective and simplest means of aligning data requirements with data access and providing scope for future innovation, in the long-term interests of consumers. Given the review does not assess this option we cannot be confident the recommendations encourage innovation that benefits consumers in new services or ways of providing existing services.

⁸ Ibid, p. 6.

⁹ See AER [Retail energy market performance update for Quarter 3 2019-20 to Quarter 3 2021-22](#).

The review’s recommendations should be flexible to accommodate new approaches without needing further updates to the rules

The Commission has not demonstrated it meets this criterion as it recommends retaining a metering framework with demonstrated, ongoing complexities that requires almost constant re-working. The review does not assess alternative arrangements for the assignment of responsibilities in metering which could simplify metering relations in ways that make them more adaptable to future service offerings and deliver more efficient outcomes for consumers.

Misaligned incentives and responsibilities limit the proposed framework’s ability to accommodate new service provision alongside retailers (for instance through the introduction of flexible trading relationships), an accelerated transition to a zero-carbon economy, higher levels of electrification, and greater complexity in relationships between households, the energy market, and energy service providers. Given these issues we cannot be confident the recommendations are capable of accommodating new approaches without needing further updates to the rules.

The review’s recommendations should consider how reforms will contribute to the lowest possible total system cost

The Commission has not demonstrated it meets this criterion as it does not assess the proposed reforms against alternatives such as DNSP responsibility for metering. This makes it impossible to compare total system costs and assess the ability of competing arrangements to enable new service and pricing options. Further, the review cannot demonstrate that the proposed framework would reduce cost and complexity compared to a DNSP-led option in the absence of an assessment against Victoria or economic modelling of a transition to DNSP-led metering deployment. Given these omissions, we cannot be confident the recommendations contribute to the lowest possible total system cost.

The review’s recommendations should promote efficient investment in energy markets

The Commission has not demonstrated it meets this criterion as the deployment and management of advanced meters remains contingent on retail contracted metering entities that effectively operate as monopoly service providers. These entities add unnecessary complexity to the framework, encourage rent-seeking, and have failed to deliver operational and scale efficiencies that could be available to DNSPs contracting them directly to undertake similar roles instead. It should also be noted that, even if this were not the case, the revenue required to ensure viability of metering entities involves additional, inefficient costs added to the supply chain.

The Commission provides no evidence to suggest that retail-contracted metering entities efficiently source, install, and manage metering infrastructure and data as assumed under the *competition in metering* reforms. Moreover, the limited data available through installed advanced meters is not consistent, and not being widely and efficiently accessed and used to deliver key benefits to DNSPs. Contract terms between retailers and metering entities limit data availability for DNSPs. The costs of data provided by metering entities, together with its patchy coverage and limited value, often render it a financially unviable prospect for DNSPs. Given these issues with the recommendations and the lack of assessment of alternatives we cannot be confident the recommendations will best promote efficient investment.

The review's recommendations should consider whether risks are allocated to those who are best placed to manage them and have the incentives to do so

The Commission has not demonstrated it meets this criterion as the review retains existing roles and responsibilities for metering that it has itself identified as problematically misaligned with incentives and capacity to manage cost and risk. The Commission has also failed to meaningfully consider alternatives that could better incentives and ability to manage risk in the long-term interest of consumers. Under the proposed framework, consumers (particularly those with remediation issues) face significant risk and costs, which retailers and metering entities have little incentive to manage on their behalf.

The review does not adequately assess recommendations against their capacity to align risk, responsibility, and incentives so that those with the greatest incentive and ability to minimise cost and risk to all consumers, have responsibility to do so.

DNSPs are the entity whose incentive for efficient universal metering most broadly aligns with the interest of consumers and are best able to transparently manage the associated risk and costs on their behalf. Given the review fails to assess this option we cannot be confident that the assessment was undertaken robustly or that the recommendations ensure risks are allocated to those who are best placed to manage them and have the incentives to do so.

DNSP responsibility for metering best meets the objectives and principles of the review

DNSP responsibility for metering most effectively and efficiently enables an accelerated rollout and ensures meters are best able to fulfil their ongoing purpose, in the long-term interests of consumers.

The majority of cited benefits flowing from advanced metering relate to functions DNSPs could or should perform to promote the long-term interests of consumers. DNSPs are transparently regulated to ensure they fulfil those as efficiently, safely, reliably, and affordably as possible. Neither retailers nor metering entities have a similar relationship to the functions of metering, or regulated requirements to act efficiently in the long-term interests of consumers. Crucially DNSP responsibility for metering is capable of supporting a wider framework that affirms consumer rights to control their data, while making other key elements of data available for the efficient operation of the energy system.

PIAC does not agree that the proposed framework addresses the fundamental misalignment between responsibilities, capabilities, and incentives in the current metering arrangements identified in the course of this review. Further, we do not consider the proposed framework aligns with the fundamental purpose of metering for consumers and the energy system and does not recognise metering is not subject to consumer choice.

We strongly recommend that responsibility for metering be assigned to DNSPs, with metering installation and data provision costs incorporated into DNSP regulation. PIAC considers there are a range of possible means of implementing this, including simply replacing retailers with DNSPs as the party responsible for assigning and contracting with metering co-ordinators. At the very least a meaningful and transparent assessment of this option must be undertaken, including

modelling of its costs and benefits. If this is not the preferred option of the Commission, DNSPs should be included as an additional responsible metering entity, capable of implementing meter exchange in multi-occupancy circumstances and as a 'provider of last resort'.

The Commission must consider making DNSPs responsible for aspects of an accelerated rollout, where their scope for efficiencies in scale and geography, can improve the effectiveness of the rollout. This would still need to be supported by a range of measures to improve data access and utilisation, cost transparency, and arrangements to deal with remediation. But these further aspects of reform would be rendered materially simpler, less costly, more efficient and less subject to ongoing risk under a framework of DNSP responsibility for metering.

Response to questions

Accelerating smart meter deployment

Q1: Implementation of the acceleration target

Do stakeholders consider an acceleration target of universal uptake by 2030 to be appropriate?

PIAC supports a target of universal (or near universal) rollout by 2027. This earlier target should be assessed given cost-benefit analysis undertaken as part of the review indicated more ambitious acceleration targets yield greater benefits. Further, we do not consider a 2030 acceleration target ambitious and question whether it represents a meaningful acceleration of deployment. Analysis of AER retail energy market performance indicates that retailers and metering parties have consistently deployed advanced meters in excess of the proposed accelerated volume since at least Q4 2018¹⁰. Given this rate has been accepted as 'inadequate' more meaningful acceleration is required.

We disagree with the review's claim that the preference of stakeholders is for a 2030 target¹¹ and consider this a broad (and potentially misleading) generalisation. While retail and metering stakeholders preferred later target dates (such as 2030 or beyond), consumer and some other stakeholders strongly preferred earlier dates. A substantial proportion of the stakeholder reference group consists of retail and metering entity members who potentially have a vested interest in maintaining the status quo or limiting acceleration measures which impact on them. The review however does not acknowledge the composition of this group as a material factor and thus does not reflect the full range of stakeholder preferences and which parties expressed them. PIAC consider it necessary to recognise the range and origin of stakeholder perspectives as a fundamental aspect of good consultation and engagement practice.

As the sole party able to initiate the mass deployment of advanced meters, retailers do not currently have a strong incentive to do so before it is cost effective for them (which is reflected in the slow pace of deployment). Evidence from consumer complaints and input from networks indicates retailers are primarily guided by installation costs and tend to only initiate replacements when it can be arranged with their metering co-ordinator at a cost preferable to

¹⁰ See AER [Retail energy market performance update for Quarter 3 2019-20 to Quarter 3 2021-22](#).

¹¹ AEMC Review of the regulatory framework for metering services draft report, p. 37.

them (rather than consumers or other energy market participants). Retailers have little operational or financial incentive to initiate deployments in difficult-to-serve geographical areas, sites with higher service costs, and wherever the potential benefits to do so are marginal (such as where the impacted consumers are low income or vulnerable). Often these same network areas are those where advanced metering would offer the most benefit, due to poor power quality, congestion, faults, and other issues.

Should there be an interim target(s) to reach the completion target date?

Interim targets help inform planning and track progress and should be developed regardless of the completion target date. Ideally, interim targets should be granular and look at progress in different categories, such as number of remediations undertaken (or passed over), number of multi-occupancies undertaken, DNSP feeders fully converted. Interim targets should also be expressed in absolute (number of advanced meters installed) and proportional terms (percentage of advanced meters by postcode, region, occupancy type, feeder, DNSP, jurisdiction)

If the 2030 target is retained, interim targets should be more ambitious (i.e. front-loaded) and prioritise households experiencing vulnerability or disadvantage. This would contribute to meeting the equity principle and help realise benefits contingent on a critical mass of advanced meters sooner.

What acceleration and/or interim target(s) are appropriate?

PIAC support an acceleration target of universal (or near universal) advanced meter deployment by 2027. We welcome the Commission's commitment to a target, but do not consider 2030 a meaningful acceleration of deployment in line with the objective of this review. We note that advanced meter deployment timeframes in other countries are typically between five to seven years¹². For reference, Victoria's rollout took five years from commencement to achieve over 98 percent coverage¹³ and Tasmania's universal rollout announced in 2021 is on target to achieve full deployment by 2026¹⁴.

We encourage the Commission to consider a similar timeframe and set a target for near universal deployment by 2027. An earlier target would likely result in further savings from greater scale efficiencies, reduced manual meter reads, and earlier capture of network benefits. Accordingly, the Commission should conduct an assessment of the costs and benefits of more ambitious acceleration targets (such as 2027) to provide confidence to consumers that the proposed target is the most appropriate response to the criteria set for this review. This assessment should also consider an alternative rollout framework involving DNSP responsibility for metering (or directly contracting metering entities).

Should the acceleration target be set under the national or jurisdictional frameworks?

¹² See [Intellihub Group submission to technology investment roadmap discussion paper](#).

¹³ Victorian Auditor-General [Realising the benefits of smart meters](#), p. 3.

¹⁴ See [Real relief provided to Tasmanians through Aurora energy](#).

The acceleration target should (preferably) be set under national frameworks. However if less ambitious targets are set (such as 2030) these should be regarded as 'backstop' national targets with scope (and encouragement) for jurisdictions to set more ambitious targets that better align with their circumstances and the needs of their communities.

Q2: Legacy meter retirement plan (option 1)

Do stakeholders consider this approach feasible and appropriate for accelerating the deployment of smart meters?

The proposal for DNSPs to be the centre of planning for an accelerated rollout has merit and is the only option presented which is potentially feasible. However, we consider it untenable to meaningfully involve retailers and metering parties in the planning process. A joint planning process would require upwards of 30 retailers consulting with seven DNSPs across New South Wales, Queensland, South Australia, and the Australian Capital Territory near simultaneously. Where retailers and metering entities have a (very reasonable) incentive to set lower targets, it is hard to see how any meaningful agreement could be reached even if such simultaneous consultation processes were logistically possible.

PIAC strongly recommends a DNSP planning process accompanied by reforms returning metering responsibility to DNSPs in some form. This could be accomplished by DNSPs replacing retailers as the party responsible for assigning the metering coordinator, contracting, and paying for metering assets (the cost of which could be regulated and recovered as operational expenditure, transparently through the regulatory reset process).

A more feasible, efficient version of Option 1 would then see DNSPs develop a legacy retirement plan and contract with metering coordinator(s) directly to deliver it. PIAC strongly recommends the AEMC consider this option and assess the costs and benefits of implementing it as part of reforms to the metering framework that more effectively support the long-term interest of consumers.

Do stakeholders consider the Commission's initial principles guiding the development of the Plan appropriate? Are there other principles or considerations that should be included?

On Principle 1 we disagree that retailer input on the retirement of legacy meters should be determinant. To ensure deployment targets are met, DNSPs need to have the authority to make decisions where consensus cannot be reached on any aspect of the plan. Any input from retailers and metering entities should be defined and relate to metering stock, workforce capacity, and an agreed allowance for additional capacity to accommodate ongoing exchange requests from consumers.

On Principle 2 we recommend including an equity consideration to guide the retirement of legacy meters. This may be realised at a jurisdictional level by prioritising social housing residents, people facing payment difficulty and vulnerability, and other consumers experiencing disadvantage. This should also include consideration of priority for particular dwelling types or dwellings in certain areas (for instance multi-occupancy dwellings or rural areas that would otherwise be likely to have a low priority).

On Principle 3 we acknowledge the need to consider the impact on other parties involved in metering, but these considerations should be secondary to enabling the efficient replacement of legacy meters. This principle should instead focus on how input from other parties is considered and may draw from our recommendations in Principle 1.

On Principle 4 we share the concern that a retirement schedule which retires a large proportion of the fleet towards the end of the target date may negatively impact the likelihood of the target being achieved. As such, we recommend the retirement plan ‘front-load’ replacements to encourage over-achievement and provide flexibility to manage potential delays in subsequent years. Considering the need to develop workforce, supply chain, and other logistical capacity, it may be necessary to have an initial period of lower targets, with a view to establishing an effective foundation to scale-up rapidly to more ‘front-loaded’ acceleration.

If this option is adopted, what level of detail should be included in the regulatory framework to guide its implementation?

PIAC recommends amending the regulatory framework to re-assign metering responsibility (at the level of contracting metering coordinators and recovering costs, etc.) to DNSPs. The framework should provide principles to guide DNSPs on setting legacy meter retirement plans and delineating responsibility for meeting acceleration targets. The framework should also consider a full range of monitoring and compliance options to ensure the integrity of the accelerated deployment and go beyond reliance on retailer reporting.

Do stakeholders consider a 12-month time frame to replace retired meters appropriate? Should it be longer or shorter?

PIAC considers this question would be rendered irrelevant if DNSPs were made the responsible contracting entity for metering. We are concerned that retaining the existing arrangements makes delivering on acceleration plans unnecessarily complicated and introduces a range of areas where timeframes may blowout (or fail entirely). In this case we are concerned that the proposal to commence the time frame obligation on retailers from when they acquire a customer with a retired legacy meter could result in extended and unnecessary delays (that may exceed those already experienced). For example, if a consumer switches retailers at the end of the 12-month time frame up to two years could lapse before a replacement occurs (if at all). If the current structure is retained with this option we recommend the 12-month replacement time frame commence from the annual batch release of retired legacy meters.

Are there aspects of this approach that need further consideration, and should any changes be made to make it more effective?

While this approach is the only viable option it highlights the greater complexity, risk and inefficiency associated with maintaining the existing industry structure, particularly for acceleration. Retaining retailer responsibility for actioning meter replacements limits the effectiveness of this option and may render it even more complicated than the status quo. We

recommend the Commission adopt this option as part of a comprehensive reform program aimed at allowing DNSPs to assign and contract with metering coordinators directly.

Q3: Legacy meter retirement through rules or guidelines (option 2)

Do stakeholders consider option 2 feasible and appropriate for accelerating the deployment of smart meters? Are there aspects of option 2 that would benefit from further consideration?

We do not consider option 2 feasible. The coordination challenge stemming from the need to accommodate such a wide range of actors and issues is likely to limit its ability to meet acceleration targets.

Q4: Retailer target (option 3)

Do stakeholders consider option 3 is feasible and appropriate for accelerating the deployment of smart meters? Are there aspects of option 3 that need further consideration?

We do not consider option 3 feasible or appropriate for accelerating the deployment of advanced meters.

Q5: Stakeholders' preferred mechanism to accelerate smart meter deployment

What is the preferred mechanism to accelerate smart meter deployment?

DNSP planning and direct responsibility for contracting with metering parties is our preferred acceleration mechanism. We disagree that 'requiring DNSPs to develop the plan with input from key stakeholders would support greater buy-in and thereby increase the chance of success'¹⁵. This assessment confuses means and ends.

The purpose of the plan is to ensure meters are retired in a manner that aligns with the agreed upon principles. Developing the plan collaboratively complicates this process and undermines the purpose of assigning a role to DNSPs. Retailers have (and should have) no meaningful role in planning a rollout. DNSPs have the necessary information on metering fleet geography and status. Metering coordinators have the necessary information on metering stock, workforce capacity, and timing. DNSPs have existing authority in the rules to contact consumers and provide notice for supply interruption (regardless of retailer). Re-assigning responsibility for contracting metering co-ordinators (and responsibility for metering) to DNSPs would allow them to scale up and implement an efficient accelerated rollout without encountering many of the complications this consultation seeks to address.

As part of this approach, we recommend establishing rules to ensure transparency of metering related costs and cost recovery (as a regulated DNSP operational expenditure) including clear provisions around the recovery of efficient costs related to DNSP planning and coordination functions as part of the acceleration. This approach should be combined with ambitious annual plans to maximise consumer benefit, optimise efficiency, and allow for jurisdictional targeting.

¹⁵ AEMC Review of the regulatory framework for metering services draft report, p. 54.

Reducing barriers to installing smart meters

We share the Commission's view that existing arrangements are leading to inefficiencies in the deployment of advanced meters and a lack of coordination between parties on remediating site defects prevents successful meter upgrades. We are particularly concerned that upfront costs and consumer responsibility for remediation will undermine the equitable deployment of advanced meters. Assigning DNSPs responsibility for contracting metering services would simplify metering arrangements and ensure risks and costs are managed by those with the greatest capacity to do so.

Q6: Feedback on no explicit opt-out provision

Do stakeholders have any feedback on the proposal to remove the opt-out provision for both a programmed deployment and retailer-led deployment?

We support removing opt-out provisions and fully committing to a standards-based approach to metering deployment. This is based on the understanding that advanced metering is now the acceptable standard or what is required for the safe and efficient operation of the energy system. However, we are concerned that removing opt-outs is not in keeping with the retention of a 'choice-based' framework for metering infrastructure. It is contradictory to retain a 'choice-based' metering framework while limiting or removing that choice, particularly at consumer expense. The choice framework was never appropriate for metering infrastructure and is less so under an accelerated deployment.

Removing opt-out provisions while retaining retailer responsibility for initiating replacements also fails to address a number of issues related to:

- the suitability of existing cost recovery mechanisms for both metering infrastructure and the services meters provide to consumers and others.
- the interaction with remediation notification and issues (including proposed consumer responsibility for undertaking remediation work); and
- lack of choice in retail tariffs (including the option to retain a flat tariff) subsequent to deployment.

These issues are a product and hidden cost of the existing choice framework and need to be addressed.

PIAC recommends the removal of opt-outs as part of wider measures to assign contracting responsibility for metering to DNSPs. This better aligns with a 'standards-based approach' to deployment and retains consumer choice in relation to the advanced metering-enabled services (including retail tariff choice) that retailers offer.

Are there any unintended consequences that may arise from such an approach?

PIAC has concerns that removing opt-outs and retaining the current industry structure has a range of unintended consequences and presents risks for consumer detriment and the loss of social licence.

We are particularly concerned that meter exchanges will unnecessarily result in consumers being forced onto tariffs that leave them worse off and limit their choice. We support the Commission's commitment to providing protections for consumers from the automatic reassignment of tariffs due to metering exchanges. However, these efforts should focus on retail tariffs and ensuring consumer choice of retail tariff is protected.

PIAC is concerned the purpose of network tariffs, cost-reflective network tariffs (CRNTs), and the interaction between network tariffs and retail tariffs has been fundamentally misunderstood and confused. Cost-reflective network tariffs (and network tariffs generally) are an input, among many, to the end retail tariff paid by the consumer. CRNTs (and network tariffs generally) are intended to reflect the costs of usage at a connection point to the retailer responsible for that connection.

It is the role of the retailer to bundle network costs (along with much more variable wholesale energy costs and other inputs) and create a range of retail products for consumers to choose from. This may include tariffs which mirror underlying network tariffs, tariffs which vary with wholesale prices, flat tariffs or 'unlimited' use tariffs, tariffs with 'demand response rebates', solar-soak tariffs and more. The range of choice should offer consumers a retail product that suits their particular needs. Some may prefer to pay slightly higher, but flatter tariffs (valuing certainty and consistency over control and potential cost savings), where others may be willing to have more variation but be responsible for managing their use accordingly (and accepting the risk they may end up paying more if they cannot change their use). There is no need (and no justification) for retailers to require consumers to be on retail products which reflect network tariffs. In fact, doing so is an unreasonable curtailment of consumer choice that contravenes key assumptions of the market framework which underpins the NEM.

Mandatory assignment of network tariffs to retailers is consistent with the rules, and where it is further supported by the community, should not be impeded. This review process should help clarify the interaction between network and retail tariffs and ensure both are fulfilling their intended role.

To ensure network tariff defaults do not function to restrict consumer retail choice we recommend the Commission consider measures to strengthen retailer's requirement to retain choice for consumers. PIAC recommends that this include a requirement for retailers to offer flat tariff options regardless of the consumers metering arrangement. This could be achieved by working with the AER to issue guidelines or advice notes indicating retailers cannot reassign consumers to a new tariff structure following a meter exchange, and may only change rates on an existing offer, with appropriate notice (if this is indeed required).

We further recommend the Commission investigate potential reforms to the Default Market offer (DMO) requiring all retailers to offer an efficient DMO as their sole flat tariff offering to incentivise the creation of more innovative (and variable) retail products for consumers to choose from.

Q7: Removal of the option to disable remote access

Do stakeholders consider it appropriate to remove the option to disable remote meter access under acceleration?

We do not support removing the option to disable remote access as part of acceleration. While PIAC consider remote access of metering preferable, removing the option to disable materially increases the risks of rollout and invites unnecessary potential consumer anxiety.

Once meters are installed it is the role of the retailer to demonstrate to consumers the value of remotely enabled metering through offering products and services they may want. Retaining this option reduces risk of consumer resistance and retains an incentive for the market to demonstrate value to consumers for remote enabled metering.

PIAC does not support remote de-energisation for the purposes of debt-recovery being allowed under any circumstances and supports the recommendations contained in ACOSSs submission in relation to this.

Q8: Process to encourage customers to remediate site defects

Do you consider the proposed arrangements for notifying customers and record keeping of site defects would enable better management of site defects?

PIAC do not consider the Commission's proposals adequate to deal with remediation of site defects and strongly recommend more comprehensive measures to provide consistency and more effectively facilitate remediation (and advanced metering installation).

We understand the Commission is not capable of dealing with all remediation issues itself and that further jurisdictional and other Government, industry, and community action and support is likely to be necessary. However, the Commission can do more to assert principles protecting consumers from upfront costs, support equitable rollout and facilitate greater consistency.

Notices

We broadly support the proposal to reduce the number of notices required before initiating an exchange from two to one, on the condition that this notice is accompanied by independent information outlining the need for improved metering standards and available protections to defray remediation costs. We do not consider it appropriate for retailers to provide this notice. DNSPs are better positioned to issue deployment notices as retailers risk triggering customer churn amongst those wary of retailer motives, unable to cover expected costs, or simply seeking to delay or avoid upgrading to an advanced meter.

Testing

PIAC do not support the Commission's recommendation for exemptions from regular testing and inspection requirements for the legacy meter fleet once they are listed for retirement. As proposed, such exemptions raise the prospect of gaps between meter retirements and retail action leaving consumers with a potentially faulty meter and estimated bills for up to 12 months or more. This issue is compounded by the proposal to commence replacement timeframes from when a retailer acquires a customer as this could trigger further delays upon switching.

The recent experience of DNSPs in post-disaster meter restoration indicates that capacity to schedule and deliver replacements through retailers and metering coordinators is not robust,

particularly when it is also dependent upon consumer action to ‘make safe’ or remediate. For example, some consumers remain without meters and face estimated bills indefinitely nearly a year on from the 2022 Lismore floods¹⁶. More controls are needed to ensure relaxed testing and inspection requirements are strictly time limited and do not jeopardise the safe operation of the system and leave consumers worse off.

Remediation

The proposals do not materially improve arrangements to deal with remediation and present a real risk of adverse publicity and reaction undermining the rollout and equitable deployment of advanced metering as a whole. More robust measures are required as it is unacceptable to simply designate meter board issues a consumer responsibility and rely on ‘notification and record-keeping’ to rectify the problem. This would appear to simply be confirming the framework has no role in resolving remediation, rather than seeking to improve arrangements and help address remediation issues.

PIAC considers the existing ‘choice’ framework in metering is incompatible with effective response to these issues since the decision of whether to undertake the remedial work is founded on something (meter upgrade) that is not subject to actual consumer choice. Consumers would be understandably reluctant to remediate site defects because current arrangements entail significant upfront cost and no apparent benefit from doing so.

It is important to note that metering is not something that consumers consider voluntarily (or at all) and that the process of upgrade is drawing attention to something not otherwise a focus of consumer attention. Because of this, it is vital that new consumer attention paid to metering is not accompanied by overwhelmingly negative impacts. That is, that consumers are not reminded of the existence and importance of metering, while being presented with a requirement to change metering and additional costs and remediation responsibilities they were not aware of and did not volunteer for.

A key principle of the mandatory metering rollout must be that consumers should not face upfront costs for meters themselves or the remediation required to facilitate it. Commencing from this principle is crucial to enabling an equitable and universal deployment of advanced metering as set out in the objectives of the review. Simply asserting that consumers are responsible for remediation does not provide a meaningful framework to help resolve these issues.

While we agree on the need for a customer notification and record-keeping process applicable for circumstances where site defects are encountered, we do not consider it appropriate for retailers to issue these notices. The customer-retailer relationship is one of commercial responsibility. Issuing notices advising of the need for remediation through the same entity that consumers are required to pay for service creates an apparent conflict of interest and places material burden on a relationship that is already suffering from a deficit of trust. Further, the use of notices to ‘encourage’ consumers to remediate misses that remediation is not effectively a choice, and for many consumers may be impossible.

¹⁶ See <https://www.abc.net.au/news/2023-01-18/power-bills-flood-damaged-properties-spark-complaints-ombudsman/101864040>

We recommend the Commission draw on experience from the Victorian rollout, and accumulated experience in other jurisdictions to develop a series of guidelines to facilitate more consistent solutions to remediation. These guidelines should cover:

- the ‘classes’ or types of meter board issues likely to be encountered
- what action is acceptable for different classes or types of meter board issues. Specifically,
 - when is remediation required for installation?
 - When can an installation proceed with a notification that rectifying works will be required when any future electrical work is undertaken?
 - When may an installer be able to undertake minor rectification works themselves as part of installation (this would be subject to jurisdictional rules)
 - When can an installation proceed ‘as normal’?

This should seek to provide consistency across installations and prevent the experiences encountered in the Victorian rollout where there was a wide (and wild) variation in how certain circumstances were responded to.

- What different classes or ‘levels’ of remediation action are likely to be required, and a guideline for the scope of cost that may be associated with each. This need not be exact but be capable of helping inform jurisdiction processes considering remediation support and providing information to consumers on what constitutes a ‘reasonable’ cost for the work required.

DNSPs and jurisdictional governments are crucial to ‘levelling the playing field’ and supporting consumers in remediation. However, their ability to execute these duties is undermined by the complex relationships and misaligned responsibilities of the proposed framework. Their roles could be more effectively facilitated through returning responsibilities for metering to DNSPs. This could also help enable more effective resolution of remediation by considering a greater role for DNSPs (and their contracted parties) in resolving some remediation issues at the point of meter installation, or offering consistently costed service alternatives to consumers requiring remediation, where ‘market’ options may be limited (for instance in regional areas, such as those in the Essential Energy network area).

Q9: Implementation of the ‘one-in-all-in’ approach

Would the proposed ‘one-in-all-in’ approach improve coordination among market participants and the installation process in multi-occupancy sites?

While the ‘one-in-all-in’ approach to shared fusing is reasonable, it does not effectively address the range of issues related to shared fusing. These circumstances will still likely result in a need for coordination between multiple retailers and metering entities, increasing complexity, cost, and delay.

The review describes the three main challenges related to sites with shared fusing as follows:

- interrupting supply to replace one meter will interrupt the supply to multiple customers on the same fuse

- multiple parties are required to coordinate to ensure they are on the site at the same time for meter replacement
- replacing meters on a piecemeal approach leads to customers facing multiple supply interruptions, installation delays and costly replacements due to multiple site visits.

None of these challenges need exist where DNSPs are responsible for metering and able to contract metering parties directly. The Commission must at least assess this option meaningfully to demonstrate that all options to promote the consumer interest in efficient operation of the energy system, have been considered.

The proposed 'one-in-all-in' process for multi-occupancy scenarios is unnecessarily complex, time-consuming, and costly relative to a DNSP-led approach. Assigning responsibility to DNSP would lead to quicker identification of shared-fusing arrangements by reducing the need for multiple site visits and coordination with retailers and metering parties. It would also ensure a more streamlined and cost-effective installation as direct DNSP contracting avoids issues related to the appointment of multiple metering coordinators. DNSPs already have regulatory provisions to provide notices to interrupt supply for multiple parties, and have registers of life-support customers to ensure protection, meaning this change would materially simplify reforms required. PIAC considers it unacceptable that this option was not meaningfully considered or assessed in the review.

A retailer-led 'one-in-all-in' approach creates additional issues around the allocation of temporary isolation costs between retailers, the suitability of the current temporary isolation service, and the need to clarify the party responsible for notifying customers of the planned interruption.

Improving the customer experience in metering upgrades

Measures to 'improve the customer experience of receipt of a smart meter' are not appropriate or likely to be effective and raise serious concerns they would have a materially detrimental impact on consumer understanding of metering, the effectiveness of the rollout and may invite increased risks of failure or political interventions.

Retailers should not be the party responsible for metering, particularly under an accelerated rollout, and particularly where costs and information regarding this rollout are likely to be confused with/translated through a relationship with their customers that are already characterised by a lack of trust. DNSPs should be responsible for metering, as they are for other 'compulsory' aspects of the energy system up to the point of the household. It does not make sense for them to be responsible for all aspects of infrastructure up to the meter, have the meter be a separate responsibility between the DNSP and the consumer, and then have the consumer responsible for their home. This additional layer of complexity should be recognised as a key driver of poor consumer experience, confusion, and complexity.

Q10: Strengthening information provision to customers

Do you have any feedback on the minimum content requirements of the information notices that are to be provided by retailers prior to customers prior to a meter deployment?

We do not consider it appropriate to assign retailers responsibility for providing information regarding the rollout and the upgrade of metering to meet new advanced standards. It is precisely because retailers have a direct commercial relationship with the customer in meeting their electricity needs that they should not be providing this information. PIAC consider retail provision of this information invites serious risk of consumer and public resistance and material loss of social licence for the rollout.

This information should be provided by an independent entity such as the AER, jurisdictional governments, or a 'metering rollout coordinator' created for the purpose and should be simple and explanatory. For example it could include (but not be limited to):

The energy system transition requires more advanced meters to ensure better management of safety and efficient energy supply as part of the transition to a more flexible modern energy system. Advanced metering has greater capability to help you see your usage and get more accurate bills and will allow retailers to offer you a range of new products and services you may wish to choose. Accordingly, new advanced meters will be rolled out to all Australian households by 20XX and a plan for your area will be available XXX. Please visit this website for more information on advanced metering and the rollout.

This notice should include the key system-related features that advanced meters enable such as better safety through the ability to identify faults more efficiently and effectively; better network management to accommodate the safe and efficient integration of more renewables; and better outage management and restoration via real-time data.

The notice should provide consumers with information on:

- when they can expect to receive their advanced meter (the proposed rollout schedule should also be accessible via the smart energy website);
- what their rights are regarding the meter installation (including not being required to pay any upfront costs or go onto a new tariff structure); and
- where they can go to get more information about these matters and the rollout, including contact details of interpreter services in community languages

The notice should not frame metering as a 'direct benefit' to consumers – this was a key lesson from the Victorian rollout that should be heeded. At most, it should provide information on the improved information and capability advanced meters can offer households such as more accurate and timely billing as well as a link to the 'smart energy' website. Consumers should then be directed to their retailer for further information on the choice of products and services afforded them by their more advanced meter.

Are there any unintended consequences which may arise from such an approach?

We are concerned that the Commission's focus on 'providing more and better information' may end up creating issues the Commission is attempting to avoid. Providing detailed information on a 'choice' over which consumers have no agency is counterproductive and is likely to increase attention to metering, frustration and resistance to the rollout of advanced metering. Information is relevant when it improves agency or assists in making a meaningful

decision. The proposed information regarding the deployment of advanced metering meets neither of these criteria because it is not a choice but a required improvement to system standards.

Furthermore, proposals to impose upfront costs on consumers are completely inappropriate and are likely to undermine the effectiveness of the rollout and social licence for advanced meters. We strongly disagree with any upfront costs being passed on to consumers or allowing retailers to initiate tariff structure changes to offers as a result of a meter change.

We recommend the Commission introduce requirements for retailers to continue offering flat tariffs or tariffs of the same structure the customer was on prior to the meter change. Should the retailer deem it necessary to change the rates of those tariffs as a result of mandatory network tariff changes they face, they should use existing notification structures (such as occurs periodically as a result of cumulative wholesale price changes). It is inappropriate (and unnecessary) for mandatory upgrades to metering standards to result in upfront costs or structural changes to the offer consumers explicitly consented to.

Which party is best positioned to develop and maintain the smart energy website?

The smart energy website should be developed and maintained by an independent entity such as the AER, jurisdictional governments, or a metering rollout coordinator. We recommend this primary source provider be responsible for all information provision regarding the reason for the rollout, deployment timeframes, and consumer information and rights.

Ideally, the site would include information on the proposed rollout schedule in each jurisdiction (similar to the NBN rollout), so that customers would have some indication as to the likely timeframe for meter replacements in their area if they do not arrange a replacement themselves.

Q11: Supporting metering upgrades on customer request

Do stakeholders support the proposed approach to enabling customers to receive smart meter upgrades on request?

We support the inclusion of a provision requiring action on a consumer request for a meter exchange. This change could be efficiently realised under a DNSP-led framework through use of existing business to business communications protocols. Any installation of CER assets by the consumer already requires an updated connection agreement with the DNSP. In circumstances where meter requests are driven by CER installation (or not) this makes it simpler and more cost-effective to install a new meter at the same time and gives the DNSP an incentive to fulfil the request as efficiently as possible.

If a retailer-led, 'choice' based framework is retained, consumers must be able to have their requests fulfilled in a timely manner, with no scope for retail refusal.

Q12: Tariff assignment policy under an accelerated smart meter deployment

Which of the following options best promotes the NEO:

- a) ***Option 1: Strengthen the customer impact principles to explicitly identify this risk to customers.***

- b) Option 2: Prescribe a transitional arrangement so customers have more time before they are assigned to a cost-reflective network tariff.**
- c) No change: Maintain the current framework and allow the AER to apply its discretion based on the circumstances at the time.**

We share the Commission's view that stronger consumer safeguards are needed to address concerns about mandatory meter replacements unfairly impacting consumer choice of retail tariff.

As detailed in response to question 6, PIAC is concerned the discussion of tariff assignment options is compounding an apparent misunderstanding of the role of network tariffs, retail tariffs, and the nature of their intended interaction. Cost-reflective network tariffs serve to provide retailers with price signals about costs at a connection point. Retail tariffs on the other hand serve to bundle the full range of system costs into product choices that cater to the needs and preferences of consumers such as:

- Flat or more predictable tariffs for consumers who may have less flexible use and need more certainty in costs.
- Variable tariffs with higher peak charges for consumers who have more flexible use and prefer managing their costs by adjusting their usage and taking more of the 'risk' on themselves.
- Location-specific or opt-in tariffs, where available, for consumers who prefer responding to these signals.

The Commission's view that 'it is up to retailers to reflect network tariff structures in their offers'¹⁷ suggests a conflation of network and retail tariff roles.

Reflecting network tariff structures in retail offers represents one option for retailers to manage network price risk. However, it is up to retailers to find innovative ways to manage this risk, which may include peak time rebates, load control, or other forms of demand management. It is also the retailers role to offer consumers these choices, not make the choice for them.

Retailers smearing or absorbing 'peak' price signals is beneficial for consumers who choose those retail products, and beneficial to other consumers as it aligns retail incentives to reduce exposure to peak costs with more efficient network outcomes. Even in the absence of a response to price signals, cost-reflective network tariffs still have the benefit of equitably allocating costs between consumers on a more 'causer pays' basis.

Retailers are the primary target for cost-reflective network tariffs because they are best positioned to respond to these signals (or manage the associated risks and costs). Except for some very large customers, the tariffs consumers see are those charged by the retailer, which cover wholesale, network, Government, and retail costs. Retailers on the other hand see cost-reflective network tariffs disaggregated from other price signals they are required to manage such as the vastly more volatile and unpredictable wholesale price. Retailers have

¹⁷ AEMC Review of the regulatory framework for metering services draft report, p. 91.

clearer visibility of price signals and are better able to manage the risks associated with time variant and demand-based pricing than consumers.

If retail tariffs are little more than a mechanism to ‘pass through’ network tariffs, then there is little reason for retailers to exist. In any case, such a role would require significant changes to the retail market structure to recognise the effective elimination of consumer choice.

Retailers provide value insofar as they help consumers understand, manage, and pay for their electricity use, generation, and storage through providing a range of product offerings that meet their needs and preferences. Mandatory tariff assignment ensures retailers see cost-reflective network tariffs and have an incentive to work with customers to design offerings that better reflect consumers’ needs and preferences. The current retail market framework is predicated on creating and embedding retail choice for consumers. Choice of retail tariff structure is one of the most fundamental, material aspects of choice meaningful to consumers and must be retained. Failure to provide such choice may require regulatory intervention.

Neither Option 1 or 2 appropriately addresses the different roles retail and network tariffs are required to fulfil.

We recommend the Commission implement stronger consumer safeguards from automatic retail tariff reassignment through mandatory assignment of network tariffs to retailers and coordinated retail reform to ensure consumer choice of retail product (including tariff structure), is maintained.

Retail reform efforts should ensure retailers do not reassign customers to a new tariff structure following receipt of an advanced meter. This could be accompanied by requirements for retailers to continue offering flat tariffs options (varying prices rather than structure) or tariffs of the same structure the customer was on prior to the meter change. Such measures would ensure consumers retain meaningful choice in retail offerings following a meter exchange.

Requirements for a ‘flat’ and efficient DMO would further strengthen consumer protections and incentivise the creation of more innovative retail products.

Under options 1 or 2, should the tariff assignment policy apply to:

- a) all meter exchanges – for example, should the policy distinguish between customers with and without CER?***
- b) the network and/or the retail tariffs?***

The above recommendations address the different role of retail and network tariffs and eliminate the need to distinguish between CER and non-CER consumers.

What other complementary measures (in addition to those discussed above) could be applied to strengthen the current framework?

PIAC strongly supports coordinated reform to the Default Market Offer (DMO) to support ongoing consumer choice and ensure market incentives for retailers to innovate are aligned with consumer interests. To this end, the DMO could be reformed as:

- An offer all retailers are required to make available to their customers, and
- expressed only as a 'flat tariff' or inclining block tariff, and
- derived from efficient costs to serve with a benchmarked efficient margin, and
- be a genuine default that applies to all consumers who have not explicitly consented to another offer, or
- applies in all circumstances where the terms of the offer a consumer explicitly consented to have changed, and
- ensure that retailers can offer a range of other product choices to consumers with an incentive to demonstrate the value of these products to consumers – for instance options where there is more variation in charges according to time of use or demand, but where consumers may be compensated for use at times when load is needed, or needs to be reduced, or where the consumer may allow some load control by the retailer.

These reforms would strengthen default protections for consumers. It would also provide better aligned incentives for retailers (and others) to offer consumers innovative products that meet their needs by giving retailers incentive to create attractive products where consumers share more of the 'risk' (through more offers that offer consumer savings if they can help the retailer reduce the network tariff costs they are carrying on the consumers behalf).

Opportunities to unlock further benefits for customers and participants

PIAC consider the greatest opportunity rests in simplifying metering arrangements, aligning responsibilities with incentives and ensuring metering can effectively (and equitably) contribute to the efficient operation of a more flexible and sustainable energy system. Assigning DNSPs responsibility for contracting metering services should be central to realising these opportunities, combined with reforms to the control and provision of data and the transparent regulation of metering related costs.

Q13: Minimum contents requirement for the 'basic' PQD service

Should the 'basic' PQD service deliver any other variables besides voltage, current, and phase angle?

PIAC supports the definition of PQD services being determined by what is required to underpin the efficient operation of the energy system in the long-term interests of consumers, with respect to facilitating the efficient and flexible integration of CER, and the management of more dynamic and variable two-way energy flows. Importantly the definition of required PQD services should be forward looking.

Does the 'basic' PQD service require any further standardisation, e.g., service level agreements? If so, where should these service levels sit?

Should the Commission pursue a data convention to raise the veracity of 'basic' PQD?

Q14: Utilising the right exchange architecture for the 'basic' PQD service

Should the industry use the shared market protocol? If not, why?

Should stakeholders exchange PQD directly, using NER clause 7.17.1(f)?

If so, should the Commission prescribe this in the rules, or could this be by agreement between parties?

Q15: Prices for power quality data services

Is it sufficient for the prices for PQD services to be determined under a beneficiary pays model, especially with a critical mass of smart meters?

PIAC supports defined data being made available free of additional charge to defined market participants (such as DNSPs, retailers, and AEMO) for a range of defined purposes. This could include PQD being provided to DNSPs as part of the efficient management of power quality. As we detail in answer to subsequent questions, all other data should be subject to consumer control.

Are alternative pricing models, e.g., principles-based or prescribing zero-cost access, more likely to contribute to the long-term interest of consumers?

PIAC considers alternative models more appropriate and more likely to contribute to the long-term interest of consumers. Most of the systemic consumer benefits from advanced meters arise from the improved network visibility they provide to the DNSP. Almost none of these benefits are being realised in the NEM outside Victoria today. While there is now a material fleet of advanced meters – being paid for by all customers – that are designed to provide this data, they are not activated to do so.

We are extremely concerned and disappointed that the Commission's recommendations fail to address the root cause of this issue: the assumption that metering co-ordinators own the data that consumers generate, and which is paid for by them. The further assumption that DNSPs should enter into commercial contracts with metering coordinators and pay (again) for access to this data, with no regulatory support for price setting is not acceptable. These arrangements are particularly ineffective for 'basic power quality data' that is, by definition, required for every meter, because each metering coordinator has an effective monopoly over the provision of data from the meters it controls.

The proposed framework for power quality data services fails to address underlying issues with the existing industry structure, namely:

- DNSPs cannot choose the metering co-ordinator;
- DNSPs must take whatever service is offered by the metering coordinator the retailer has appointed.
- DNSPs have no basis on which to negotiate a commercial arrangement with a metering coordinator; and
- DNSPs (and via them, consumers) are required to pay for data consumers have already paid for.

The resultant relationship is one in which metering coordinators are monopoly providers of power quality data and DNSPs are price-takers. This leaves consumers paying higher prices as DNSPs pass these costs directly on to them.

The Commission suggests a possible way to resolve these issues is to require metering coordinators to provide 'basic' power quality data to DNSPs at no cost. While this proposal is preferable to other pricing models, it remains problematic because it provides no transparency on costs related to the provision of metering and metering services in the first place (that is, it does not clarify how much consumers have paid/are paying for the generation of that data).

Transparency on metering and metering service costs is required to ensure consumers do not pay inefficiently or multiple times for the required functions their advanced meters were always intended to provide as part of the efficient operation of the system in their long-term interests. Assigning responsibility for metering to DNSPs would ensure they have access to the power quality data they require and provide necessary transparency on the metering and metering service costs required to facilitate it.

The provision of power quality data to the DNSP is technically simple and is one of the basic functions that makes an advanced meter an advanced meter. Providing this data should be a requirement of the standard metering service, with any associated marginal cost to be included in the annuity paid by the DNSP (or the retailer, if the current structure is retained) to the metering coordinator.

Q16: Regulatory measures to enable innovation in remote access to near real-time data sooner

Do stakeholders support the Commission pursuing enabling regulatory measures for remote access to near real-time data? If so, would it be suitable to:

- a) Option 1: require retailers to provide near real-time data accessible by the consumer in specific use cases (while allowing them to opt-out).***
- b) Option 2: allow customers to opt-in to a near real-time service via their retailer for any reason.***
- c) Option 3: promote cooperation and partnerships between Retailers and new entrants for near real-time data services, e.g., in a regulatory sandbox.***

It is crucial that the regulatory framework explicitly recognise that metering data is the property of the consumer (both because it relates to them and because they have paid for it). Outside of what other market participants require to operate the system (which should be defined in regulations or guidelines), consumers have a right to use, provide, or sell their data as they see fit.

Consumers pay for their meter and the data relates to their electricity consumption. It is their data. The proposed framework fails to affirm consumers rights and continues to treat metering data as the property of retailers and metering entities. This is contrary to the consumer interest and contemporary understanding of consumer data and how it should be managed¹⁸.

¹⁸ See <https://www.cdr.gov.au/your-rights>

AEMO, DNSPs, and retailers require certain data to ensure the system operates efficiently, safely, and reliably. This data should be determined and made available to those entities for clearly defined purposes relating to that operation at no additional charge. All other use must be made contingent on the explicit consent of the consumer as stipulated under the Consumer Data Right¹⁹ or other energy-specific data frameworks which may evolve in line with these expectations. The metering framework, from deployment to industry structure and ongoing roles and responsibilities, should support this arrangement.

We strongly support measures to recognise the consumer's right to access near real-time data from their meter. Local access to this data is essential. A framework that only addresses remote access would make retailers gatekeepers of consumer data.

DNSPs are the appropriate party to store and manage this data as their incentives align more closely with the long-term interest of consumers. Retailers have a disincentive from providing consumers with data that enables them to optimise generation and consumption behind the meter (or use other services to do so) and metering coordinators have an inherent incentive to leverage this data as an income stream. Appropriately regulated DNSP's, as the responsible contracting party for metering co-ordinators, have no such potential incentives which are contrary to the consumer interest and a barrier to future service innovation promoting the consumer interest.

If so, could the Commission adapt the current metering data provision procedures?

Advanced meters are already technically capable of providing access to near real-time data. Consumers do not have access to this data because retailers and metering coordinators do not consistently turn on the service and backend by default.

It is completely inappropriate for retailers and metering coordinators to determine whether a consumer can access their own data. While the Commission should at minimum put in place a requirement for these entities to provide access to metering data by default, our strong preference is to assign metering data to DNSPs for the reasons outlined above.

Are there any standards the Commission would need to consider for remote access? e.g., IEEE2030.5, CSIP-AUS, SunSpec Modbus, or other standards that enable 'bring your own device' access.

Minimum interoperability standards that apply to CER devices should also apply to advanced meters. They should support communication protocols such as SunSpec Modbus or IEEE 2030.5.

What are the new and specific costs that would arise from these options and are they likely to be material?

Costs are not the main issue with a remote access framework for near real-time metering data. These costs are likely to be minimal and materially outweighed by anticipated savings to consumers.

¹⁹ Ibid.

Q17: Regulatory measures to enable innovation in local access to near real-time data sooner

Do stakeholders support the Commission considering regulatory measures for local access to near real-time data? If so, would it be suitable to:

- a) Define a customer's right in access the smart meter locally for specific purposes?***
- b) Outline a minimum local access specification, including read-only formatting and uni-directional communications? Are there existing standards that metering coordinators can utilise, for example, IEEE2030.5, CSIP-AUS, or SunSpec Modbus?***
- c) Codify a process for activating, deactivating, and consenting to a local real-time stream? If so, could the Commission adapt the current metering data provision procedures?***

We commend the Commission for committing to engage with stakeholders to define a consumer's right to local access to near real-time data from the meter. This effort should:

- affirm the consumer's right to access and control the sharing of their metering data, and
- ensure DNSPs, retailers and other defined market participants (such as AMEO) have zero (additional) cost access to the range of specified data required for the efficient, safe, and reliable operation of the system in the long-term interests of consumers. This is based on the recognition that consumers have already paid for the generation of this data through metering related costs.

We strongly disagree with the view that near real-time data capabilities will evolve 'organically' through the existing industry structure²⁰. As we argue above, the existing industry structure creates incentives to monetise consumer's data and actively prevents consumers from accessing and utilising their meter and data for their own benefit. This not only contradicts consumers rights to access and control their own data, but also entrenches arrangements where they pay (multiple times) for the use of their own data, both by themselves and other entities.

Near real-time data capabilities are essential to helping consumers better understand and manage energy costs, coordinating devices behind the meter, responding to dynamic operating envelopes, and optimising the generation and consumption profile of CER assets.

Current access arrangements do not provide these capabilities as they are mediated through the cloud with no mandated timing for the delivery of data. The Commission notes that local access is further complicated by some advanced meters lacking local access ports. This highlights the need for a review of the minimum technical specifications for advanced meters to ensure they are fit for purpose.

Other issues with local access relate to the inability of retailers and metering parties to enable this function. This further demonstrates that the existing industry structure is inefficient and does not contribute to the long-term interests of consumers. Returning responsibilities for metering to DNSPs would eliminate these superfluous relationships and contribute to better data access for consumers.

²⁰ AEMC Review of the regulatory framework for metering services draft report, p. x.

Are there any other material barriers that the Commission should be aware of?

Q18: Addressing short-term cost impacts and ensuring pass through of benefits
Are stakeholders concerned about the risk of short-term bill impacts as a result of the accelerated smart meter deployment? To what extent would the above offsetting and mitigating factors address this risk?

Several measures could reduce the short-term bill impacts of the accelerated deployment. These measures are discussed in greater detail above, but in summary costs could be reduced by:

- Bringing the target date for near-universal deployment forward to 2027
- Restructure the industry around DNSPs lead planning and implementation of the rollout as part of ongoing DNSP responsibility for facilitating metering and data
- Implementing measures to improve consistency of remediation and identify measures to enable the metering provider to help manage and support remediation through standards, guidelines and direct action.

These measures should be accompanied by appropriate consumer information and education on advanced metering to help guide decision-making. This material should be independent, clear, transparent, learnable, accessible, and in plain and culturally appropriate language.

If stakeholders are concerned about residual cost impacts, what practical measures could be put in place to address these risks?

To address the risk of residual cost impacts the Commission should ensure site remediation does not impose upfront costs on consumers and is subject to guidelines and standards that ensure costs are regulated and transparent. We also encourage the Commission to work with metering parties, DNSPs, and jurisdictional governments to develop an appropriate subsidy to assist low-income consumers with remediation costs.

Further engagement

PIAC would welcome the opportunity to work with the AEMC to provide further insights from our consumer advocacy work as the review is finalised. If you have any queries about this submission or would like more information on our research, please contact Douglas McCloskey, Program Director, Energy and Water at dmcloskey@piac.asn.au