

Unlocking CER benefits through flexible trading consultation paper

27 February 2023

Public Interest Advocacy Centre
ABN 77 002 773 524
www.piac.asn.au

Gadigal Country
Level 5, 175 Liverpool St
Sydney NSW 2000
Phone +61 2 8898 6500
Fax +61 2 8898 6555

About the Public Interest Advocacy Centre

The Public Interest Advocacy Centre (PIAC) is leading social justice law and policy centre. Established in 1982, we are an independent, non-profit organisation that works with people and communities who are marginalised and facing disadvantage.

PIAC builds a fairer, stronger society by helping to change laws, policies and practices that cause injustice and inequality. Our work combines:

- 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.

Energy and Water Consumers' Advocacy Program

The Energy and Water Consumers' Advocacy Program works for better regulatory and policy outcomes so people's needs are met by clean, resilient and efficient energy and water systems. We ensure consumer protections and assistance limit disadvantage, and people can make meaningful choices in effective markets without experiencing detriment if they cannot participate. PIAC receives input from a community-based reference group whose members include:

- Affiliated Residential Park Residents Association NSW;
- 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.

Contact

Jan Kucic-Riker
Public Interest Advocacy Centre
Level 5, 175 Liverpool St
Sydney NSW 2000

T: +61 2 8898 6525

E: jkucicriker@piac.asn.au

Website: www.piac.asn.au



Public Interest Advocacy Centre



@PIACnews

The Public Interest Advocacy Centre office is located on the land of the Gadigal of the Eora Nation.

Contents

- 1. Introduction 1**
- Response to questions 2**
 - Q1: Optimising and obtaining value from CER for consumers 2
 - Q2: Existing and future CER products and services 3
 - Q3: Barriers to accessing CER value 3
 - Q4: opportunities for multiple settlement points with one FRMP 4
 - Q5: Engaging multiple FRMPs at premises 4
 - Q6: Models for flexible trading 5
 - Q7: Assessment criteria 6
 - Q8: Competition issues with secondary settlement points 7
 - Q9: Allocating network costs 7
 - Q10: Information and communication requirements for secondary settlement points 7
 - Q11: Potential for limitations applied at secondary settlement points 8
 - Q12: Implementation issues for secondary settlement points 9
 - Q13: Consumer protections 9
 - Q14: Metering requirements for secondary settlement points 10
 - Q15: Minor energy flow meters for use at secondary settlement points 12
 - Q16: Minor energy flow meters for street furniture 12
- 2. Further engagement 13**

1. Introduction

PIAC welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) Unlocking CER benefits through flexible trading consultation paper.

Flexible trading can help enable end users to benefit from more flexible management of aspects of their load, while ensuring ongoing protection of their access to essential energy services. Well-designed flexible trading provisions could help enable a more efficient energy system transition, contributing to improved coordination of consumer energy resources (CER) through the development of virtual power plants and materially reducing maximum demand and the need for new generation.

To realise this potential provisions for flexible trading must be predicated the principle that flexible trading:

- Is optional and 'additional', ensuring that consumers who do not participate are not disadvantaged and retain equitable access to efficient, dependable essential energy services.
- Does not exclude or 'lock out' any consumer from participating because of complexity, limitations at their premises or the imposition of high upfront costs.
- Has minimal impact on existing structures and systems, minimising additional complexity and cost impacts on 'essential energy services'.

PIAC strongly recommends a multi-element (or parallel), single-meter model be adopted. This approach best promotes the principles above, and is preferable to AEMO's proposed 'subtractive metering' model. A parallel or multi-element metering model:

- Allows the second 'flexible' connection to be separate and additional, minimising the impact on the primary 'essential' connection.
- Avoids the complexity involved with allocating network tariffs across multiple financially responsible market participants (FRMPs) by allowing the second connection to be allocated network tariffs based on the marginal cost of the usage at the second point.
- Provides CER aggregators and other service providers more flexibility to develop products and services that meet the needs and preferences of consumers by making the relationship between the FRMPs completely separate.
- Simplifies the relationships between retailers and other providers at the secondary settlement point by keeping them independent.
- Minimises the impact of arrangements required for a secondary connection on consumers who do not engage services at the second connection point.

Well-designed frameworks for flexible trading should provide for consumer rewards for their flexibility without impacting their essential, on-demand energy use. They can support the transition, enhancing market outcomes for consumers regardless of how they engage, and facilitating the efficient integration of CER into the electricity system.

Introducing flexible trading can benefit all consumers by increasing competition and expanding choice around how they manage and engage with their CER.

Providing fairer terms for CER aggregators and other flexible service providers to compete would incentivise retailers to develop products and services that benefit consumers and help contribute to the more efficient operation of the electricity system. Retailers currently have little financial incentive to optimise and coordinate CER and this situation is unlikely to change until flexible resources can potentially be separated and managed independently of the primary load/primary retail relationship.

The remainder of this submission provides more detail regarding PIACs preferred model, in response to the questions posed in the consultation paper.

Response to questions

Q1: Optimising and obtaining value from CER for consumers

What are stakeholders' views on the value that consumers could obtain from their CER, and what incentives may be needed for consumers to take up opportunities that are or may become available?

CER provides value to consumers that own it through bill savings, other financial benefits, and greater security of supply. CER can provide value to all consumers by creating more means for consumer benefit, more flexibility in system operation, greater scope for reduced energy emissions, and lowering system costs through demand response.

Incentives for CER should ensure that take-up of opportunities is retained as a choice for consumers, not a requirement to obtain efficient energy services. The introduction of new services related to CER should prioritise enabling system-wide benefits (such as greater system flexibility, peak demand management and reduction), and seek to provide greater opportunity for consumer benefit for those without CER.

We recommend incentives target efficient integration and coordination of existing CER to ensure public (and not just private) value is derived from these assets. Efficient integration involves ensuring non-CER consumers are isolated from costs related to integration of CER unless or until they engage in services which can benefit from the CER themselves.

Would flexible trading enable consumers to optimise their CER in ways that align with their motivations and preferences?

Flexible trading can provide consumers with opportunities to gain additional value from their CER. While there are some examples of CER optimisation occurring in the market today, the introduction of flexible trading should provide an opportunity to make it easier and more attractive for consumers to engage in flexible energy use. Enabling consumers to take up separate pricing contracts for their flexible devices (or make some devices, such as how water, flexible) improves CER's value proposition and provides more opportunity for it to be utilised efficiently for the benefit of the individual consumer and the energy system.

Is there additional value for residential, small businesses, and C&I consumers that could be optimised by the introduction of some form of flexible trading, including the model proposed by AEMO?

The key value of flexible trading for all consumers is more flexible coordination and orchestration of CER to promote the clean¹ and efficient operation of the power system. Other value streams must not undermine this objective and should contribute to flexible CER and energy use working for all consumers regardless of circumstance or accessibility. 'Additional value' should not be pursued for its own sake where this involves added complexity or increased consumer cost or responsibility likely to undermine the primary benefit of flexible trading arrangements.

Q2: Existing and future CER products and services

Could the introduction of flexible trading create an environment that fosters the development of more innovative products and services that support consumers to optimise and obtain value from their CER?

Introducing flexible trading could address issues with existing arrangements, where retailers have less incentive to optimise behind-the-meter generation or demand management, which comes at direct cost to the revenue from their primary service operation. Properly implemented flexible trading could provide scope for a simple, additional opportunity for innovative products which do not rely on the retail relationship and need not be limited by it. Directly, and by providing greater competition to retailers, this should provide greater incentive for products which benefit consumers and allow consumers to get value from these assets while supporting the power system.

Q3: Barriers to accessing CER value

Does having one connection and settlement point prevent consumers from accessing the full value of their CER?

Retailers, responsible for the single connection point seem reluctant to partner with CER aggregators as their incentives are not well aligned with the interests of consumers (where benefits to the consumer directly reduce revenue from the retailers' primary service offering to the consumer). Where partnerships do exist, retailers exercise considerable influence over how value generated from trading CER is shared, which further limits the value consumers see from these resources and is likely to have curtailed consumer interest.

While a CER aggregator may enter the market directly by registering as an authorised energy retailer, this limits their ability to act as specialist provider of energy services and requires them to engage in 'essential service delivery' unnecessarily. Aggregators and other service providers could offer 'limited' bespoke services that do not impact on a consumers 'essential energy' and provide scope for the consumer to offset the costs of that energy, or benefit in other ways. A single connection point, requiring retail authorisation to engage in any energy service offering to the consumer imposes materially higher regulatory requirements and limits the scope and incentive for the development (and offer) of products and services tailored to CER or a particular flexible resource.

¹ We use the term 'clean' to refer to the proposed inclusion of emissions reduction as part of the National Energy Objective (NEO).

Q4: opportunities for multiple settlement points with one FRMP

Could retailers provide greater value to consumers by adding extra settlement points at premises?

Properly implemented (as a parallel settlement point on a single meter) adding extra settlement points at premises would incentivise retailers to offer CER management and aggregation services. Extra settlement points would lower barriers for specialised CER aggregators to operate in the energy market, encouraging retailers to develop competing offerings or partner with these providers on a more equal basis. That is, consumers would either have access to services which offset the costs of their primary retailer, or have access to better products from their primary retailer to realise a similar benefit.

Current opportunities for flexible trading with one FRMP are limited to controlled load offerings. The Commission notes,

beyond controlled load tariffs for hot water heaters and specific offers for generation (solar panels), we have not observed many offers for consumers to take up different pricing for different parts of their load².

We consider this lack of offers is only partly due to regulatory or physical barriers, but also a result of the disincentive for retailers to manage and/or aggregate flexible resources to manage consumer demand.

Q5: Engaging multiple FRMPs at premises

Should the rules be changed to make it easier for consumers to engage with multiple FRMPs at premises?

We support changing the rules to allow consumers to engage with multiple FRMPs at one site. Multiple settlement points would enhance the value of CER to consumers and the system by providing specific market or network services, including:

- Wholesale energy demand response: through participation in the NEM and responding to energy price signals, CER can help with demand management
- Essential System Services: through providing contingency frequency control ancillary services (FCAS)
- Reliability: through participation in the Reliability and Emergency Reserve Trader (RERT) mechanism
- Network services: such as network support services for distribution networks

All consumers would benefit from the flow-through positive effects of these services through reductions in the wholesale price and improvements to grid security.

Of the challenges identified, would any benefit from a regulatory solution? If so, what are the potential options?

The Commission notes that different FRMPs at one site may have different costs to serve based on the services they provide. Under current arrangements, some services provided at additional

² AEMC Unlocking CER benefits through flexible trading consultation paper, p. 16.

settlement points may not be considered the 'sale of energy' such as managing a consumer's export of PV generated power or using their battery to provide ancillary services.

Providers of these services are currently exempt from complying with National Energy Customer Framework (NECF) requirements. This is unlikely to create an issue in practice as these different obligations relate to differences in the services FRMPs provide. Further, the AER's review of consumer protections for future energy services is likely to expand the scope of the NECF which should provide consumer protections across a greater range of services. We encourage the Commission to consider how the outcomes of this process may impact pricing and service offerings to consumers.

The identified issue of tariff arbitrage would be addressed in PIACs preferred parallel or multi-element metering arrangement was adopted. Under this model each settlement point is subject to discrete network tariffs related to the costs imposed. This would address concerns around consumers switching resources between settlement points since they would continue to pay the marginal cost of their usage, allowing them to potentially 'arbitrage' but not impose any inefficient costs on the network. This arrangement also addresses concerns around FRMPs blocking the uptake of additional settlement points as it removes their ability to do so.

FRMPs require certain data to ensure the system operates efficiently, safely, and reliably. As we outline in other submissions³, this data should be determined and made available to FRMPs for clearly defined purposes relating to that operation at no additional charge. Accordingly, both incumbent and prospective FRMPs should have visibility of the average daily load for all National Meter Identifiers (NMIs) at the related connection point. This would ensure that primary FRMPs are able to effectively hedge for the primary settlement point.

We share the Commissions view on the need for robust consumer protections to guard against the potential dilution of incentive to serve. These protections should be informed by the outcomes of the AER review of consumer protections and the AEMC metering review. If retailers retain responsibility for metering services, additional regulation and protections may be required to ensure prospective FRMPs are not subject to information asymmetries.

Q6: Models for flexible trading

How significant are the challenges to establishing an additional connection point, and are there regulatory changes that could be made to overcome them?

Enabling flexible trading through establishing an additional, separate connection remains impractical and costly relative to other models. Relying on additional connection points raises equity concerns as some consumers may be unable to access flexible trading due to network policy constraints or the need to rewire their premises.

How does AEMO's secondary settlement point proposal compare to the other potential options?

PIAC does not support AEMO's subtractive settlement model and consider parallel or multi-element metering better suited to enabling flexible trading as these models allow FRMPs to take advantage of different network tariffs. AEMOs proposal creates issues around allocating network

³ PIAC submission to AEMC Review of the regulatory framework for metering services draft report, pp. 25-27

charges and assigning network tariffs, and introduces potential complexities (and costs) in the relationship between the primary and secondary points. A parallel model reduces complexities associated with allocating a single network charge across multiple settlement points and provides CER aggregators with more flexibility and independence to develop products and services that meet the needs and preferences of consumers. This model also makes any secondary relationship separate and more able to be retained as an 'additional' relationship, which helps enable greater consumer uptake.

Multi-element metering may be preferable to a parallel metering model given it provides independent control, data monitoring, and consumer device level information. While multi-element meters may have higher initial implementation costs, they address issues related to the need for multiple meters such as physical size, complexity of installation, and maintenance. As such, it may be appropriate to adopt a mixed approach drawing on both multi-element and parallel metering models to minimise cost and complexity involved in taking up flexible trading.

We encourage the Commission to undertake a transparent cost-benefit assessment to aid in the comparison of these models and consider how they may be used in a concert to achieve desired outcomes.

Q7: Assessment criteria

Do you agree with the proposed assessment framework?

PIAC broadly supports the proposed assessment framework using the six criteria of:

- Outcomes for consumers
- Security and reliability of the electricity system
- Principles of market efficiency
- Innovation and flexibility
- Implementation
- Decarbonisation

The assessment framework should include an equity criterion to ensure flexible trading is equally available to all consumers, and/or enables equity in benefits for consumers. The Commission should consider whether additional arrangements are required to protect consumers from being unfairly 'locked out' of flexible trading as a result of network policy, protracted upgrade pathways, or the need for rewiring or other remediation.

Are there additional principles that the Commission should consider as we make our decision, or principles included here that are less relevant?

We support rewarding customers for being flexible in how and when they use energy if they choose and are able to do so. However, pursuing flexibility for its own sake or in the name of 'choice' may undermine basic consumer protections and needlessly complicate the integration of flexible resources. It is crucial that flexible arrangements are clearly implemented as a 'choice', and do not result in consumers who can't or don't wish to engage in flexible arrangements, being worse off (through greater complexity or cost in their access to essential energy services).

Greater flexibility in terms of ‘enabling end users to benefit from their controllable resources in new ways’ should not require consumers to engage with the energy market any more than they already do. Arguably arrangements for greater flexibility should intend to reduce the need for engagement, recognising most consumers purchase CER to reduce their engagement with energy, not increase it.

Q8: Competition issues with secondary settlement points

What are stakeholders’ views on whether the proposal would positively or negatively affect competition between FRMPs in this model (for example through a difference in regulatory costs), and could it cause anti-competitive behaviour?

AEMO’s subtractive settlement model may create competition issues stemming from an imbalance of costs between parties or a competitive advantage to one party over the other. A parallel or multi-element metering model avoids these issues by separating network costs and dispensing with the hierarchical relationship between FRMPs. If accompanied by appropriate arrangements for data access and consumer protections, a parallel or multi-element metering approach could promote effective competition and enhance the value consumers derive from flexible resources.

Q9: Allocating network costs

How should network costs be allocated for premises with secondary settlement points?

PIAC’s preferred approach is to allocate network charges separately across settlement points by using a parallel or multi-element metering model. This has the added benefit of allowing networks to create specific tariffs reflective of the cost of specific services and usage and may allow FRMPs to adopt the network tariff structure that best suits the needs and preferences of their customers and the specific services they are engaging. This approach would keep the primary connection ‘as is’ and retain a single daily connection charge at this point. Any additional settlement points would recover only the marginal costs related to their usage through either energy flow or maximum demand charges.

This may require developing specific network tariffs for secondary settlement points by removing the fixed portion of the charge from existing offerings. We consider this approach better meets principles of market efficiency and avoids the implementation costs associated with allocating a single network charge across multiple FRMPs or developing a bespoke network tariff that can be shared between FRMPs.

Q10: Information and communication requirements for secondary settlement points

What are stakeholders’ views on the need to include provisions in the rules regarding explicit information or communication requirements for secondary settlement points?

PIAC strongly supports extending existing requirements and processes related to notifications, information sharing between parties, metering data flows, and customer enquiry referrals to secondary settlement points. We share AEMO’s view that regardless of the of the approach taken, the following must be part of the proposed model:

- Metering Data Providers (MDPs) at secondary settlement points must provide metering data to the FRMP at the primary connection point for the purposes of both wholesale settlement and network charges.
- Prospective FRMPs must be able to see the average daily load for related NMIs (primary connection points and secondary settlement points), as this will assist in understanding the nature of the consumer's energy usage, the optimum product and service to offer, and the likely impacts relating to network charge allocation.

Even with these provisions, there is an elevated risk of conflicts of interest arising if retailers retain responsibility for providing metering services as proposed in the AEMC's metering review draft report. As we set out in our submission to that process, returning responsibility to DNSPs better ensures relevant parties have visibility of defined essential data at no additional cost and addresses the risks of gatekeeping and monopoly provision of power quality data⁴.

Q11: Potential for limitations applied at secondary settlement points

Is there a need for limitations at the secondary settlement point?

We acknowledge that limiting the types of resources that can be connected to a secondary settlement point would help manage the prospect of increased complexity, reduce the potential for consumer confusion and harm, and provide clarity on roles and obligations to market participants, end users, ombudsman, and regulators.

Should the Commission choose to adopt such limitations we recommend this be done on the basis of load type rather than total allowable capacity. We share AEMO's view that limitations should 'be flexible to accommodate new technologies and services' and consider their proposed limitation on 'resources unsuitable for third party control' reasonable. This should exclude critical resources such as the supply to emergency lighting, life support equipment, and bilge pump installations. Conversely, controllable resources may include electric vehicles, pool pumps, hot water heating elements, battery storage systems, and solar PV systems. Further limitations on the scope and level of control of any resource, the interaction between flexible and essential energy services and how consumers can be protected from any potential harm should be further addressed in reformed consumer protections being considered in the AER process.

If so, how could these be applied? What are your views on doing so using requirements for the metering coordinator as proposed by AEMO?

These limitations should be implemented via an amendment to the National Electricity Rules (NER) that establishes specific exclusions to provide relevant parties with clarity on their responsibilities and regulatory obligations.

The proposal for metering coordinators to address specific considerations and seek authorisation from AEMO regarding the resources they intend to connect is a reasonable intermediary measure. The outcomes of the metering review should guide the Commission's implementation considerations as it may be more efficient for DNSPs to manage the approval process.

⁴ Ibid.

Q12: Implementation issues for secondary settlement points

How should the NMI for a secondary settlement point be established?

It is not clear why existing arrangements under which the FRMP applies to the local network service provider (LNSP) for a NMI are not suitable for secondary settlement points. Once a meter can accept a secondary settlement point the LNSP could simply duplicate the NMI and append a character to the secondary to denote the new settlement point (that is, NMI and NMIb). We consider this option preferable to the creation of a new role to manage the creation and maintenance of secondary settlement points in terms of both cost and complexity.

How could market settlement be best enabled for secondary settlement points? Would subtractive settlement lead to issues in practice, for either the primary or secondary FRMP?

Subtractive settlement creates issues around allocating network costs due to primary NMI metering data also including flows of energy for which the primary retailer is not responsible. This may lead to double counting, overcharging, and disputes amongst participants. As such, we consider a parallel or multi-element metering model more appropriate for flexible trading.

Do stakeholders support AEMO's proposed approach to settlement for periods of grid isolation? Are both physical and regulatory restrictions required to address this issue?

We share AEMO's concern that the use of CER as a back-up source of supply during periods of grid isolation could give rise to settlement anomalies resulting in the settlement process accounting for energy that was not traded on the market.

We support the proposal to address this issue by requiring that metering installations at secondary settlement points include configuration requirements for measures to ensure any back-up energy flows in the customer's electrical installation during a grid outage are not able to flow through the secondary settlement point.

While AEMO's approach is reasonable, this arrangement could be simplified by returning responsibility for metering to DNSPs. This would avoid the need for further accreditation and creation of complex relations as DNSPs are already well positioned to mitigate settlement anomalies during periods of grid isolation given their existing visibility of the network and energy flows.

Should the rules forbid the use of embedded networks to establish secondary settlement points within an end user's electrical installation?

PIAC supports forbidding the use of the embedded network framework to establish flexible trading.

Q13: Consumer protections

What are the potential consumer risks and protections required under AEMO's proposal for secondary settlement points, and should they be handled as proposed by AEMO?

The current 'sale of energy' trigger under the NECF is likely to create gaps in consumer protections related to services provided at secondary settlement points. Given the ongoing review

of consumer protections we encourage the Commission to work with the AER to consider whether introducing secondary settlement points would create a need for broader reform.

Consumers should be notified of existing secondary settlement points when they move into a new home and be provided the option to either engage a retailer for the entire premises as though there were no secondary settlement points, or to activate the existing secondary settlement points by entering into contracts either with a single or multiple FRMPs. That is, they should not be required to activate the secondary point, and it should be dormant by default.

Where the consumer moving out does not notify the FRMPs they held contracts with for services at secondary settlement points, and the consumer moving in does not immediately (or prior to move-in) contact a primary FRMP, market contracts should not transfer to the new resident without their explicit informed consent. The details of these arrangements and required protections should be further explored in the AER review of consumer protections.

We support AEMO's proposal to amend the NER to specify that FRMPs for secondary settlement points would only be responsible in the wholesale market for energy used at the relevant secondary settlement point if that FRMP has the consent (via contract) of the consumer who owns the relevant CER.

We do not consider current provisions for de-energisation in the NECF appropriate for secondary settlement points given they currently only apply to the sale of energy. We recommend de-energisation protections be applied to secondary settlement points regardless of the service provided. The FRMP at the secondary settlement point should only have the ability to deactivate, not de-energise, the point.

We support the proposal to prevent connecting life support equipment to a secondary settlement point.

In the case where a FRMP providing services at a secondary settlement point fails the NMI should be deactivated and the resources at that settlement point should become part of the load at the primary settlement point. We consider this approach preferable as it provides a consistent response regardless of whether the FRMP is a retailer and does not create additional and unnecessary trading relationships.

The default market offer (DMO) should apply only to standard retail contracts at the primary (essential) settlement point.

Q14: Metering requirements for secondary settlement points

Are current NEM metering installation requirements likely to limit the uptake of secondary settlement points and the associated benefits?

Existing metering requirements are likely to pose barriers to the take up of additional settlement points. As outlined in our response to question 6, current requirements for meters create limitations including physical size, complexity of installation, and maintenance that prevent uptake and/or increase the cost of establishing a secondary settlement point. A multi-element metering model could address some of these issues and should be considered in conjunction with AEMO's proposal for minor energy flow meters.

If changes are needed, what minimum requirements need to be set in the NER for market participation and settlement at secondary settlement points?

We strongly support AEMO's proposals to alter minimum requirements for meters at secondary settlement points. Current NER metering requirements for residential customers are impractical and costly to implement within flexible trading models and the mandatory features of a typical type 4 metering installation are unlikely to provide any material benefit to the end-user or market participants over and above what they derive from their primary meter.

To this end, we encourage the Commission to give AEMO discretion to accept data from measurement devices not attached to the connection point, such as inverters, which may provide more accurate and granular data than that provided by a meter.

We consider the requirement for a display unnecessary for meters at the secondary settlement point. Information traditionally displayed on the meter should be accessible via an alternative source (i.e. a laptop, in-home display unit, smartphone app) and consumer access to this data should be recognised and protected under the Consumer Data Right.

Metering installations at secondary settlement points should be exempt from minimum service specifications (MSS) including:

- remote disconnection service
- remote reconnection service
- remote on-demand meter read service
- remote scheduled meter read service
- meter installation inquiry service, inclusive of supply status, voltage, current, power, frequency, average voltage and current, and events that have been recorded in the meter log like information on alarms
- smart meter reconfiguration service

Power quality data required under the metering installation inquiry service is unnecessary for metering installations at secondary settlement points as the LNSP will not have a direct connection to the secondary settlement point. Likewise, to the extent that a secondary settlement point needs to be deactivated, this could be achieved without remote de-energisation. Instead, the secondary settlement point's NMI could be deactivated with the load defaulting to the primary settlement point.

Metering installations at secondary settlement point must support remote communications to allow for the types of settlement intended. As such, they should have the same connection requirements as a traditional type 4 metering installation, and the concessions in clause 7.8.4 of the NER should not extend to minor energy flow metering installations. The potential equity issues arising from the reliance on remote communications (for instance in regional areas where remote comms may not be supported) should be explored further as part of assessments of the likely benefit for any implementation of flexible trading reforms.

Accuracy and data requirements for secondary settlement point meters should remain unchanged and comply with five-minute settlement.

Should changes be made to the accreditation and registration of metering providers and metering data providers for secondary settlement points?

While we agree on the need for accreditation and registration requirements to ensure metering providers demonstrate capability and competency specific to secondary settlement point metering installations, the proposal to create a new metering provider category further complicates the roles, responsibilities, and relationships governing the existing industry structure. These arrangements could be simplified by returning responsibility for metering to DNSPs and allowing them to undertake prescribed behind-the-meter work related to secondary settlement points.

Q15: Minor energy flow meters for use at secondary settlement points

Should the requirements that apply to type 4 metering installations be amended to create a new minor energy flow metering installation, or are there more flexible regulatory approaches to enable market settlement for secondary settlement points?

PIAC supports AEMO's proposal to amend the requirements that apply to type 4 metering installations as discussed above.

What different obligations will need to be placed on metering providers and metering data providers for minor energy flow metering installations? Should these obligations be set out via AEMO's proposed approach of new categories in the NER?

As we note in our response to question 14, the current industry structure for metering is not fit for purpose and impedes progress on a range of reforms required for a more dynamically managed energy system. Returning responsibility for metering to DNSPs would eliminate the need to introduce new categories of metering providers and metering data providers as proposed by AEMO.

What would be an appropriate inspection and testing regime for minor energy flow metering installations?

We support updating the inspection and testing requirements in NER schedule 7.6 to provide further clarity regarding the ability of relevant parties to propose bespoke arrangements for the testing and inspection of metering devices, technologies, and systems (among other administrative changes). These requirements should set a baseline expectation for the inspection and testing of metering installations and should draw on the recommendations of the metering review.

Q16: Minor energy flow meters for street furniture

Should minor energy flow meters be able to be used for street furniture?

PIAC supports extending the use of minor energy flow meters to other connection arrangements that are currently unmetered. These include:

- street lighting, traffic lighting, advertising lighting and bus shelter lighting
- publicly provided park hotplates/barbecues
- telecommunications equipment kiosks
- in the future, potentially electric vehicle charging points
- legacy connections for some end users within embedded networks

The use of minor energy flow meters for street furniture would introduce access to competition, reduce barriers to entry for new technology, provide incentives for energy efficiency, and improve the accuracy of energy settlement.

If so, should DNSPs be allowed to act as metering coordinator, metering provider, and metering data provider for street furniture under certain circumstances?

DNSPs are best placed to act in the roles of metering coordination, metering provider, and metering data provider for street furniture if minor energy flow metering is permitted for these installations.

2. Further engagement

PIAC would welcome the opportunity to work with the AEMC to provide further insights from our consumer advocacy work as the rule change is finalised. If you have any queries about this submission or would like more information on our research, please contact Jan Kucic-Riker, Policy Officer, Energy and Water at jkucicriker@piac.asn.au