



Meter installations — advanced meter communications

Final rule determination published

The Australian Energy Market Commission (AEMC) has made a final rule that allows a metering coordinator to deactivate the communications on an *installed* type 4 meter, converting it to a type 4A meter.

Competition in Metering Rule

In 2015, the Commission made the *Expanding Competition in metering and related services* final rule (Competition in Metering Rule), which involved significant amendments to the National Electricity Rules (NER) and the National Energy Retail Rules (NERR).¹ Commencing on 1 December 2017, the new rules introduced a competitive framework for metering services, and the roll out of advanced electricity meters, in the NEM. The rule helps consumers benefit from the new ways that they can monitor and manage their electricity consumption. These benefits stem from cost reflective pricing, better information and data, better network services, better retail services and new products and services.

The rules sought to facilitate the market-led deployment of advanced electricity meters. Advanced meters differ from the typical accumulation (type 6) and interval (type 5) meters as that must be manually read and do not provide the high level of detailed data and services that an advanced meter provides.

The Commission anticipated that consumers would drive the uptake of advanced meters, and industry innovation, by choosing the new products and services facilitated by the advanced meters. Retailers can also roll out advanced meters where they see service benefits and efficiencies (such as cost savings from remote meter readings).

Progress on metering contestability

Over 500,000 small electricity customers in the NEM (excluding Victoria) now use advanced meters. These advanced meters are a key foundation for the transformation of the energy market. Customers can better understand and control their electricity use and costs, and access new services. The meters are also a pre-requisite for implementation of cost-reflective tariffs, which will deliver savings for consumers. The take-up of advanced meters to date has generally been driven by consumer choice, not regulation. Smart meters are now being generally provided by retailers at no upfront cost.

Final rule determination details

Under the old rule, if a customer has an advanced meter and wishes to have the meter's communications deactivated, they have to go through a complex meter exchange process. This new rule change allows metering coordinators to deactivate the communications on the installed advanced meter using a simpler and less costly process.

The Commission's final rule determination is consistent with the solution proposed in the Australian Energy Council's (AEC) rule change request. We have also listened to stakeholders' views and incorporated a requirement for customers to be given information on the cost and practical implications by their retailer, so they can make an informed decision when choosing to deactivate their meter. This inclusion, which was not in the AEC proposal, as well as additional drafting changes to reflect the original policy intent of the Competition in Metering Rule mean the Commission is making a more preferable final rule (final rule).

¹ See: AEMC, *Expanding competition in metering and related services*, Final Determination, 26 November 2015, Sydney.

Key features of the rule

The key features of the final rule are that it:

- **Adopts the core element of the proposed AEC rule change** — allowing metering coordinators to deactivate the communications on an installed type 4 meter when a small customer objects to its continued use.
- **Clarifies the original policy intent of the clause** — that accepting a small customer's objection to the use of a type 4 meter is at the discretion of the metering coordinator. The way the rule is currently expressed in clauses 7.8.4(d)-(i) of the NER means this policy position, from the Competition in Metering Rule determination, may not be clear to all parties in their interpretation of these provisions.
- **Imposes an information provision obligation on metering coordinators as a precondition to acceptance of a customer refusal** — a metering coordinator may only accept a small customer's 'refusal' if they have evidence the retailer has given that customer information on the:
 - upfront charges and likely ongoing charges associated with a type 4A meter payable by the customer
 - similarities and differences between a type 4 and a type 4A meter.

Benefits of the final rule

The final rule will, or is likely to, contribute to better outcomes for consumers in the longer term through both price and consumer value of metering services. The final rule is expected to:

- Decrease costs to the individual customer for the provision of a type 4A meter by allowing an installed type 4 meter at a small customer's premises to be converted into a type 4A meter. This has been estimated by the AEC to be three to five times lower than the current process of a meter exchange.
- Provide cost savings for metering coordinators, retailers and jurisdictional ombudsmen by reducing the likelihood of small customer complaints. This reduction in complaints is expected to occur as the final rule replaces currently complex requirements to deal with customer refusals of an installed type 4 meter, through a meter exchange process, with a simpler, clearer and more flexible process.
- Uphold the goals of the Competition in Metering Rule that enacted clause 7.8.4 of the NER to enable customer choice. The Competition in Metering Rule aimed to embed a framework that would promote investment in advanced meters and thereby deliver services valued by consumers at prices they are willing to pay. Consistent with that policy goal, the final rule creates a more flexible process that allows an individual customer to decide the level of service they desire at a price they are willing to pay (including where the customer refuses the communication on a type 4 meter and is prepared to pay a premium for manual meter readings).

Commencement of the final rule

The commencement of the final rule is **Monday, 1 July 2019**. The commencement date proposed at the draft rule determination stage (commencement on date of publication) has been delayed to allow for retailers and metering parties to be able to requisite changes to their commercial arrangements and contracts, if required.

For information contact:

Advisor, **James Hyatt** (02) 8296 0628

Director, **Jackie Biro** (02) 8296 0606

Media: Communication Director, Prudence Anderson 0404 821 935 or (02) 8296 7817

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