

REVIEW OF THE REGULATORY FRAMEWORK FOR METERING

REFERENCE GROUP

MEETING #1
30 MARCH 2021

Purpose of this document

AEMC staff have developed this slide pack to inform discussion at the Reference Group. Please note that the thinking and views contained in this paper is indicative and has been developed by AEMC staff for consultation purposes only, and is therefore subject to change.

Agenda

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1. Introduction, protocols and the Reference Group membership
 2. Summary of stakeholder feedback to the consultation paper
 3. Discussion on proposed areas of focus for this stage of the review
 4. Future meetings and next steps
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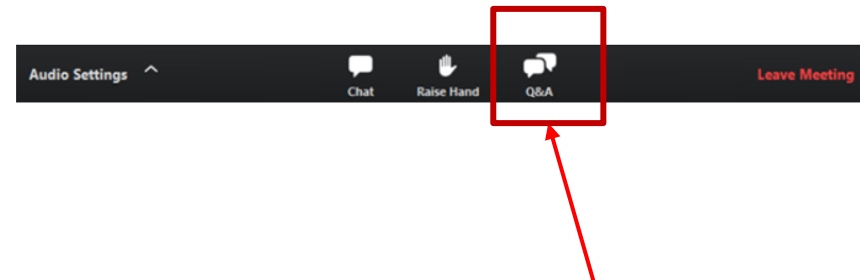
INTRODUCTION

PROTOCOLS AND MEMBERSHIP



Online Reference Group house keeping

- As you enter the Zoom call, your microphone will be muted. We ask that it remains muted for the majority of the call, except when called upon.
- Video is optional, but having it turned off helps with bandwidth performance and minimises distractions.
- We also ask that you utilise the Q&A function on the side for any questions or comments you may have. There is time allocated for facilitated discussion.
- Be respectful of all participants and the process.



If you would like to ask a question, or make a comment, please use the Q&A function.

Before we start, an important notice: Compliance with Competition Law

- The Reference Group must not discuss, or reach or give effect to any agreement or understanding which relates to:
 - Pricing
 - Targeting (or not targeting customers)
 - Tendering processes
 - Sharing competitively sensitive information
 - Breaching confidentiality obligations

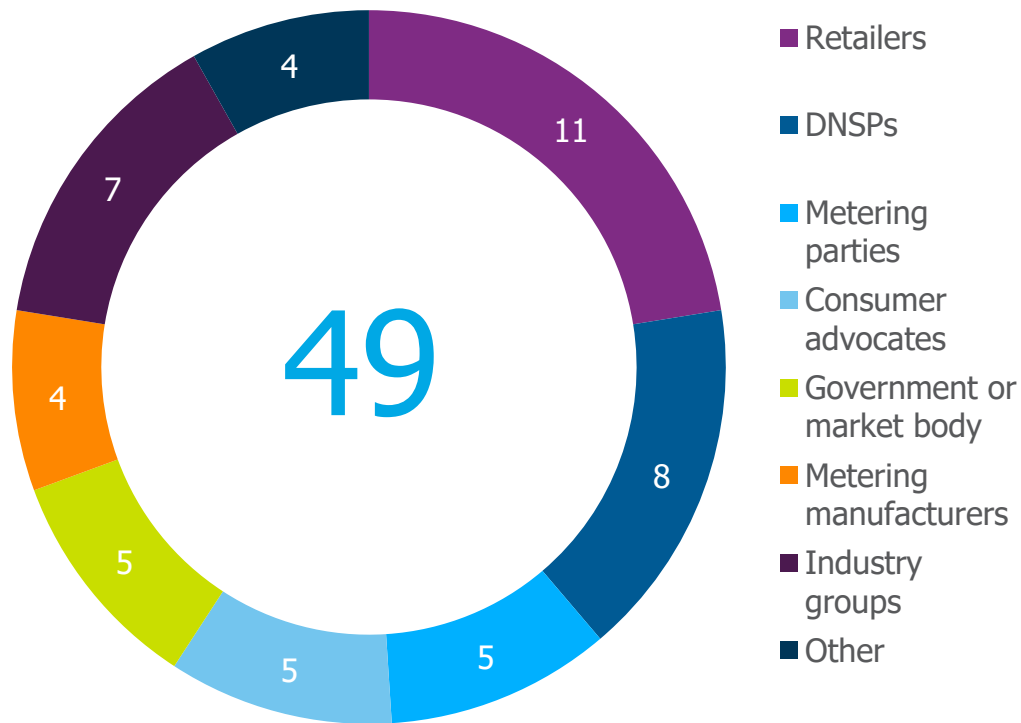
Each entity must make an independent and unilateral decision about their commercial positions.

The AEMC project team

MEMBER	ROLE
Ed Chan	Project Sponsor
Alisa Toomey	Project Lead
Ben Bronneberg	Project Lawyer
Orrie Johan	Project Team Member
Mitch Grande	Project Team Member
Lisa Fukuda	Project Team Member

Our Reference Group has a great representation across the industry

- 49 different organisations or groups represented.
- 61 members across the industry.



The members are representing the following organisations / groups – slide 1

ACOSS	Bright Spark Power	Electrical Trades Union	Evoenergy
ActewAGL	Citipower, Powercor & United	Endeavour Energy	Horizon Power
AGL	Clean Energy Council	EWON	Intellihub
AMS International Technologies	DNRME QLD	Energy Market Matters	IPART NSW
Aura Energy	DPIE NSW	Energy Networks Australia	Landis + Gyr
Ausgrid	Dept. State Growth Tas	Energy Queensland	Locality Planning Energy
Australian Energy Council	Dr Martin Gill	EnergyAustralia	Macquarie Bank
AEMO	EDMI	Enova Energy	Metlogic

The members are representing the following organisations / groups – slide 2

NECA	SA Power Networks	Shell Australia	Uniting
Origin Energy	SAPN Connections Working Group	Simply Energy	Vector
PlusES	SATEC	TasNetworks	VRT Systems
PIAC	Secure Meters	Telstra	Yurika
Red Energy/ Lumo Energy			

HOW WILL THE REFERENCE GROUP WORK?

Why are we having a Reference Group?



Facilitate a collaborative approach to the metering review



A consultative platform to discuss and stress test policy recommendations



Help inform your submission to the draft report

Meeting logistics

- **How often:** Every 4-6 weeks.
- **Slide circulation:** Slides will be circulated a few days prior to meeting. These remain confidential until we publish them.
- **Input and feedback:** Discussion and feedback in meetings. If participants are unable to attend, please send through input via email.
- **Recording:** Meetings will be recorded for the purposes of taking minutes. They will not be published.
- **Formal submissions:** Expressing views through the Reference Group is not a substitute for a written submission.
- **Minutes:** Slides and high-level minutes of each meeting will be published after the meeting. Minutes will not attribute views expressed at a meeting to specific participants.

Sub-groups are needed to focus on specific issues

- The areas of focus for the sub-groups will be determined based on the outcomes of today's discussion
- Purpose
 - Work through issues
 - Develop and test policy positions
- Broad representation, but number limited
 - We will ask for nominations
- Sub-groups meetings will be held between each Reference Group meeting and will report back to the full Reference Group

Four areas of focus

- Informed by submissions
- Keeping an open mind, and starting with what we have now

Our starting premise

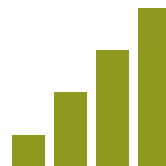
- Smart meters can
 - deliver benefits to consumers – at both individual level and as a whole
 - support the transition to a more decentralised system.
- A critical mass of smart meters needs to be deployed in order to realise benefits
 - provide equity for all consumers
 - enable the future market.



Consumer experience



Metering services



Roll out



Roles & responsibilities

SUBMISSION SUMMARIES

CONSULTATION PAPER

We received 52 submissions to the consultation paper

Group	How many?	Who?
Retailers	13	AGL, EnergyAustralia, Origin, Alinta, Powershop, Aurora Energy, Enova Energy, Energy Queensland*, Momentum, ReAmped, Bright Spark Power, Simply Energy, Red Energy/Lumo Energy.
DNSPs	9	SAPN, Endeavour Energy, Essential Energy, Energex, Energy Queensland*, CitiPower/Powercor /UnitedEnergy, Ausgrid, TasNetworks, Horizon Power.
Government and market bodies	4	AEMO, AER, IPART, SA Department for Energy and Mining.
Ombudsmen	3	EWOQ, EWON, EWOSA.
Consumer groups / advocates	5	ACOSS, ECA, PIAC, NICE, Dr Martin Gill.
Industry, peak bodies	4	ENA, AEC, CEC, NECA.
Metering bodies	12	VRT Systems, Secure Meters, PLUS ES, SATEC, Metlogic, Intellihub, Vector, ASM International, Powermetric, Energy Queensland (Yurika)*, EDM, Landis+Gyr.
Other	4	SolarAnalytics, Gridsight, Private Individual – G. McEntee, Private Individual – J. Thompson.

*Energy Queensland provided one submission, but it has retail, distribution and MC businesses, which are noted in the breakdown

Submissions have provided 4 core focus areas as well as smaller issues

Consumer experience

- Consumers were not generally engaged with smart meters or the benefits they can bring
- Poor consumer experiences due to the regulatory framework's complexities and divided roles and responsibilities

Metering services

- Direct benefits to consumers: enabling management of energy consumption and different billing cycles
- Whole-of-system benefits that benefit consumers as a whole: enabling DNSPs to operate their networks more efficiently

Roll out

- The smart meter roll out is not proceeding quickly or efficiently enough to maximise the benefits for all consumers and industry

Roles and responsibilities

- Current metering framework is complex, requiring extensive coordination between many parties.
- Suggestions that included changes to streamline the metering framework, facilitate coordination and cooperation and standardise processes

CONSUMER EXPERIENCE

Delivering for consumers



Customers generally do not think about, nor overtly value, metering

- Some stakeholders considered that consumers do not appear to see the value of smart meters. Possible reasons included:
 - limited incentives for consumers to obtain a smart meter
 - insufficient awareness and promotion of smart meter benefits and availability
 - the benefits that drive customers to obtain smart meters do not come from the smart meter itself
 - a perception by some consumers that smart meters are being “forced” on them.
- A small number of stakeholders expressed the view that consumers are increasingly embracing smart meters.



Consumers do not seem to value smart meters highly enough to drive a rapid roll out

Consumers find it increasingly complex, and some benefits haven't eventuated

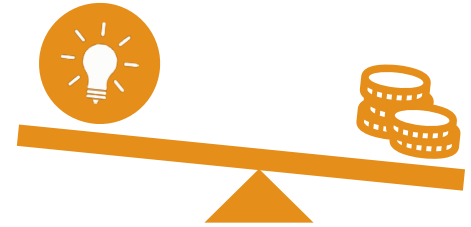
- Stakeholders were of the view that the overall consumer experience has **not improved under the new framework**.
- They also considered that **complexity** of the metering framework has increased.
- Metering installation or replacement **delays worsened** - with some improvement from recent rule changes.
- Issues remain around:
 - asbestos and shared fusing
 - data usage, provision and access
 - availability of new products and services that leverage the capability of smart meters.



**Customer experience has
not generally improved**

METERING SERVICES

Services that meter should enable



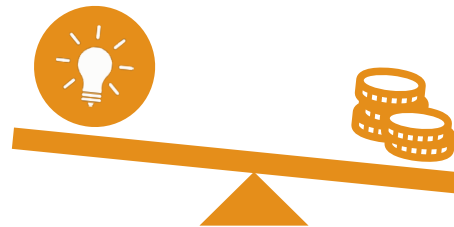
The metering framework hasn't provided the degree of services expected

Stakeholders **expected more services**.

Submissions indicated that service provision above the minimum service specification is not occurring at scale.

Some barriers were seen to **limit innovation** and the provision of benefits. Stakeholders suggested that:

- Current incentives and the regulatory framework may **inhibit service and product offerings**, including how costs are allocated.
- Difficulties in **communication** and in **contracting** for services, possibly impacted by bargaining power, including difficulty in securing ongoing arrangements.
- **Consumers** appear to **have low appetite** for additional services beyond billing related functions.



Meters should enable and facilitate service provision for consumer and system value

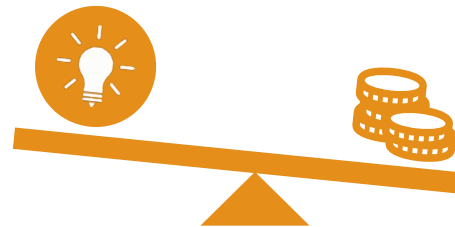
Most stakeholders recognised the importance of data access and use

Data was seen to **underpin** the provision of services and products.

However, stakeholders expressed frustration in accessing data, including:

- Development of commercial agreements for **ongoing access** to data, especially network data by DNSPs.
- Uncertainty around processes, roles, responsibilities for **data above minimum requirement**.
- Perceptions of **market power** and control over data access.
- **Low accessibility** for consumers who request data.

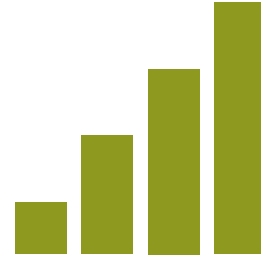
It was suggested that meters are being **underutilised**: data and capabilities latent in meters can enable innovation.



Data is a critical means for a proficient market, providing extensive benefits

METER ROLL OUT

Driving the roll out of smart meters



A timely critical mass of meters is required in the NEM

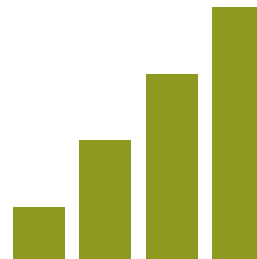
Under current arrangements, many stakeholders view the roll out as **too slow and inefficient**.

Overall, views ranged from the roll out being **within expectations** to being complex, difficult and **ad hoc**.

Many considered a critical mass is required to deliver greater consumer outcomes and provision of services.

Stakeholder submissions identified possible **barriers to reaching a critical mass**, such as:

- on-site issues,
- low retailer-led roll outs
- low family failure and malfunction rates
- split incentives
- lack of harmonisation of regulatory requirements.



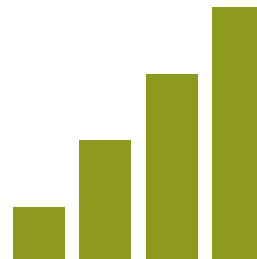
Meters are a key enabler of market advancement, benefiting from critical mass

Overall, stakeholders think the roll out of smart meters could be accelerated

Many stakeholders suggested ways to expedite and improve the efficiency of the roll out, such as:

- A penetration **target**, benchmarks, quotas, or an end date for the roll out.
- **Additional triggers** for installations or replacements.
- Addressing complexities in **roles and responsibilities**, inclusive of aligning incentives and cost allocations.

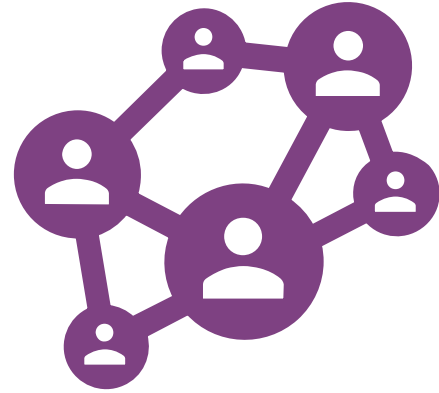
A critical mass of smart meters was also considered important for **future market** reforms.



Accelerating the roll out
requires the right
incentives and backing

ROLES AND RESPONSIBILITIES

Untangling ...

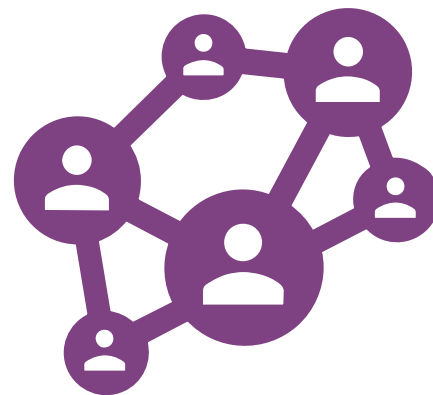


Coordination and cooperation need improving, and complexities need alleviating

Stakeholders considered that roles and responsibilities under the metering framework are **complex** - often to the **detriment of the consumer experience**.

Issues raised by stakeholders included:

- challenges in the efficient **coordination** of meter installation
- challenges in the development of **commercial arrangements** between different parties
- **risk and cost allocation** in relation to installing meters
- confusion in the process for customers; it is sometimes **unclear who is responsible** and who the customer should contact.



Split incentives, unclear accountabilities: the framework is complex

Stakeholders suggested looking at roles and responsibilities

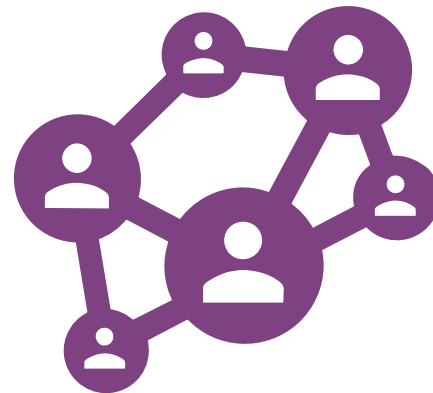
Suggestions were provided by stakeholders to:

- Improve **coordination**
- **Clarify** roles, responsibilities and rights, including for data.
- **Increase flexibility** within and between roles.

Stakeholders looked to improve efficiency, including by:

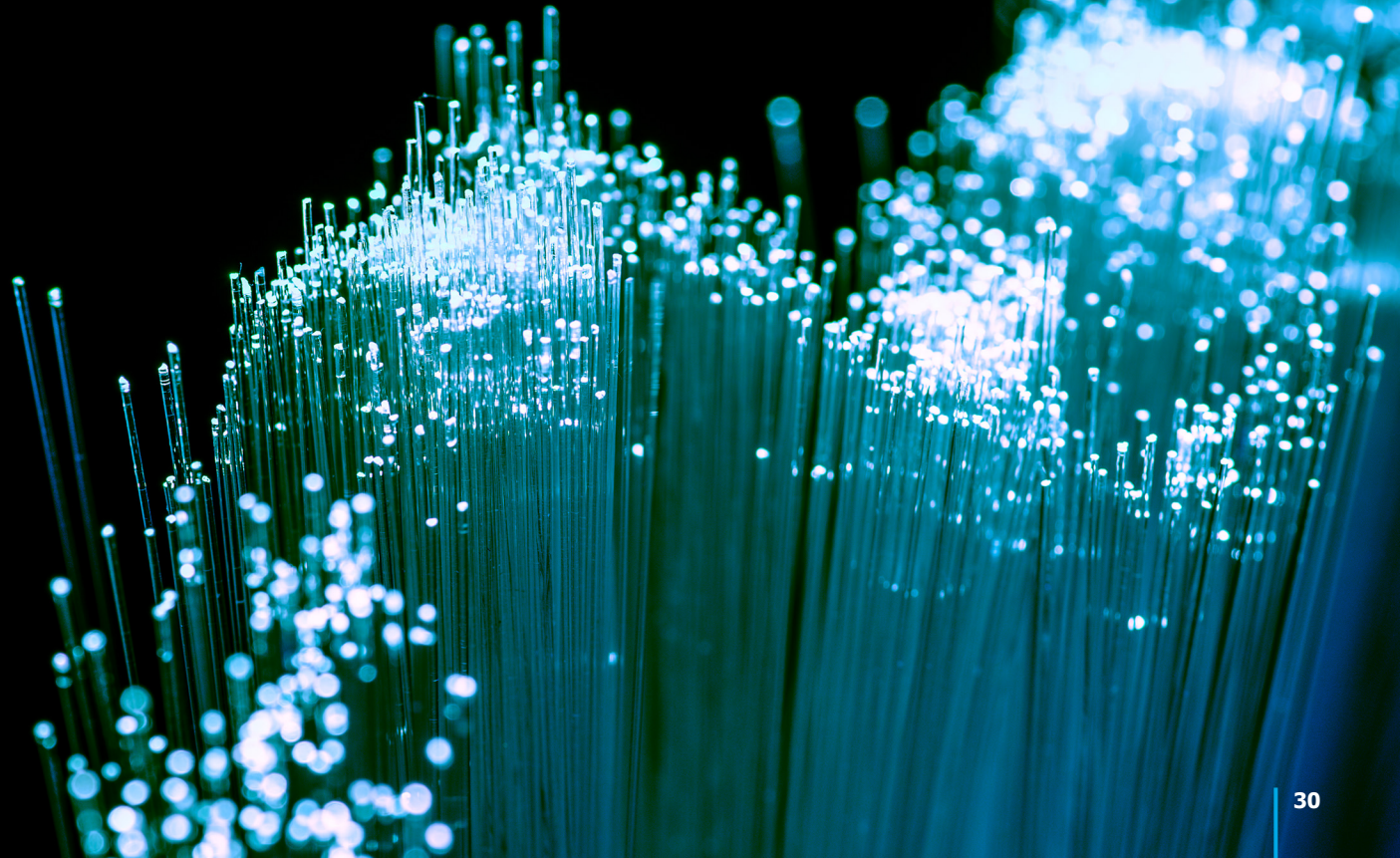
- more **transparent information** between parties
- **harmonisation** of communication channels and information formats
- addressing **market power** issues.

It was recommended that **potential changes** account for other **emerging market opportunities**, such as virtual power plants, a two-sided market and the consumer data right.



**Improved coordination
was recommended by
many stakeholders**

AREAS OF FOCUS



Delivering for the consumer

To ensure the metering framework delivers positive outcomes for consumers, we will consider:

- the drivers of the roll out,
- how to best deliver positive metering outcomes for consumers,
- what we want meters to do.

Our initial areas of focus include:

- research into **what consumers want** in relation to energy – and how meters fit in
- Impacts of structural **complexity**
- Ways to improve **coordination** and cooperation.

Clarification on **process** of obtaining a smart meter, including improving efficiency, transparency and accountability is required.



What do customers want in relation to energy, and how do meters fit in?

Services that meters should enable

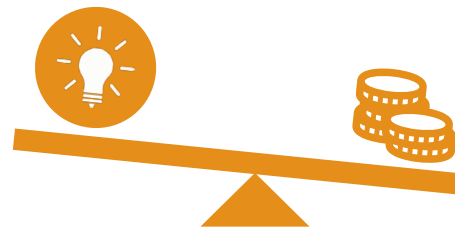
What **arrangements** are needed to **enable** the delivery of **electricity services** in a timely and efficient way? And how should meters be involved?

Data has been identified as a critical tool for the efficient functioning of the market, but we clarify on:

- the **type** of information that is needed
- **who** requires access to data, and **how**
- whether smart meters are the **most appropriate way** for that information to be collected.

Other areas we may explore include:

- Whether there any differences between **individual benefits and public benefits**.
- Whether there are **other issues** which may impact the delivery of services as intended.



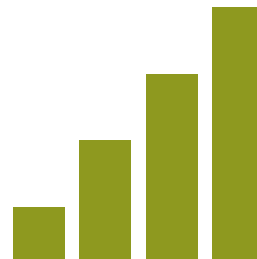
What services can meters facilitate and how should the framework enable this?

Driving the roll out of smart meters

Determining what amendments to the current framework are required to **better support** a timely, efficient and effective roll out of smart meters.

- At the **rules level**, looking at issues around:
 - coordination, roles and responsibilities
 - issues with incentives and efficiencies on deployment and replacement.
- At the jurisdiction level, there are **issues at premises level** that impact the roll out which may benefit from a coordinated effort to resolve. For example, dealing with asbestos, wiring issues, etc.

Exploring **options** for reaching a **critical mass** of smart meters more efficiently.



**The framework should support
a timely, efficient and effective
roll out**

Untangling roles and responsibilities

To determine **recommendations** on roles and responsibilities we need clarity on:

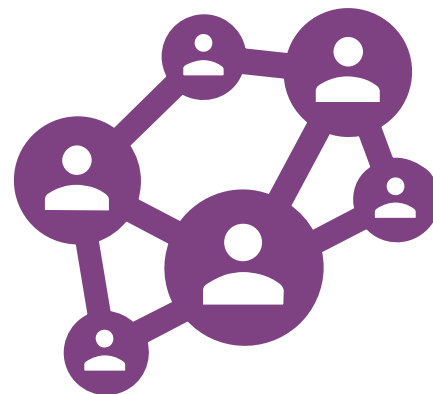
- the drivers of the roll out
- how to best deliver for consumers
- what we want meters to do.

Our initial areas of focus are:

- looking at **structural complexity**
- improving coordination and cooperation
- **clarification** of the process of obtaining a smart meter.

Areas for further consideration include:

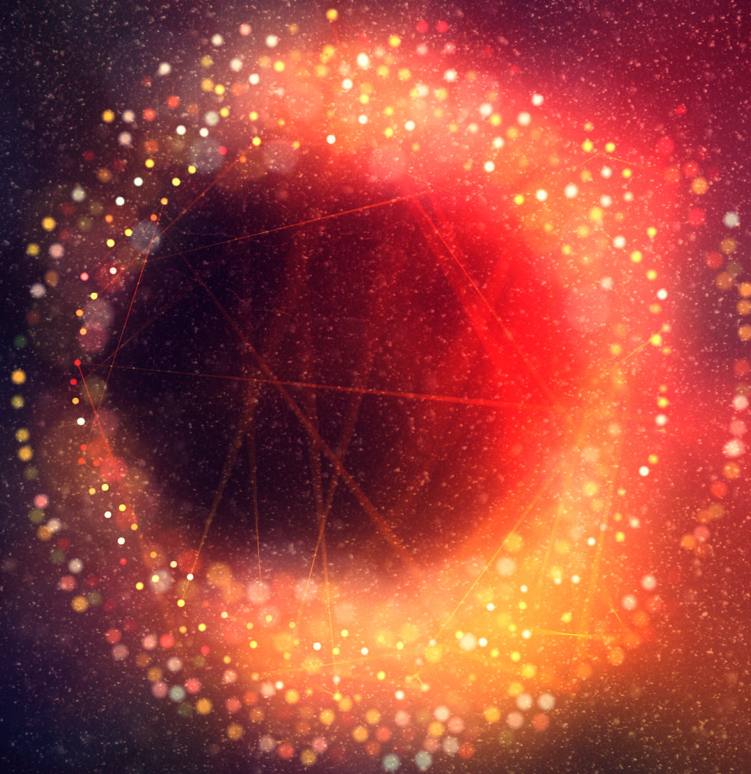
- avenues for **communication**
- clarity of **accountabilities**
- **access** to, and **responsibility** for, the provision of services
- streamlining of **functions**.



Clarity and improved efficiency around roles and responsibilities

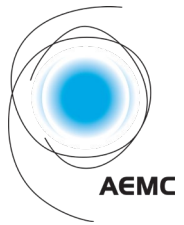
NEXT STEPS

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Next steps are sub-groups and working towards the draft report

- The second full Reference Group will be held in 4-6 weeks – date to be confirmed shortly.
- Sub-group areas of focus will be determined after this meeting, with a list of the areas and the process for nominations to be sent to all members.
- Nominations will be reviewed with an emphasis of broad representation in all sub-groups.
- First sub-groups to be held mid-April.
- Bilateral discussions with the AEMC are continued to be welcomed.



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