POWERMETRIC

Thursday, 11 February 2021

Ms Alisa Toomey
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Ms Toomey

RE:EMO0040 – Review of the regulatory framework for metering services, consultation paper

Powermetric welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) review of the regulatory framework for metering services.

About Powermetric

Powermetric Metering Pty Ltd (Powermetric) is an Australian Electricity Market Operator accredited Metering Coordinator (MC), Metering Provider and Metering Data Provider operating in Australia's National Electricity Market. Powermetric, which is wholly-owned by ERM Power Limited, a subsidiary of Shell Energy Australia Pty Ltd (Shell Energy), offers a range of products and services including installation, testing, maintaining and reading type 2-4 meters for corporate, government and industrial electricity customers. Powermetric delivers smart metering to business energy users across Australia. We work with industrial and commercial businesses, energy brokers and retailers and embedded network providers.

http://www.powermetric.com.au
https://www.shell.com.au/business-customers/shell-energy-australia.html

General Comments

Powermetric supports the development of an innovative energy market where customers are empowered, and energy regulatory frameworks keep pace with intelligent digital efforts fostering the energy transition. We welcome the AEMC's review into the regulatory framework for metering. We consider this is timely to ensure the metering regulatory framework efficiently and effectively supports market participants, new technological advancements, and new cost-effective products and services for small customers.

Advanced metering has allowed large energy customers to benefit from a range of energy management solutions that empower them to make more informed choices about their energy use. It was Powermetric's expectation that with the commencement of competition in metering in December 2017 we would see similar benefits extended to small business customers. We anticipated new opportunities for our meter and meter data provision. However, these benefits and opportunities have not eventuated to the scale we expected. This has been due to the complexities arising from the regulatory framework as the market adjusted to changes in

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participant responsibilities and prohibitions on remote de-energisation and re-energisation of digital meters in some jurisdictions.

Powermetric encourages the AEMC to undertake a holistic review to determine if the current regulatory framework and jurisdictional derogations appropriately support competitive metering. We caution against creating additional regulatory burden or complexities that will undermine a competitive market or further create barriers to entry. It is our view that before any consideration is given to accelerating the roll out of smart meters the right regulatory frameworks and incentives, that appropriately allocate risk to the market participants best able to manage it, are in place. A harmonised and simplistic regulatory approach, while maintaining safety standards, will support the development of any value-added services, encourage new entrants into the market and ultimately will maximise the benefits for all small customers.

Responses to the specific questions raised by the AEMC are provided in the response template attached.

Please contact Carmel Forbes at carmel.forbes@shell.com or 07 3364 2404 if you would like to discuss our submission further.

Yours sincerely,

[signed]

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AEMC

REVIEW OF THE REGULATORY FRAMEWORK FOR METERING SERVICES

STAKEHOLDER FEEDBACK TEMPLATE

The template below has been developed to enable stakeholders to provide their feedback on the questions posed in the consultation paper and any other issues that they would like to provide feedback on. The AEMC encourages stakeholders to use this template to assist it to consider the views expressed by stakeholders on each issue. Stakeholders should not feel obliged to answer each question, but rather address those issues of particular interest or concern. Further context for the questions can be found in the consultation paper.

SUBMITTER DETAILS

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DATE	11 February 2021

PROJECT DETAILS

NAME OF RULE CHANGE:	**Review of the regulatory framework for metering services**
PROJECT CODE:	**EMO0040**
PROPONENT:	**AEMC**
SUBMISSION DUE DATE:	**11 February 2021**

CHAPTER 1 – INTRODUCTION

1. Consideration of other market reforms and related work	
1.1 Are there other significant market reforms that are likely to impact the metering framework that the	

Commission has not identified?	
21.2. Is there additional related work that the Commission should consider in this metering review?	The role of smart gas meters in a future state of metering and whether the metering framework supports this.
2. **Assessment framework** – Do you agree with the Commission's proposed Assessment Framework for this review? Are there any additional criteria we should consider as a part of this framework?	Yes, we support the proposed Assessment Framework. However, given the reforms introduced under the Competition in metering rule change were to enable entities operating competitively to more effectively deliver metering services, we consider that competition, in itself, should also be a criterion. We suggest the following amendment in red: Regulatory and administrative burden: Whether the regulatory framework is as simple and practicable as possible, and supports a competitive market, without excessive regulation that might impose unnecessary complexity, risks or costs

CHAPTER 3 – THE CURRENT STATE OF METERING

3. Expectations of meter rollout	
3.1 How does the roll out of smart meters to date compare with your expectations?	We anticipated new opportunities for our meter provision and meter data provision. We expected the development of a competitive market for small customer metering services to drive businesses like Powermetric compete to service retailers, distribution businesses, large customers and new energy service providers. Regulatory barriers have slowed the uptake of smart meters and restricted the ability of retailers to leverage the benefits of remote services (and have stopped customers benefiting from reduced services costs and convenience). Where regulatory impediments have been eased, red tape and compliance frameworks have led to new barriers of compliance cost and inefficient risk allocation. It is our view that rather than encouraging new participants, the current metering framework is hindering the realisation of benefits and allocating too much risk for participants.
3.2 Is the current pace of smart meter deployment appropriate? What should be the appropriate pace of rollout?	There is a concern that with the slow pace of the roll out, aged assets will need to be replaced before the original stage has finished. It is estimated that the roll out would take 15 years, with an asset life of 10 years. We understand that AEMO is wanting a 10-year site inspection regime which is shorter than the current expected roll out plan. However, we consider that an accelerated roll out will not be successful unless the current barriers are removed, and the framework appropriately allocates risk to the market participants who are best able to manage it.
3.3 What benefits are smart meters providing consumers?	Smart meters provide a range of opportunities for customers and retailers. For customers, opportunities will present for

Have the benefits changes or improved over time?	new technologies, improved services from retailers, cost savings and convenience with remote services and the ability to access and analyse consumption data through digital metering systems. For retailers, smart meters provide opportunities for more innovative products and services, operational efficiencies in service provision to customers.
3.4 have the prices for smart meters plus the costs of associated products and services changed from the introduction of *Competition in metering?* If so, how?	Smart meter costs and financial agreements between metering providers and retailers were predominantly set prior to December 2017 and were based upon several installation and regulatory assumptions. However, it is our view that some of these assumptions have not been realised. Additional regulatory changes have increased compliance and installation costs for retailers and metering providers. For metering providers pre-POC metering pricing is contractually locked in and have not shifted in line with changes in costs and risks.
4. Are incentives in the right place?	
4.1 Are the incentives in relation to smart meter rollout correct? Please provide details on why/why not.	Smart meters should enable retailers to operate more efficiently by providing more accurate energy use information to reduce risk. However, scale is integral to be able to provide metering services at a reasonable cost. There are limits to scale efficiencies, largely driven by the regulatory framework, with retailers currently installing on a customer by customer basis, not street by street or area by area. As such, we consider that incentives related to smart meter roll out is not correct. Further, risk is disproportionally allocated. Retailers are liable to the networks for the costs associated with existing assets. Metering providers are liable for compliance risk for joint undertakings. Customers face risk of additional costs if additional work is required on the associated meter panel.
4.2 Is the current market structure financially viable? If not, for whom is it not financially viable?	We consider the current market structure is providing a challenging environment for metering providers. While essential to ensure better customer outcomes, recent regulatory changes combined with no real geographical focus, has resulted in a loss of efficiencies for meter providers. For example, metering installation timeframes has resulted in complex and time-consuming routes for technicians to ensure delivery compliance. Complex contractual, B2B and market interactions through a chain of participants adds to the overhead for all participants. In addition, further complexities around shared fuse arrangements, meter board upgrades and site revisits have all contributed towards an increasingly challenging market for participants to operate in and have diverted resources away from innovation and investment.
5. Drivers of smart meter roll out	
5.1 What were your expectations regarding the drivers of smart meter rollouts?	

5.2 Has there been any changes in the overall reasons for installing smart meters since the *Competition in metering* rule commenced?	
5.3 Which parties should be responsible for driving the roll out of smart meters?	It is our view that roll outs will be driven where the benefits of advanced metering are understood and can be fully realised, including the utilisation of remote services, without overly complicated and costly regulatory impediments. Policy makers including those in jurisdictions have a role to ensure the benefits of smart meters are articulated to customers and how metering complements other policy developments such as the Consumer Data Right. Jurisdictions have a role to remove the regulatory impediments and overly complex compliance regime to allow Meter Providers to deliver the benefits of smart meters in an efficient manner. The recent removal of NSW Government's moratorium on remote meter de energisation and re energisation was promising but costly compliance arrangements run the risk of dampening roll out activities in that state. Other jurisdictions still have legislative impediments that limit the utilisation of remote services. Once impediments are removed, Metering Providers and other participants will seek to provide services where consumers have a demand for services and it is economically viable to do so.
5.4 Do consumers have clear information on the benefits of smart meters and their rights relating to requesting a smart meter?	We do note that there has been little proactive advertising on the benefits of getting a smart meter when not installing solar pv or a new connection. We believe there is sufficient focus on customers' rights but that customers need to be better informed of the process and complexities of compliance and safety requirements around installations. We consider it is the complexities that can come up in completing a job that is a hinderance for customers and can create a divergence from the customers' expectations. For example, if it is identified that the customer needs to update electricity wiring, they would need to pay for an electrician to do this work, before a smart meter can be installed. This means the customer faces unexpected costs and delays.
6. **Customer experience** – what are your views on the customer experience in relation to smart meter rollout and installation?	
7. Industry Cooperation	
7.1 Do you have any suggestions on how industry cooperation can be improved?	We consider that industry cooperation has improved somewhat but there is still a way to go. We would like to see shared civil penalty risks between local network service providers and meter providers on joint undertakings to more efficiently allocate compliance risk given some aspects of a joint job is outside the metering provider's control.
7.2 Are changes to the market structure or roles and responsibilities needed to	It is our view that the regulatory framework is overly complex. We consider there is real benefits for all participants in simplifying the framework. For example, consideration should be given to reducing the number of roles. This would simplify

improve the consumer experience?	communications, reducing costs to service and making it easier for more meter providers to enter the market. We also consider there is value in meter providers being able to perform NSP type isolations, in line with safety regulations, which would also reduce costs and improve customer experiences. We note the AEMC will consider if a customer's experience could be further improved by allowing small customers to nominate their preferred meter provider. We see some benefits in this proposal as it would enable small customers to bypass some of the complexities of greenfield installs and meter board upgrades and promote the use of localised metering providers.
8. Expectations of metering services	
8.1 What expectations did you have around the services that smart meters would provide?	
8.2 What services are being provided by smart meters currently? Are these services widely available?	In some jurisdictions, smart meters allow retailers to remotely re-energise and de-energise a site which increases the efficiency of service and reduces costs for customers of manual site visits. Smart meter data is assisting business customers in seeking opportunities to improve energy productivity. Smart meters are providing power quality data, real time and near real time data via mobile applications, local SCADA connections, and via email. Though due to value of this data this is likely more suited to business customers then residential.
8.3 What services did you expect from smart meters which have not eventuated?	Legislative restrictions in QLD around energisation and new complex compliance requirements in NSW, has meant that the benefits of being able to remotely re-energise and de-energise have been difficult to realise. Smart meters could be used to check "neutral integrity" though we note further development work is required around this.
8.4 Are there any services being provided by smart meters which were not anticipated at the time of the *Competition in metering* rule change?	

CHAPTER 4 – THE FUTURE STATE OF METERING

9. Collection and use of metering data	

9.1 In relation to metering data, what data should be captured by smart meters, and why?	
9.2 In relation to metering data, who should be able to access metering data, and how? What protections should be in place?	Currently networks and retailers are provided the same data from metering providers. Power quality data can be accessed as a value-added service.
9.3 What impact do you think the Consumer Data Rights may have on the access to, and use of, metering data?	
10. Future metering services	
10.1 What is your understanding of the other services that smart meters can provide?	
10.2 What future services do you expect or want metering to facilitate?	
10.3 If additional services are to be provided by smart meters, how should the costs of providing these services be allocated?	
11. Penetration of smart meters required	
11.1 Are particular metering services only cost effective when a particular penetration is achieved? If so, what services and what penetration is required?	
11.2 What other factors are important in determining whether the provision of particular services are efficient or effective (e.g. geographic spread).	The most effective installation service is a mass roll out moving from street to street.

CHAPTER 5 – ARE CHANGES REQUIRED TO THE REGULATORY FRAMEWORK?

12. Encouraging the adoption of smart meters and future services	
12.1 Is the current regulatory framework appropriate for the current needs of metering and the market? Is it flexible enough to	The regulatory framework lacks a uniformity of services such as power quality data. The need for three separate metering roles is overly complex and dis-proportionate to the needs of the market and creating barriers for new entrants.

provide encouragement for the development of future services in metering?	
12.2 To encourage the higher adoption of smart meters: (a) What changes, if any, need to be made to the current regulatory framework for metering services? (b) What changes, if any, need to be made to other instruments? (e.g. regulatory instruments, guidelines, codes)	Removal of jurisdictional derogations /impediments on services (remote re-en/de-en). Regulating the maximum age of a meter asset would increase the rate of smart meter roll out and give customers certainty of metering accuracy.
12.3 Are there any other avenues of encouragement that are available that the Commission has not considered in this paper?	There is often a need for a meter panel upgrade to be done prior to the installation of a smart meter. Government or NSP funded meter panel upgrades would significantly reduce costs to customers and would positively incentivise smart meter roll out.
13. Barriers to realising the benefits of smart meters	
13.1 Are there other barriers that were not identified by the Commission that you have found to prevent the realisation of benefits of smart meters and/or slowed the rollout of smart meters in the NEM?	
13.2 What changes, if any, need to be made to the current regulatory framework for current arrangements to improve deployment?	
13.3 Are there other tools outside of the regulatory framework that may address some of the current barriers to realising the benefits of smart meters and/or the slower rollout of smart meters in the NEM?	

OTHER COMMENTS

14. Information on additional issues	

REGISTRATION OF INTEREST FOR REFERENCE GROUP

If you are interested in nominating for the Review of the regulatory framework for metering services Reference Group you can email registations@aemc.gov.au or provide details of the person you would like to nominate below:

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