

Stakeholder Submission – Digital Metering Consultation Paper
Planning, Industry and Environment NSW
Fair Trading NSW

Lodged online: energy@planning.nsw.gov.au

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Digital Metering: Improving Service Delivery in NSW – Public Consultation Paper.

The Australian Energy Council welcomes the opportunity to make a submission to the NSW Government Public Consultation Paper for Digital Metering: Improving Service Delivery in NSW.

The Australian Energy Council (AEC) is the industry body representing 23 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses.

The AEC recognizes the role that digital metering will play in efficient investment in the energy and grid of the future. It is critical that the regulatory framework supports the provision of an efficient and wider range of metering services, such as automated remote connection services, and facilitates the uptake of a wider range of services such as battery storage and other distributed energy resources (DER).

In addition, digital metering services can quickly deliver improved experiences to NSW energy consumers. Faster and cheaper reconnections, greater data access, and improved access to innovative solutions that save customers money could be championed by the NSW Government as part of their focus on easing the cost of living.

The AEC do not consider the safety and technical matters raised in the Consultation Paper are insurmountable, and encourages the continuing collaboration between Fair Trading, the Department, Retailers, and Metering Providers to ensure any outstanding matters can be resolved quickly and effectively during this consultation.

Our responses the key areas of the consultation paper are provided below.

Improving digital meter service delivery.

The ability to access remote services, along with the financial savings that such services deliver, was a key driver behind the Power of Choice reforms. Customer experience in the implementation of Power of Choice reforms will be best served by allowing those customers who have smart meters to benefit from the remote services these meters deliver.

Consumer protections for remotely de-energising a customer's supply

The National Energy Retail Law (the NERL) and the National Energy Retail Rules (the NERR) set out the significant steps that retailers must undertake prior to disconnecting a customer's energy supply. These requirements work, and ensure that disconnection only occurs as a last resort.

The AEC understands that the Government is concerned that if disconnections were allowed to be performed remotely, the number of customers disconnected in NSW would increase significantly. Whilst there may be a slight increase in completed disconnections, the AEC expects the number of disconnections raised to remain the same.

In considering this issue, it is important to contextualise why disconnections occur in the electricity market. A retailer's decision to disconnect a customer's energy supply is only taken when all other avenues have been exhausted, as a means of encouraging engagement with a customer. Energy consumption is paid for retrospectively, and high debts cause significant issues for both the retailer and the customer. The incentives that underpin the regulatory framework balance these interests carefully. It is in the retailer's interest to keep the customer consuming energy, and paying for that consumption, at the lowest cost. It is in the customer's interest to maintain engagement with their retailer, to ensure their debts do not become unsustainable.

To that end, there is a substantial billing and credit cycle that retailers must undertake to encourage customer engagement ahead of any potential disconnection. Retailers are required by the NERR to provide customers an agreed bill payment period, to issue reminder notices and disconnection warning notices, as well as attempting contact multiple times to attempt to encourage the customer to either pay their arrears, or to enter into an alternative arrangement. The onerous requirements placed on retailers (between 7 – 10 contact attempts) highlight the severity of disconnection, and also ensure that retailers do not make the final decision to disconnect lightly.

In addition, retailers are also obliged under the NERL to publish Hardship Policies, clearly setting out in simple English the support available to customers experiencing hardship due to payment difficulties. These requirements have recently been enhanced by the *Strengthening Protections for Customers in Hardship* rule change¹. The new rule requires retailers to publish actionable hardship policies, containing information set out in the Australian Energy Regulator's Customer Hardship Policy Guideline. These reforms are substantial, and will commence on 1 October 2019.

It is important to note that these obligations represent the minimum standards for retailers in dealing with disconnection and customers in hardship. Most retailers have developed systems and processes above and beyond the minimum standards to encourage customer engagement. As noted above, a retailer is incentivized to help their customers maintain connection wherever possible.

The AEC strongly considers that the consumer protection framework is robust, and appropriately balances a customer's right to energy as an essential service, with the retailer's requirement to ensure customer arrears do not become unsustainable. Allowing remote de-energisation will not diminish the regulatory framework, but rather ensure that retailers are able to deliver these services to customers, sustainably and at the lowest possible cost.

¹ <https://www.aemc.gov.au/rule-changes/strengthening-protections-customers-hardship>

Consumer benefits from remote services

The Government's desire for increased protections must be balanced against the risk of lost benefits for NSW consumers. Currently, the vast majority of connections and disconnections are performed physically, resulting in substantial avoidable costs to consumers. These charges are imposed on retailers by network businesses as a regulated service and can cost in the hundreds of dollars. These fees are charged whether the site is disconnected for non-payment, or if the customer is moving into a new premises where the power is off. If the site has not been disconnected, a read is still required, with the costs similar to those for reconnection.

The time taken to complete remote services compared with physical services is another crucial factor to delivering a positive customer experience. Whilst remote services can be conducted almost immediately, physical services are required to be booked in at least one business day in advance, or incur even greater costs to be expedited. Customers believe this timeframe is unacceptable, and it often results in a very poor experience for customers moving house who do not realise that a physical service connection needs to be organised in advance.

Safety for remotely re-energising a customer's electricity supply

Remote Re-energisation

The AEC is committed to customer safety, and was active in addressing the safety of remote services working with its members to strengthen any perceived weaknesses in the post Power of Choice safety framework for smart meters. To this end, we commissioned GHD, expert consultants in the Victorian Advanced Metering Infrastructure, to provide an independent report - Remote Services with Smart Meters Semi Quantitative Risk Assessment (SQRA). This risk assessment specifically addressed potential risks posed to the public from remote meter services. We attach a copy of this report for your reference.

The key finding of the report was that the safety level of remote services from smart meters is 1000 times safer than the tolerable individual public risk suggested by regulatory bodies. This result is consistent with previous risk assessments and also the experience over the last few years of energisation service operations by AEC members.

As well as assessing the current risk level and finding it to be minimal, the independent report also made recommendations which could further reduce this risk to the public by 83% if all 12 recommendations are adopted. The recommendations cover life support reconciliation, retail scripts to ensure safe customer access to meters, and meter condition checks. These safety recommendations further reduce the risk posed to the public from remote meter services off an already very low rate.

In conjunction with the Competitive Metering Industry Group (CMIG), the AEC developed a Remote Services Code². The primary objective of this voluntary code is to ensure that remote services of smart meters are used in a safe and efficient way to maintain a positive customer experience, and to promote the safe provision of remote de-energisation and re-energisation services. The Code

² Remote Services Code, 15 May 2018 <https://www.energycouncil.com.au/reports/>

provided for a positive customer experience, including strong safety and consumer protections, critical to the smooth implementation of competition in metering.

The AEC acknowledges that Fair Trading NSW has not been convinced that the combined risk assessment and code documents provided provide adequate assurances of customer safety. The consultation paper requests advice about safety measures that could be adopted by metering providers and retailers to support the safe operation of remote re-energisation. The AEC is investigating how to re-configure or adapt existing NER specification metering as well as new meters to perform an auto-disconnect type equivalent capability. This may have to be done by manual monitoring of reconnections by the MC in some cases. Our membership believes that many of the digital meters installed to date in NSW can be remotely configured to provide a load monitoring or auto disconnect functionality, and that new meter stock could be specified to achieve same.

Safety Management Plans (SMP)

Our membership support the requirement that meter providers submit safety management plans to NSW Fair Trading. Our members are working with Metering Coordinators and Providers to develop methods to undertake the safe provision of remote services. We expect that these processes in the Metering Providers SMP would be reflected in what would be the equivalent to a retailer's safety management plan, as well as drawing on existing retailer material, applicable requirements developed for other jurisdictions (Victoria), and the Australian Energy Council's voluntary Code of Conduct for Remote Services to provide a detailed document to establish the procedures for the safe and appropriate operation of remote services.

Retailers are open to working with the Department and with Fair Trading on the approvals process for such a management plan.

Further information

Any questions about our submission should be addressed to David Markham by email to david.markham@energycouncil.com.au or by telephone on (03) 9205 3107.

Yours sincerely,

David Markham
New Energy Technologies
Australian Energy Council