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Division of Resources & Energy
NSW Department of Industry
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Smart meters: Removing regulatory barriers and maintaining consumer safety for a market-led roll out of smart meters in New South Wales

The Australian Energy Council (AEC) welcomes the opportunity to make a submission to the New South Wales (NSW) Department of Industry consultation on removing regulatory barriers and maintaining consumer safety for a market-led roll out of smart meters in New South Wales.

The AEC is the industry body representing 22 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.

In principle, the AEC supports the amendments to the legislation that facilitate a market led roll out of smart meters in NSW.

Competition in metering services, as in other sectors of the Australian economy, incentivises businesses to improve service, develop products that meet consumer needs, find ways to lower their costs and to pass these savings onto consumers.

The expansion of competition in metering and related services will allow participating consumers to have access to more diverse and innovative energy products, have greater understanding and management of their energy use to support consumers' efforts to save on their energy bills.

Despite the AEC supporting the overall changes to legislation, there are still a number of provisions under the proposed legislative amendments where we would seek further clarification. Members consider the Service and Installation Rules need to ensure the intent of the legislation is appropriately captured.

Expiry of the NSW Solar Bonus Scheme

A market driven rollout will, by definition, occur in response to consumers being ready and willing to have their meters upgraded in order to access a greater range of products and services. However, the NSW Government needs to be mindful that some households may not choose to change their meter at the closure of the NSW Solar Bonus Scheme.

A market-led rollout will require a change to business and operational practices of electricity retailers to accommodate metering. This investment will be strengthened by supporting legislation, providing confidence to retailers offer smart metering in NSW ahead of the national arrangements.

To that end it is important that retailers and other market participants have the opportunity to work closely with the NSW Government on any communicating package that would be developed to communicate both the closure of the solar bonus scheme and the benefits of smart meters more generally. A well thought out and informative communication package will assist in developing consumer confidence and participation in this important reform.

Training

Safety is a paramount concern for all retailers. The AEC considers the need for appropriate training for meter installers across the state and not just in the metropolitan regions of the state. There are currently different configurations that metering providers need to be competent in to ensure minimum safety standards are maintained.

Additionally, most distributors require electrical contractors to undertake further network-specific training prior to gaining access to network metering installations. This training is generally provided by the distributors themselves in order to satisfy the distributor's particular requirements.

The AEC notes that the NSW Government believes "*metering providers could be required to provide meter installation specific training for subcontracted meter installations*". The AEC believes that it is important that metering providers and their subcontractors who are to be installing smart meters are full trained in all aspects of meter replacement. Certified electricians must undertake training as part of the Meter Provider AEMO accreditation process. This includes jurisdictional safety and compliance training which is then also reviewed and approved by AEMO.

AEMO also undertake ongoing six monthly audits of Meter Provider requirements where the Meter Provider must submit the names, licenses and training schedule and material to AEMO for review and approval. We believe that this is sufficient to cover off the competency of licenced electricians which is consistent to what occurs in other jurisdictions. As a result, the AEC does not believe that NSW should have its own training requirements that sit outside of the current Meter Provider obligations under the NER.

We recognise that AEMO is responsible for assessing the competency of installers, and not the safety of metering installations. We support the proposal for this responsibility to be transferred to the Office of Fair Trading.

Notice of Service Works and Certificates of Compliance of Electrical Work

The NSW Government notes that distributors currently rely on the information contained in the Notice of Service Works (NoSW) to fulfil their meter reading and billing requirements. The AEC acknowledges that information such as the final meter read is not currently available in AEMO's Market Settlements and Transfer Solution (MSATS) and therefore must be provided to distributors by other means. However, we do not believe that the continued use of the NoSW is an appropriate response.

The NoSW process is inherently inefficient. Despite electrical contractors generally capturing the required information electronically while on site to enter directly into metering providers' systems, distributors requires electrical contractors to complete a paper-based form to send to the distributor. The distributor would then manually enter this same information into their own systems. While each distributor generally requires the same information, the layout of their forms is inconsistent, restricting metering providers' ability to automate or improve processing times on behalf of contractors. Distributors and retailers (along with meter provider and meter data providers), through the Information Exchange Committee, are working on establishing a more efficient process to be implemented through B2B systems and processes. As such, we consider these inefficiencies are being addressed (from 1 December 2017) and there is limited justification for the fee ongoing.

Type 1–4 metering installations (the current competitive metering market) are regularly exchanged today without use of a NoSW. Industry has developed processes over time to ensure incumbent metering service providers receive the information they require in a timely and efficient manner, ensuring meter reading and billing obligations are met. The AEC believe should be moving towards a consistent process across all metering installation types, including those currently under distributors' responsibility.

The AEC notes that while distributors have the obligation under the current legislation to inspect metering installs undertaken by ASPs and/or their contractors, unless the metering installation is their asset, they are not allowed to do so under the current rules. We are not clear on the rationale of how this function (which does not exist) has been transferred to the Office of Fair Trading.

The NSW Government has taken a lead role to date in ensuring positive messaging on smart metering is projected to consumers in NSW to avoid the Victorian experience. The AEC strongly supports this intent being included in the legislative changes, and ensuring that the consumer perception and uptake of smart metering in NSW is positive.

At the point where the NSW Government constructs their position on the proposed solution for the costs (if any) of safety inspections, the AEC is keen to work with the NSW Government on the options and outcome.

Remote de-energisation and re-energisations services

The AEC considers that it is important that the Government understands the safety of consumers. In this light, the AEC believes that the NSW Government refers to the Victorian remote re-energisation/de-energisation processes for smart meters. The Victorian Government's risk review found that Victorians can be confident in the processes followed by retailers when utilising remote re-energisation, de-energisationⁱ. These processes are governed through the Memorandum of Understanding (MoU) retailers and distributors have in place with Energy Safe Victoria.

The AEC supports the development of a MoU similar to that in operation in Victoria initially as the best approach to minimise the regulatory burden and deliver safety outcomes, including the management of potential risks, costs and benefits. The AEC notes that there is currently a national review into the regulatory framework to support remote de-energisation and re-energisation. We believe that an MOU provides an appropriate response for NSW until such time as a national approach is developed and implemented. We request some clarification from Government on the proposed governance of the MOU as an interim step ahead of the legislation change.

The AEC would welcome the opportunity to discuss any of the issues raised in this submission along with any other transitional and implementation with the NSW Government along with any other matters as they arise.

Any questions about our submission should be addressed to Panos Priftakis, by email to panos.priftakis@energycouncil.com.au or by telephone on (03) 9205 3115.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Alex Fraser', with a horizontal line underneath.

Alex Fraser
General Manager, Retail

ⁱ <http://www.smartmeters.vic.gov.au/about-smart-meters/reports-and-consultations>