30 May 2024

Julia Cassuben
Project Leader
Australian Energy Market Commission

Submitted online

Accelerating smart meter deployment: AEMC draft rule determination

Dear Ms Cassuben,

Energy Networks Australia (**ENA**) appreciates the opportunity to respond to the Australian Energy Market Commission's (**AEMC**) draft rule determination on accelerating the deployment rollout of smart meters.[1]

ENA is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

ENA welcomes and strongly supports the acceleration of the smart meter deployment. As highlighted throughout the AEMC's 2020-2023 review[2], smart meters provide the foundation to a more connected, modern, and efficient energy system that supports future technologies, services, and innovations. This subsequent rule change is pivotal to support the transition to the future energy system.

Distribution Network Service Providers (**DNSPs**) will be key partners in the accelerated rollout and ENA continues to support the proposed legacy meter retirement plan (**LMRP**) as the mechanism to achieve universal smart meter deployment by 2030. ENA also strongly supports the reforms to provide basic power quality data (**PQD**) to DNSPs free from direct charge and sees it as a long-term benefit, keeping prices lower for customers. We have also provided some recommendations for the AEMC's consideration, with a focus on the practical implementation of the rollout and consideration of the post-2030 deployment period.

Prioritising customer protections and safeguards are an essential factor to the success of the rollout. ENA supports the proposed customer safeguards and sees the notification and provision of information on tariff changes as essential. We also strongly encourage further consideration, in collaboration with jurisdictional governments, on how site remediation costs can be addressed to ensure that no customer is left behind during the rollout.

[1] AEMC, Accelerating Smart Meter Deployment, Draft rule determination, 4 April 2024
[2] AEMC, Review of the regulatory framework for metering services, Final report, 30 August 2023

Accelerated deployment of smart meters

ENA strongly supports the AEMC's recommendation to accelerate the smart meter deployment to target 100 per cent update of smart meters by 2030. ENA also supports the introduction of the LMRP as the mechanism to accelerate the rollout.

The overarching LMRP objective and principles coordinate the industry to achieve the same goal in the accelerated timeline. While tight, ENA acknowledges the rationale for the proposed timeframes for LMRP consultation, submission and approval.

DNSPs will consult with key energy stakeholders, including retailers and metering parties, as an essential part in forming an optimised plan. To avoid delays in meter replacements, balancing resource constraints will be a key consideration. ENA supports the proposed LMRP principle that DNSPs should have regard to stakeholders' appropriate and efficient workforce planning when determining the yearly smart meter targets. However, currently there is no corresponding requirements for retailers to consider DNSP resourcing constraints in their yearly deployment plans.

In postcodes with a higher percentage of shared fuse sites and in regional locations where resources are limited, there may be an impact on the rollout if the complexity of these sites is not taken into consideration. While supportive of a retailer's discretion to determine when to install the nominated smart meters *within* each financial year period[3], we recommend that a retailer should also have regard to a DNSP's appropriate and efficient workforce planning. Where possible, this would then allow for, for example, more evenly spaced shared fuse site installations throughout the financial year, seeking to avoid quarters of significantly high or low demand for DNSPs related to shared fuse sites.

In addition, due to the complexity in organising shared fuse site outages, especially for commercial sites, ENA proposes extending the requirement for DNSPs to visit the site and notify retailers from 20 business days to 30 business days.

We would also strongly encourage the AEMC to consider the requirement for legacy meter inspections and tests post the acceleration period. The transitional rule pausing inspections and testing during the acceleration period concludes in 2030, which may have impacts on resourcing and costs if the number of rollout exemptions is material, especially if the meters remaining are the most remote and costly to inspect.

Access to Power Quality Data

ENA welcomes reforms to provide basic PQD to DNSPs at no direct charge, and is supportive of the reforms for advanced PQD to be negotiated commercially. Amongst the many benefits that this data can unlock, one key outcome is enabling the timely detection and resolution of broken and high impedance neutral connections at customer premises. This is a safety imperative that is only available at premises where monitoring devices are providing data. Under the accelerated smart meter roll out, smart meters can and should provide basic PQD from all meters rather than a network deploying duplicative alternative devices, which would be more costly for consumers.

[3] To deliver the yearly smart meter targets established in the LMRP.

Standardisation of the basic PQD definition is essential for wider-industry coordination. ENA proposes PQD should be delivered instantaneous on a 5-minute interval. The definition of PQD should include phase angle or real and reactive power, as power factor alone does not permit determination of the direction of the real and reactive power.

Streamlining the 'one-in-all-in' approach

ENA welcomes the proposed reforms to streamline the acceleration process. However, to allow sufficient time for process and IT system changes, ENA strongly recommends updating the effective start date of the 'one-in-all-in' meter installation process to instead align with the commencement of the acceleration period (1 July 2025).

The Australian Energy Market Operator (AEMO) is expected to publish confirmation of relevant metering procedures in November 2024, and the current proposed 25 January 2025 start date does not provide DNSPs with sufficient time to update internal guidance and processes and allow for IT system changes. IT systems are built in accordance with the AEMO procedures, requiring more time than the current proposed two months (November 2024 to January 2025).

Protecting and informing customers

Customer safeguards and awareness are key to the success of the accelerated deployment. ENA strongly supports the proposed customer safeguards to protect and inform customers during the accelerated rollout, such as providing sufficient notice of any outages and not charging any upfront meter costs.

ENA supports the proposal for retailers to provide sufficient notice and generic information to customers changing to a different pricing structure. For tariffs to work successfully, customers must be adequately informed on how the new pricing structure will work and how to manage their usage. Sufficient notice is important to allow customers enough time to understand the new structure.

Site remediation costs, currently proposed to be incurred by customers, however, will be a potential barrier to a successful rollout. We strongly encourage further consideration, in collaboration with jurisdictional governments, on how site remediation costs can be addressed to ensure that no customer is left behind during the rollout.

Jurisdictional considerations

As it currently stands, the draft rule is set to apply to all National Energy Market jurisdictions in full. ENA recommends the AEMC considers how the rule change is applied in jurisdictions where the smart meter rollout has either been completed (Victoria) or is on track to be completed soon (Tasmania).

ENA strongly recommends that the AEMC's final rule is amended to reflect the circumstances in Victoria and to target the objective of the accelerated rollout. Victorian businesses have achieved universal uptake of smart meters in the NEM with 98 per cent of customers with smart meters. In this context, this rule change should avoid unnecessary system changes to Victorian DNSPs, and also recognise meters installed pursuant to the Victorian AMI meter orders, including any eligible jurisdictional exemptions, as meeting the objectives of the rule change.

Tasmania is on track to complete its smart meter rollout in mid-2026. Therefore, the expectation, subject to consultation with stakeholders, is that their LRMP will likely only require yearly targets for 2025-26. It

would be beneficial for stakeholders if this expectation is recognised in the AEMC's final rule determination.

If you wish to discuss any of the matters raised in this response further, please contact Victoria Baikie, Economic Analyst, on vbaikie@energynetworks.com.au.

Yours sincerely,

Garth Crawford
General Manager Economic Regulation