

7 November 2018



Ms Jackie Biro  
Director  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235  
Submitted via email

Dear Mr Chan,

### **Metering installations – Advanced meter communications consultation paper**

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact on people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to respond to the AEMC meter installations - advanced meter communications consultation paper.

### **Facilitating and expediting the efficient uptake of interval metering**

The introduction of a competition-based framework for metering services in the National Energy Market sought to facilitate the market-led deployment of advanced electricity meters. This approach was intended to expedite the uptake of smart meters and provide a fertile environment for metering and retailer service innovation that would provide real benefits to consumers.

PIAC highlights the initial intent of the competition-based framework for metering services, as we consider that this must be a consideration for the current proposal, and any potential measures impacting upon wider access to efficient metering services.

As part of the introduction of the competition-based framework for metering services it was recognised that in some circumstances it may be more efficient or practicable, to retain the option to install type 4A meters, rather than type 4 meters with fully enabled remote communications. Accordingly, in order to expedite the broader roll-out of interval meters, the rules recognised:

- That in circumstances where the enabling telecommunications coverage did not exist, and would need to be extended at significant cost of resources and timing, an option to proceed with the installation of a type 4A meter would be more efficient, and
- In a very small number of cases some customers may wish to refuse the installation of a new type 4 meter. In these cases, the option to proceed with a type 4A meter would expedite a new connection and avoid potentially extended periods of unmetered service for those customers.

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The current proposal seeks to provide a level of consistency with the second of these.

### **Questions and issues regarding the rule change proposal**

The intent of the proposed 'meter installations – advanced meter communications' amendment is to make a provision for circumstances where an existing Type 4 meter connection may have its communications functions disabled, or be replaced with a type 4A meter, in response to a consumer request.

PIAC questions whether the proposal establishes a significant need, and more importantly the potential for significant consumer benefit, such that this rule change would be warranted.

While PIAC understands that there are a very small number of customers who may express concerns with an existing Type 4 meter connection, (such as when they move in to a new property where such a connection exists), we have not seen evidence that there is need for the rule change and we are not convinced that a rule change facilitating replacement or deactivation is the most appropriate or efficient response to addressing any concerns. PIAC contends it is possible that more clearly conveyed information about smart metering, which addresses any questions of potential health concerns and provides information on how smart meters are used, could be a more appropriate approach, particularly in light of the introduction of improved consumer data access and consumer protection measures.

### ***Recommendation 1***

*PIAC recommends that any decision to proceed with the rule change should be based on evidence that a significant number of consumers have expressed concerns regarding existing Type 4 metering installations, and a demonstration that these concerns cannot be satisfactorily addressed through the provisions of improved information or explanation.*

Further, PIAC has identified a number of potential concerns with the proposal, which are relevant to a number of the questions raised in the consultation paper, and would need to be addressed in the event that the rule change proceeds. Specifically, PIAC notes that:

- Implementing this rule could potentially be seen to provide legitimacy to unfounded concerns regarding Type 4 Meters. Without addressing potential fears or public misconceptions regarding the health or privacy impacts of communications enabled smart-metering, the proposed rule could provide an avenue for a more widespread deactivation of the communications functions of smart-meters.

A clear and evidence-based public information response must accompany the roll-out of smart-metering. PIAC contends this could present a more efficient and appropriate response to any currently expressed consumer concerns regarding communications enabled smart-metering than the proposed rule change.

- In light of the recently completed estimated meter reads rule change, deactivation of the communications functions of type 4 meters would result in the affected customer being unable to submit their own self-reads, leaving them reliant upon manual reads or estimates as a basis for their billing.
- The rule change as proposed would allow the metering co-ordinator and retailer the scope to undertake a meter replacement or a deactivation of the remote communications capabilities of a Type 4 meter. This scope introduces the risk of ongoing duplication, cost and inefficiency in metering and retailer service provision. Potentially meters could be replaced multiple times within their efficient product-life, with cost implications to consumers.

Accordingly, should the proposal proceed retailers and metering co-ordinators must be specifically limited to the most cost-effective, non-permanent solution, such as deactivation of the external communications functions of the meter.

- There are (potentially significant) costs incurred, both in the initial response to the customers' request and the ongoing requirement to undertake manual meter readings. PIAC contends that the ongoing impact of these costs mitigates against proceeding with the proposed rule change. However, should the proposal proceed, the rule should require consumers requesting that their smart meter have its communications disabled, be fully informed of:
  - The costs that would be incurred to undertake the change to the meter (whether a replacement or deactivation of communications), and
  - The ongoing costs related to requiring a manual meter read for billing.
- Any costs related to the change of metering capability, or the ongoing meter-reading requirements, need to be accurately signalled and passed through to the individual customer that requested the change. PIAC recommends that those costs:
  - do not exceed the reasonable or efficient costs incurred by the retailer and metering co-ordinator in undertaking the change, and in ongoing manual meter reading, and
  - are recouped from the relevant customer, and not smeared across other customers.
- There may also be potential competition implications, particularly if the rule change helps to facilitate a wider uptake of Type 4A meters. Improved retail service efficiency, particularly for many smaller retailers without the efficiencies of operations at scale, will be improved by the remote reading capabilities of smart meters. Should this proposal result in a greater proportion of meters requiring manual monitoring, it could impede the ability of smaller retailers to compete effectively, particularly if it results in an ongoing process of activation and deactivation (or worse, multiple meter replacements). Whilst PIAC understands that this proposal responds to a very small number of consumers, it is crucial to consider the wider, ongoing implications.

In light of these concerns, PIAC agrees with the assessment framework proposed in the consultation, and recommends that the criteria are considered not just in the context of the immediate issues around deactivation or replacement of metering, but also the potential for broader and ongoing implications.

### **Further engagement**

PIAC would welcome the opportunity to meet with the AEMC and other stakeholders to discuss these issues in more depth. Please do not hesitate to contact Douglas McCloskey on (02) 8898 6534 or [dmcloskey@piac.asn.au](mailto:dmcloskey@piac.asn.au)

Yours sincerely,

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