

23 February 2022

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Submission on Promoting Innovation for NSW Energy Customers

Introduction

1. This is Vector Limited's (Vector) submission on the New South Wales (NSW) Department of Planning and Environment's (the Department) consultation paper on *Promoting innovation for NSW energy customers* (the Consultation Paper), dated December 2021.
2. Vector's Australian and New Zealand advanced metering business – Vector Metering – is an accredited Metering Provider and Metering Data Provider, and a registered Metering Coordinator, in Australia's National Electricity Market (NEM) and the equivalent in New Zealand. Vector Metering provides a cost-effective end-to-end suite of energy metering and control services to energy retailers, distributors and consumers.
3. We strongly encourage the Department to read Vector's submissions on the Australian Energy Market Commission's consultation paper¹ and directions paper² on the *Review of the regulatory framework for metering services* (AEMC Metering Review). We believe these submissions (Attachment A and Attachment B) would provide valuable input to many of the questions raised in this consultation and discuss in some detail many of the smart metering issues that are of interest to the Department.
4. Vector has been broadly supportive of proposed steps that promote the acceleration of smart metering rollout in the NEM. The updated timelines set by the AEMC since the Metering Review was paused indicate that the AEMC is supportive of an accelerated rollout and is considering options for delivering this outcome.
5. We have some concerns about individual jurisdictions introducing new regulations ahead of the AEMC releasing its final report on the Metering Review later this year (2022). This is likely to introduce some jurisdictional differences that will be difficult to reverse and are likely to raise costs that will ultimately be borne by NSW electricity consumers. We consider most of the proposals for smart metering in the Consultation Paper (outside of the AEMC Metering Review) to be unnecessary as they are already provided for in the *National Electricity Rules* (NER) or covered by commercial arrangements under the NEM's competitive metering framework.
6. It is our desire to see general alignment between the AEMC's impending recommendations on metering and the Department's proposals for smart meters in NSW, including any upcoming changes to the NSW Accredited Service Provider (ASP) Scheme.

¹ https://www.aemc.gov.au/sites/default/files/documents/rule_change_submission_-_emo0040_-_vector_-_20210211.pdf

² <https://www.aemc.gov.au/sites/default/files/2021-11/Rule%20Change%20Submission%20-%20EMO0040%20-%20Vector%20-%2020211028.PDF>

Responses to selected consultation questions

7. This submission responds to Questions 1 – 4 and Question 6 of Part 1 (Digital energy technologies) of the Consultation Paper, which all relate to smart electricity meters.

Issue 1: Meter costs to customers

- 1a. How are the costs and benefits of smart meter installations currently communicated to customers?
- 1b. Can electricity retailers provide government with the various cost inputs for smart meters (this information will be treated as commercial in confidence)?
- 1c. Would it be useful for customers if the cost of a smart meter was included in the details of electricity plans on comparison sites?
- 1d. What share of customers in New South Wales are on cost reflective pricing tariff options?
- 1e. What are the benefits and challenges for customers moving onto cost reflective tariffs?
- 1f. Are there any other costs to customers that should be considered?

8. The costs of smart meters, like all other costs incurred by electricity retailers (e.g. network, wholesale and operational costs), are included in the retail product/service that consumers have agreed with their retailer.
9. The Consultation Paper suggests that retailers provide a metering charge on the bill to the consumer for comparison purposes, and that that charge could also be used on comparison sites. We believe retailers are likely to oppose this proposal for the following reasons:
- a. The benefits of requiring the retailer to unbundle a meter charge from the remainder of the retailer's service is unclear. This may be of some use if it was the customer who chooses the metering provider, or if the choice of metering provider was likely to influence consumers' decision-making in some manner. Under the current NER, however, it is the retailer that chooses the metering provider, not the customer. This allows customers to focus on comparing retail offerings as a whole, not just on a single component.
 - b. It is unclear if the price to be shown to the customer would reflect the retailer's charge for metering, or the retailer's cost for metering, i.e. the charge the retailer receives from the metering provider. Competitive retailers routinely make decisions on how their various costs across different offerings are recovered from customers in a manner that best supports their business strategies. Electricity retailing is not a cost-plus business. Some businesses may recover a particular cost across more than one retail service while others will recover a similar cost directly from the customers who requested or benefited from a particular service. An unbundled cost is therefore unlikely to represent the true cost of metering to a retailer.
 - c. If retailers were obliged to provide their metering cost to the customer to improve comparability against other retailers' metering cost, then retailers will have an incentive to show a charge that is as low as possible. We would expect most retailers to state that they do not apply a specific metering charge, i.e. it would be zero.
 - d. Under pre-*Power of Choice* reform arrangements, customers were charged an upfront fee by NSW ASPs for a meter installation. Under competitive metering, the market has developed such that the costs incurred by metering providers are usually amortised. Retailers are more commonly charged an annual fee which recovers the initial installation and asset costs, as well as an ongoing data collection and asset

management fee. These charges are commercially negotiated between the retailer and the metering provider – commercially sensitive information that cannot be released without undermining the competitive nature of smart metering.

- e. The charges retailers receive from metering providers cover different components as agreed between each retailer and metering provider. Some retailers have negotiated a single blended charge that includes all costs incurred by the meter provider, including unnecessary visit costs, costs for remediation work, costs for installing isolation devices where one does not exist, smeared costs for differing meter types, etc. Other retailers have negotiated for costs directly related to the asset; installation of the assets is separated from other charges such as costs to install an isolation device. Providing a charge that is useful for comparison purposes would require complex 'levelling' across all retailers and metering providers to enable an apples-to-apples comparison.

Cost reflective tariffs

- 10. One of the key challenges faced by customers is the practice by distribution network service providers (DNSPs) of mandatory reassignment of customers to new network tariffs when the meter is exchanged. These tariffs are typically based on Time-of-Use interval data where peak, shoulder, or off-peak prices are applied. Retailers are permitted to change a customer's retail service to reflect the new network tariff arrangements.
- 11. Customer usage patterns are not visible until after the smart meter has been installed for a period of time. It is simply impossible for a retailer and its customer to be informed of the impact of the change in network tariffs on the customer's bill at the time the meter is installed. Some customers may receive a lower bill because of the change; others may see a higher bill, potentially causing 'bill shock'.
- 12. We believe the above problems can simply be avoided by disassociating the smart meter exchange from the network tariff change. This can be done by delaying the network tariff change for a specified period after the smart meter has been installed. This will allow for usage data to be collected so that retailers and customers can be fully informed of any change to their retail services.

Additional costs faced by customers

- 13. Regardless of the steps taken to accelerate the smart meter rollout in the NEM, including NSW, issues that delay or halt the installation of a smart meter proceeding will need to be resolved. Vector Metering refers to these issues as 'customer side defects'. These have become a source of significant concern from customers when they become aware that a smart meter cannot be installed in their premises until these side defects are resolved. Under the existing *NSW Service Installation Rules* and associated regulations, customers themselves are responsible for the resolution of these issues.
- 14. Meter replacements that are not initiated by the customer (e.g. malfunctions, metering 'family failures' and a mandated rollout of some description) also face specific challenges when customer side defects are encountered. In such cases, the customer has little incentive to engage and pay for a qualified electrical contractor to resolve the issue. Many of these defects remain unresolved due to customer inaction.
- 15. To address customer side defect issues, the smart meter rollout may benefit from a single party taking responsibility for managing the defects with customers. That party would be responsible for reminding customers of their responsibilities under the regulations and encouraging them to resolve the issues so their meter can be replaced. We are of the view that this role should be given to NSW DNSPs for the following reasons:

- a. The DNSP is the only party permanently associated with the site. A customer can 'churn'/switch away from retailers and metering coordinators who raise issues that are stopping a smart meter from being installed at the customer's site and request the customer to resolve those issues.
 - b. The DNSP has a connection contract with the customer that can be used to enforce customer obligations.
 - c. Under the NER, the DNSP is the initial metering coordinator and remains the responsible party for the premises until such time that the legacy meter is exchanged with a smart meter (clause 87.11 of the NER).
16. Where customer side defects are registered against vulnerable customers, we suggest the establishment of a fund to assist these customers in resolving the side defects. NSW DNSPs could assess applications for assistance, arrange for the resolution of the defects, and recover the costs across their customer base.

Issue 2: Meter life and redundancy charges

- 2a. What is the average life expectancy of basic meters and smart meters?
- 2b. What are the main operating factors that affect the life expectancy of smart meters?
- 2c. What is the average cost to a retailer of replacing a distributor's basic meter asset before it reaches its end of life?
- 2d. What are the factors to be considered before mandating end of life for basic meters?
- 2e. What are the main challenges to replacing basic meters or smart meters that reach their end of life?
- 2f. What measures should be included to protect vulnerable customers if their meter needs to be replaced? Would exemptions need to be included to account for implementation challenges at some premises?

17. The life expectancy of metering assets can be seen in economic or practical terms. Economic life expectancy is not necessarily determined according to the meter type but more on the accounting and depreciation practices of the asset owner. It is also influenced by the economic incentives faced by the asset owner at the time a replacement decision is being made. 'Average' life expectancy is not a meaningful concept in this regard.
18. In terms of practical life expectancy, there are probably three generations of metering technology to consider, listed from oldest to newest below:
- a. **Basic meters with mechanical spinning disc** – These meters tend to slow down over the course of their life as the mechanical component wears down. A sample-based accuracy test is used as the primary mechanism to determine when a family of this type of meters needs replacement. These meters, which can have a life expectancy of up to 40 years, were traditionally replaced when measurement accuracy no longer met the required tolerance.
 - b. **Basic meters with electronic (solid state) technology** – These meters look much the same as a smart meter and tend to fail suddenly when an electronic component burns out or stops working. The issue of 'accuracy drift' as meters age is less common in these types of meters. The life expectancy of these meters will depend on the engineering choices made by individual manufacturers and environmental factors such as ambient temperature and load on the meter. Meter manufacturers are typically willing to provide

warranties of at least 10 years for these meters, but practical life expectancy is anticipated to be 15 – 22 years.

- c. **Smart meters** – These are similar in construction to basic electronic meters, but with an additional communications function and more capable software. The life expectancy of the communications device within the smart meter is dependent on the telecommunications provider's technology path. Most of the smart meters being deployed use public carrier networks to communicate (like mobile phone technology) and are thus dependent on these carriers to continue to support the technology that the meter was deployed with (2G, 3G, 4G, etc). For this reason, smart meter manufacturers typically make communications hardware replaceable; metering providers therefore need to factor the cost of communications technology upgrades into their business planning. Overall, we expect a smart meter life expectancy of at least 15 years, with potential for a mid-life communications technology upgrade.
19. The other factors which affect meter life expectancy are primarily customer driven, such as abolishment and upgrades. Any regulatory changes that force early replacement of meters need to be carefully assessed to ensure customer affordability and that the benefits to end customers outweigh the costs.

Cost to a retailer of replacing a DNSP's basic meter

20. The Consultation Paper accurately describes the current cost recovery mechanisms for metering as creating a disincentive for retailers to deploy smart meters. Retailers currently receive a 'double charge' for each smart meter installed, i.e. they incur new ongoing costs from the contestable smart metering provider and continue to pay metering charges to the DNSP. It is our understanding that the cost to a retailer of replacing a DNSP's basic meter is unrelated to the individual meter being replaced; rather, it relates to the total residual value of the DNSP's legacy metering asset base. Retailers will continue to be charged by the DNSP over a period regardless of how long an individual meter, or the entire metering fleet, remains in service. DNSPs will continue to impose metering charges on retailers until all legacy metering costs are recovered.
21. We are cautious of supporting proposals allowing the accelerated depreciation of a meter asset that is likely to increase the cost of electricity for NSW consumers in the short term. We suggest that the Department seek advice from the AEMC and the Australian Energy Regulator on ways to reduce or remove the legacy metering charges from customers who have switched to smart meters.

Issue 3: Solar connection delays

- 3a. Are the current installation timeframes, and the measures to monitor compliance with those timeframes, that are required under the national rules appropriate?
- 3b. Are you aware of any regulatory or non-regulatory barriers that may be contributing to delays in the installation of smart meters?
- 3c. What additional measures would need to be implemented to unlock these customer benefits?
- 3d. Are there any benefits for customers to allowing third parties to be able to manage the installation of a smart meter on their behalf?
22. Vector is unaware of any systemic issues causing delays to customer-initiated meter installations, including solar PV installations. Vector Metering's performance against the mandated metering installation timeframes in the NER is consistently above 97% for each month in 2021. Our commercial agreements with retailers require compliance with the mandated timeframes which retailers and metering providers are under constant pressure to

meet. Breaches of the mandated timeframes are strictly subject to civil penalties under the NER. Any tightening of the mandated timeframes would make them practically unachievable, and we therefore would not support any such measure. Greater prescription would only increase costs for participants (and eventually consumers) as it would amplify constraints that make deployment less flexible and therefore less efficient.

23. Some of the concerns around delays in solar system installations arise from delays on the customer's part caused by the following:
 - a. The customer typically only requests the smart meter *after* the solar business has installed the solar system. There is no reason for the solar system and the smart meter to be installed serially. Both installations can occur in parallel or the smart meter can even be installed ahead of the solar system.
 - b. Once the customer has requested a meter exchange and the meter provider attends the site to install the smart meter, and a customer side defect is discovered, the customer is faced with additional/unbudgeted costs. It is usually the case that the solar installer has already completed the installation of the solar system and has ended the relationship with the customer at this point.
24. Solar installers are aware that a smart meter is required under the NER and have (or should have) the experience to assess a customer's meter board and determine whether there are problems which may delay or increase the cost of the smart meter installation. Solar installers could be required to advise customers about the required rectification works, or even be made responsible for including the cost of those works in their charges.
25. To reduce delays in installing smart meters for solar installations, solar installers could be advising the customer to request a smart meter exchange as soon as the customer has made the decision to install a solar system. They do not need to wait until the solar system has been installed.
26. In our view, the roles and responsibilities for smart meter installation under the NER are already clear. Under the rules, the retailer is responsible for arranging a small customer's meter installation. Customers must contact their retailer to request this service. Retailers are responsible for appointing a metering coordinator of their choosing and the metering coordinator is responsible for ensuring that a smart meter is installed by a metering provider accredited by the Australian Energy Market Operator. There is no ambiguity in this framework.
27. We are not opposed to allowing a third party to request a meter exchange from the retailer on behalf of the customer. It is our understanding that most retailers already have processes that support this as part of their service offering. We therefore question the need for regulating what is already occurring in practice.

Issue 4: Meter board upgrades

- 4a. Should there be a requirement to replace meter boards that are older than a specified age (e.g. 30 years) as a prerequisite to installing a smart meter?
- 4b. What challenges would prevent electricity retailers and metering providers from offering a meter board survey service to customers before a smart meter is installed?
- 4c. If a meter board survey service can be provided, how much should customers pay for the service? Can the service be offered for free?
- 4d. Should electricity retailers and/or metering providers receive a report on the state of a customer's meter board? If not, why?

- 4e. What are the challenges to using an existing platform to enable metering providers to register and share the state of a customer's meter board with other energy market participants?
- 4f. Are these options suitable for customers in regional and rural areas, or are there other options that should be considered to meet the needs of these customers?
- 4g. What is the best way to provide customers, solar panel installers and electricity retailers with information about meter board upgrades?

28. Vector does not support a requirement for all meter boards older than a specified age to be replaced for the following reasons:
- a. The meter board, while old, may be in perfectly serviceable order.
 - b. It is unclear how the age of a meter board can be determined.
29. An age-based meter board replacement will only impose unnecessary costs on customers.
30. We believe a meter board exchange should only occur where the meter board is no longer safe or serviceable, or can no longer accommodate the required metering. In reviewing work that Vector Metering has performed in NSW, we have identified between 3% to 6% of all unsuccessful jobs to have required a new meter board. When considering metering 'family failures' and fault work in isolation – work that is more likely to encounter installation issues – board replacement requirements rise to between 3.5% to 7.5% of the sites attended, depending on the network area.

Faults and family failures (unsolicited by customers)			
	Ausgrid	Endeavour Energy	Essential Energy
Successful	67.2%	84.2%	82.2%
Unsuccessful	32.8%	15.8%	17.8%
Customer defect issue	13.2%	9.4%	10.1%
New panel req.	7.5%	5.5%	3.5%
Not known	5.7%	3.9%	6.6%
Isolation issue	10.7%	2.1%	3.2%
Site access issue	8.9%	4.3%	4.5%
Total	100.0%	100.0%	100.0%

31. While we do not support the arbitrary replacement of a meter board, there is a situation where this is worth considering – where asbestos is found in the meter board. Metering providers currently have work procedures to handle meter boards containing asbestos where the board remains intact and in good condition. We believe that an accelerated smart meter rollout would also be an opportunity to remove this hazardous material. The removal of an intact meter board with asbestos will cost the customer less compared to the removal of a degraded board which would require specialised people and equipment to deal with the hazard.

Meter board survey service

32. While introducing a meter board survey service may be of interest to some customers, we do not believe this will materially change customer outcomes. A survey service may inform customers slightly sooner that remediation work is required before a meter can be installed – but at the cost of a site survey visit/inspection. This sort of inspection will require a skilled meter technician (for all the issues to be identified) and will cost the customer approximately \$100 - \$150. Based on Vector Metering's experience, over 80% of our inspections already provide sufficient information on whether a meter could be installed at a site without any issues.

33. Under current metering installation arrangements, where a meter exchange is scheduled (at a date agreed with the customer or within the mandated installation timeframes), approximately 20% of first visits will not result in a successful installation of a smart meter. Of the sites visited:
- a. 4.6% are likely to require a new meter board;
 - b. 4.5% are due to other customer side defects;
 - c. 5.1% are caused by isolation issues; and
 - d. 4.3% fail due to access issues such as the meter enclosure being locked or in a locked building, or the technician cannot gain access to the property.

First visits to metering sites	
Successful	81.5%
Unsuccessful	18.5%
Customer defect issue	9.2%
New panel req.	4.6%
Not known	4.5%
Isolation issue	5.1%
Site access issue	4.3%
Total	100.0%

34. When remediation work that is the responsibility of the customer is required, the metering provider will provide this information to the customer in the form of a defect notice. While retailers do not usually get a copy of this notice, metering providers usually make it available to them, if required.
35. Metering providers routinely perform pre-installation site visits to determine any issues that may hinder metering installation in areas where a high likelihood of unsuccessful installations is suspected or expected. These visits are conducted in areas where the DNSP infrastructure is known to be in a poor state, characterised by metering 'family failures' and fault works.

Photos of metering installations taken by customers

36. The Consultation Paper suggests that photos of meter boards submitted by the customer could assist in identifying 'side defect' issues that may delay a meter installation. Vector Metering and retailers have previously trialled using photos from customers. We experienced instances where customers were putting themselves in hazardous situations such as opening meter boards to take photos. We quickly discontinued the trial for health and safety reasons. We note that a proportion of meter installations are found to pose serious safety risks such as exposed live parts, trip or injury hazards, and even snakes and insects. This is why we require our meter technicians to conduct site safety assessments and only approach metering installations with the appropriate personal protection equipment. We would therefore not support a process where customers are requested to approach their meter enclosure for the purpose of taking photos.
37. If photos were to be used, then these would need to be taken by a trained person. A viable option for the collection of photos is for the DNSP's manual meter reader to take the photo while reading the meter. This could then be made available to the industry by the DNSP via an online portal. We note that DNSPs have an obligation under upcoming procedural changes to collect the Lat/Long Geo position of each metering position. This appears to be an ideal time for photos to also be taken.
38. While photos may be of some use, the side defects behind most failed attempts to install a smart meter are unlikely to be detected from photos. Further physical inspection would be required to detect many other defects. The table below indicates that there are only a small number of defects that may be detected from a photo (marked in red).

Customer side defect issues	
Successful	81.5%
Unsuccessful	18.5%
Customer defect issue	9.2%
New panel req.	4.6%
Not enough room for metering solution – Multi Phase	1.2%
Non-compliant service equipment	1.1%
Not enough room for metering solution – Single Phase	0.8%
Friable asbestos lining of meter enclosure	0.4%
Broken or defective switchboard panel, unable to open	0.3%
Not enough room to install fuses	0.2%
REC required to rectify	0.2%
Damaged - asbestos in meter panel	0.2%
Non-compliant customer equipment or wiring	0.1%
Non-compliant meter box location – unable to access safely	0.1%
Non-compliant switchboard – unable to close due to excessive cabling	0.1%
Deteriorated and brittle VIR cabling, could become hazardous if moved	0.0%
Not enough room for load control	0.0%
Other	0.0%
Level 2 Defect	0.0%
Not known	4.5%
REC required to rectify	1.7%
Non-compliant service equipment	0.8%
Non-compliant customer equipment or wiring	0.8%
Deteriorated and brittle VIR cabling, could become hazardous if moved	0.7%
Friable asbestos fuse	0.3%
Other	0.2%
Metallic components not bonded or earthing system issue	0.1%
Adds/Alts upgrade work not compliant	0.0%
Isolation issue	5.1%
Site access issue	4.3%
Total	100.0%

Multi-occupancy sites and meter board replacements

39. Issues related to meter board replacement at multi-occupancy sites are complex and are similar to meter exchange issues at these sites. Customers can experience multiple interruptions if these issues are not managed correctly. To avoid this, a high degree of coordination is required amongst metering providers, retailers, customers (for outage notifications), bodies corporate, customers' registered electrical contractors (RECs), and DNSPs. The ideal outcome is for all the works required, including meter exchanges, to be performed at the same time. This is what metering providers strive for today, and the AEMC Metering Review (until it was paused) was working towards making processes as efficient and practical as possible for these complex situations. We support any changes that help ensure only a single interruption for all metering-related work at multi-occupancy sites.
40. Given the complexities associated with multi-occupancy sites, metering providers are required to visit these sites several times to undertake all the required preparatory work and ensure the success of the meter board replacement and meter exchange. We believe that in these instances, photos are of little value to metering providers.
41. We do not support changes that make the re-installation of legacy meters on to a new board easier than it currently is. Doing so will promote this as the default approach for RECs who have been requested to replace a meter board at a multi-occupancy site. This increases the

risk of issues related to the ability to electrically isolate the meter or the size of the panel (i.e. whether the panel is large enough to accommodate all future smart meters) not being catered for. This could result in the customer having to arrange expensive rework when smart meters need to be installed. It is in the interest of customers and the industry that any meter board replacement also exchanges all legacy metering with smart meters.

Information about meter board upgrades

42. As discussed above, when metering providers are unsuccessful in installing the smart meter due to an issue that is for the customer to resolve, a defect notice is provided to the customer. Since the commencement of competitive metering in the NEM (December 2017), the defect notice form has been improved to clearly describe the issue identified and instruct the customer to engage a qualified person to perform the remediation work. Vector Metering is happy to work with the industry to further improve the contents of this form, if necessary.
43. As also discussed above, the solar industry has a role to play in informing customers of all likely outcomes resulting from their solar PV installation. We have not seen any such educational or informational activities occurring. Solar installers understand that a smart meter is required as part of the solar installation and that remediation of any issues related to that installation may delay the commissioning of the solar system and may impose additional costs on the customer. They are qualified electrical contractors and can provide an assessment of the customer's metering infrastructure and the likelihood of additional costs. However, we believe this information is not usually conveyed to the customer by solar installers because to do so would raise the 'sticker price' already agreed with the customer. Omitting these additional costs is obscuring the true cost of the customer's solar installation. We therefore support new regulation that requires solar installers to inform customers of all the costs they are likely to incur from installing solar PV, including the cost of remediating side defect issues.

Issue 6: Consumer protections for remote vs manual re-energisation and de-energisation

- 6a. Should the same obligations be applied to both manual and remote re-energisation and de-energisation services?
- 6b. Do you foresee any unintended consequences of aligning these obligations?
- 6c. Do you consider there to be any barriers that may prevent a customer being afforded the same protections if they have been remotely re-energised and/or de-energised?

44. Vector does not necessarily agree that aligning consumer protections currently provided under the regulation of manual re-energisation and de-energisation with those for remote services, as outlined in the Consultation Paper, is required. We believe that customers are already afforded adequate protection under remote services. The issues raised in the Consultation Paper are either not applicable for remote services or do not relate to customer protections, as discussed below.
45. It is important to recognise that, in addition to the NER and the *National Energy Retail Rules* (NERR), retailers and metering providers in NSW are subject to the *Electricity Supply (General) Regulation 2014*. This regulation was amended by the *Electricity Supply (General) Amendment (Remote De-energisation and Re-energisation) Regulation (No 3) 2020* to address customer protections when the prohibition on remote services was lifted in NSW. This amendment included:
 - a. requiring a small customer and retailer to agree the date, or the time and date, that the remote de-energisation or remote re-energisation of the premises is to take place;
 - b. requiring the retailer to act within the agreed timeframe; and

- c. requiring the retailer to pay compensation to the customer who requested a service and did not receive it.
46. The Consultation Paper refers to potential gaps in the regulations that we do not believe exist or are required to be filled. We set out our response to each of these identified gaps (in *blue*) below:

- a. *Retailers are not required to publish their metering providers' timeframes for remote re-energisation.*

As the retailer and customer agree a date, or a time and date, for the remote service to be performed, publishing timeframes on a website becomes irrelevant. This concept is only applicable for physical work performed by the DNSP where it is difficult for the retailer and customer to know when a DNSP is going to perform a task. This is not the case for remote services.

- b. *Metering providers are not required to notify retailers of a refusal to de-energise a customer's premises at the retailer's request.*

Clause 103 of the NERR refers to DNSPs taking unilateral decisions allowed under energy laws to refuse to provide a service to a retailer. Metering providers are not subject to the same laws as they are governed by their commercial relationships with various retailers. Rules for DNSPs are required because the retailer cannot displace the DNSP if the retailer is not happy with the DNSP's service. This is not the case for contestable metering where retailers can hold competitive metering providers to account under commercial contracts and can displace them if required.

Unlike DNSPs, it is unusual for a competitive metering provider to refuse a service request. The only time a remote service may not be performed is when the retailer requests a service in error. Examples include: 1) the retailer requesting a remote service where the meter has no communication function (Type 4A meter), or 2) the request breaches an NERR retailer obligation, e.g. the service is requested to occur during a protected period, or 3) the Service Order request indicates that the service is to be performed on a life support customer (*note: the NERR specifically prohibits retailers to request de-energisation for life support customers*).

In the above circumstances, the retailer is immediately informed if the request will not be performed as required under the established industry B2B procedures. We therefore do not support new regulations requiring metering providers to notify retailers of their refusal to perform remote services (or any other service request) as this is already catered for in existing B2B obligations and under commercial arrangements.

- c. *Retailers are not required to provide compensation to their customers if a customer-initiated remote de-energisation is delayed and the customer receives usage charges as a result.*

We note that clause 105 of the NERR, which the Consultation Paper refers to, does not require DNSPs to pay customers for late de-energisation. Instead, it requires DNSPs to waive network charges to retailers and compensate retailers who have not been able to recover costs from their customers. It is therefore unnecessary to provide similar obligations in regulations as this is already dealt with under the retailer and metering provider's commercial agreement.

- d. *The NERR are silent on when a metering provider can and cannot de-energise or re-energise a customer's premises.*

We do not believe a new regulation stating when a metering provider can and cannot provide remote services to a retailer is necessary. Under contestable metering, a metering provider establishes a commercial agreement with the retailer which specifies the services provided by the metering provider. Such an agreement authorises the metering provider to undertake remote re-energisation and de-energisation on behalf of the retailer. The NER provides additional protections relating to remote energisation and de-energisation services by specifying that the metering coordinator cannot arrange for these services unless requested by a retailer (clauses 7.3.2(i)(2) and (3) of the NER). New or additional regulation in this area is therefore not required.

Comments on the ASP Scheme

47. As indicated in this submission, Vector supports an accelerated rollout of smart meters in NSW, and across the NEM more broadly. However, there remain issues unique to NSW that are causing delays and raising the cost of metering. A key issue relates to the inability of metering providers to isolate a premise from the distribution network to safely replace a meter under NSW regulations. This was identified by the NSW Independent Pricing and Regulatory Tribunal (IPART) in its *Report on Retailers' Metering Practices in NSW*, issued in 2018. In that Report, IPART recommended that:

...subject to necessary training and safety regulations, Metering Providers should be able to deploy resources to:

- operate any service fuse carriers required to de-energise a site for a meter installation within the customer's electrical installation,
- conduct live isolation work, within the customer's electrical installation, where necessary...³

48. Our submissions on IPART's consultation that informed the above Report and the AEMC Metering Review both raised the inability to isolate a premise creating a barrier to the timely installation of smart meters. This means that metering providers are forced to engage ASP Scheme accredited resources, at higher costs, to perform metering work in NSW – which is unnecessary in other jurisdictions. We suggest that the Department include the above IPART recommendations for consideration in this consultation.

Concluding comments

49. The AEMC is scheduled to publish its final report on the Metering Review by the end of 2022, with its recommended changes expected to commence in 2023. We strongly encourage the Department to align its recommendations with the AEMC's recommendations to the extent possible. This would reduce, if not avoid, unnecessary compliance costs for industry participants operating across jurisdictions and confusion for consumers. It would also ensure that consumers will be afforded similar levels of minimum services enabled by smart meters wherever they are in the NEM.
50. We are happy to discuss any aspects of this submission and our attached submissions on the AEMC Metering Review with Department officials. Please contact Paul Greenwood (Industry Development Australia – Vector Metering) at tel: 0404 046 613 or Paul.Greenwood@vectormetering.com in the first instance.

³ <https://www.ipart.nsw.gov.au/sites/default/files/documents/final-report-retailers-metering-practices-in-nsw-17-december-2018.pdf>, page 21

51. No part of this submission is confidential, and we are happy for the Department to publish it in its entirety.

Yours sincerely



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