

# **Submission to Promoting innovation for NSW energy customers**

3 March 2022

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## About the Public Interest Advocacy Centre

The Public Interest Advocacy Centre (PIAC) is leading social justice law and policy centre. Established in 1982, we are an independent, non-profit organisation that works with people and communities who are marginalised and facing disadvantage.

PIAC builds a fairer, stronger society by helping to change laws, policies and practices that cause injustice and inequality. Our work combines:

- legal advice and representation, specialising in test cases and strategic casework;
- research, analysis and policy development; and
- advocacy for systems change and public interest outcomes.

## Energy and Water Consumers' Advocacy Program

The Energy and Water Consumers' Advocacy Program works for better regulatory and policy outcomes so people's needs are met by clean, resilient and efficient energy and water systems. We ensure consumer protections and assistance limit disadvantage, and people can make meaningful choices in effective markets without experiencing detriment if they cannot participate. PIAC receives input from a community-based reference group whose members include:

- Affiliated Residential Park Residents Association NSW;
- Anglicare;
- Combined Pensioners and Superannuants Association of NSW;
- Energy and Water Ombudsman NSW;
- Ethnic Communities Council NSW;
- Financial Counsellors Association of NSW;
- NSW Council of Social Service;
- Physical Disability Council of NSW;
- St Vincent de Paul Society of NSW;
- Salvation Army;
- Tenants Union NSW; and
- The Sydney Alliance.

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Public Interest Advocacy Centre



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The Public Interest Advocacy Centre office is located on the land of the Gadigal of the Eora Nation.

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**Recommendation – 1**

*PIAC recommends the NSW Government develop an objective to inform policy reforms related to the transition of the energy system and the intended outcomes for the NSW Community and consumers. This objective should be consistent with climate policy and serve as a coherent and consistent link between climate, energy, housing, resilience, and social support policies.*

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**Recommendation – 2**

*PIAC recommends the NSW Government develop over-arching principles to inform policy related to the transition of the energy system. These principles should aim for consistency and coordination across climate, energy, housing, resilience, and social support policies.*

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**Recommendation – 3**

*PIAC recommends the NSW Government adopt a collaborative, problem solving approach to developing objectives and principles to guide the transition. We recommend the PIAC approach to problem-solving and the OurPower initiative as appropriate frameworks for this process.*

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**Recommendation – 4**

*PIAC recommends the NSW Government designate advanced metering that meets or exceeds national minimum specifications as essential infrastructure, required to deliver the future energy system and the NSW Government climate and energy priorities.*

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**Recommendation – 5**

*PIAC recommends the NSW Government set a target for all NSW to be supported by advanced metering that meets agreed capability standards by 2026 and no later than 2030. Interim targets relating to specific meter circumstances, ages, geographic areas or consumer cohorts should be set accordingly.*

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**Recommendation – 6**

*PIAC recommends the NSW Government ensure that acceleration of advanced metering rollout minimises overall costs and ensures that costs to consumers are regulated and recovered efficiently. Co-ordination with other programs and policies to support climate transition, energy affordability and social equity should be optimised.*

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**Recommendation – 7**

*PIAC recommends the NSW Government prioritise equity as a key principle informing metering reforms and consider how the approach to metering and supporting policies can actively reduce consumer vulnerability.*

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**Recommendation – 8**

*PIAC recommends the NSW Government support returning responsibility for metering to distribution networks as part of the paused AEMC review, or initiate this reform independently to facilitate better outcomes for NSW in an accelerated energy transition.*

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**Recommendation – 9**

*PIAC recommends the NSW Government develop a strategy for the accelerated rollout of advanced metering designed to meet designated target dates. This strategy should be supported*

by the identified principles. The strategy should not assume national action or reform, noting that proposed reforms to embedded networks have been stalled for nearly 2 years after being finalised by the AEMC.

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**Recommendation – 10**

PIAC recommends the NSW Government support or directly implement measures to regulate the costs of meters, meter installation and essential metering services. This approach would be most effective if implemented through DNSPO responsibility for metering, but should be a priority regardless of responsibility.

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**Recommendation – 11**

PIAC recommends the implementation of cost reflective tariffs be decoupled from metering type. Cost reflective network tariffs should be recognised as signals to retailers rather than end consumers and designed and implemented accordingly.

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**Recommendation – 12**

PIAC recommends DNSPs be directed to facilitate an audit of connected solar systems to identify and remedy connections with non-compliant metering or inverters.

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**Recommendation – 13**

PIAC recommends the NSW Government, in collaboration with industry and community stakeholders, develop an approach to deal with meter board issues arising from the installation of advanced metering. This approach should be initiated as part of the larger rollout strategy, be informed by consistent principles and draw upon the experience of the Victorian metering rollout.

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**Recommendation – 14**

PIAC recommends the NSW Government ensure remote de-energisation cannot be used for the purposes of debt recovery or management. In-person visits facilitated by DNSPs or a designated community service representative should be required for all de-energisation processes related to debt management. A consistent guideline for implementing this approach should be developed collaboratively with the NSW Government, industry and community stakeholders.

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**Recommendation – 15**

PIAC recommends the NSW Government support or directly implement protections consistent with the Energy Code of Victoria, ensuring the sale of hot or chilled water in embedded networks must be billed according to the energy embedded in the heating or cooling.

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**Recommendation – 16**

PIAC recommends amending principle 3 and adding three further principles to ensure optimum equity, affordability, climate and resilience benefits from DER in NSW.

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**Recommendation – 17**

PIAC recommends the NSW Government implement a range of practical measures to support the implementation of DER, informed by the guiding principles. These practical measures should contribute to the overarching climate, affordability, resilience and equity objectives of NSW Government transition policy.

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**Recommendation – 18**

*PIAC recommends the establishment of a sustainable energy and homes information hub and sustainable homes concierge service. This should have a wide remit, linking sustainability options with NSW Government and industry initiatives on energy efficiency in the building industry, renewable energy information and other climate and affordability-based services.*

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**Recommendation – 19**

*PIAC recommends a robust, principles-based emissions performance rating system that includes a simple accessible rating backed up with key details and calculations which are easily accessible. The ratings should be available in multiple locations including on bills, switching sites and DPE websites accompanied by a communications plan.*

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**Recommendation – 20**

*PIAC recommends that the Life Support Rebate application forms remain valid for at least 4 years, with an option for a medical practitioner to indicate when the requirement for life support equipment is permanent and so additional application forms will not be required.*

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**Recommendation – 21**

*PIAC recommends accessible options for communications be provided and people be able to specify how they would like to receive communications. No one should be disadvantaged as a result of their choice or requirement for mode of communication.*

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**Recommendation – 22**

*The NSW Government collect and monitor details about how many people are covered by network and retail exemptions in NSW and the types of business structures that are used.*

## Introduction

PIAC welcomes the Consultation Paper, '*Promoting innovation for NSW energy customers*' (The Paper). We strongly support identifying supporting measures to assist a rapid, efficient transition to a zero-carbon energy system.

A more strategic approach to enabling innovation to deliver better outcomes for NSW consumers and the community is required. The paper identifies a wide range of issues and considers them independently for reform opportunities. PIAC recommends a more coordinated approach as many of the issues interact with each other, and with other areas of policy.

The Paper also recognises other reviews and reforms that are currently underway and notes an intent to identify gaps and complement rather than duplicate these processes. This approach is understandable in principle. But it does not recognise that the key gap in current reform and review processes is a coherent, objective-focused strategy to inform, guide and coordinate policy, regulation and reform.

The 'removal of barriers' is not a sufficient objective for the reforms required. A focus on removing barriers assumes that desired benefits and opportunities for consumers are natural or automatic results that will be delivered by the market. Experience of the energy system to date demonstrates this is not sufficient to drive better outcomes for consumers. A clear objective is required to direct and enable the market, industry and the community to work in concert with Government, to transition the NSW economy and deliver the better outcomes intended.

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### **Recommendation – 1**

*PIAC recommends the NSW Government develop an objective to inform policy reforms related to the transition of the energy system and the intended outcomes for the NSW Community and consumers. This objective should be consistent with climate policy and serve as a coherent and consistent link between climate, energy, housing, resilience, and social support policies.*

Key principles are also needed. These should be enduring principles that can be applied to consideration of issues related to the energy transition and inform decisions on how best to achieve the identified objective in way that delivers the best outcomes for the NSW community and consumers. Innovation, competition, and choice are important tools, but they can be employed in varied ways leading to wildly different outcomes. To add value and contribute to the best outcomes for consumers they must be employed according to enduring principles.

PIAC recommends responses to the issues identified in the Paper be assessed against the contribution they can make to the objective of an efficient, equitable and affordable transition to a zero-carbon economy that delivers better outcomes for all NSW consumers. This assessment should be informed by key principles, such as:

- Optimising outcomes for NSW and all NSW consumers is the priority.
- Responding to climate change should be based on the latest available evidence of what is required to maintain average increase in temperatures below 1.5-2 degrees.



- National consistency should be prioritised when it can be demonstrated to optimise outcomes for NSW consumers.
- Equity of outcomes for all NSW consumers must be emphasised. The transition should improve outcomes for consumers currently experiencing disadvantage or vulnerability in affordable access to energy that meets their needs.
- Competition, choice and effective markets are important tools to be employed where they optimise outcomes for NSW consumers but only when they do not compromise outcomes for other NSW consumers.
- Measures that enable beneficial systemic outcomes should not be contingent on the choice or actions of individual consumers.
- Fair, efficient, and affordable access to essential energy services should not be contingent upon consumer information, choice, or action.

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### **Recommendation – 2**

*PIAC recommends the NSW Government develop over-arching principles to inform policy related to the transition of the energy system. These principles should aim for consistency and coordination across climate, energy, housing, resilience, and social support policies.*

PIAC has developed a framework for collaborative decision-making that could help develop an overarching objective and, along with principles (such as those above), determine the structure and requirements of reforms. We have included a summary of this framework as **Appendix 1** of this submission. We note that the recently launched “Our Power”<sup>1</sup> initiative sponsored by ACOSS, Total Environment Centre (TEC) and Energy Consumers Australia (ECA) incorporates our approach to decision-making and sets out a detailed explanation of how Objectives, principles and outcomes can be derived to determine the optimum reform options. PIAC strongly recommends the NSW Government consider this approach to decision-making in relation to the issues identified in the Paper.

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### **Recommendation – 3**

*PIAC recommends the NSW Government adopt a collaborative, problem solving approach to developing objectives and principles to guide the transition. We recommend the PIAC approach to problem-solving and the OurPower initiative as appropriate frameworks for this process.*

## **Part 1: Digital energy technologies**

PIAC agrees with the focus on the areas identified in the Paper. But we caution against a focus on facilitating technological implementation without a clear objective purpose and established guiding principles. Technology, like competitive markets and regulation, must be employed according to clear principles to promote consistent Government policy objectives.

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<sup>1</sup> OurPower [website](#)

PIAC has included our submission in response to the AEMCs draft finding as part of its review of the metering framework, at **Appendix 2**. This submission provides detailed discussion of the role of metering and digital technologies and identifies a range of failings with current approaches that are relevant to this process.

## **Advanced metering & metering costs**

The rollout of appropriately capable advanced meters must be accelerated. Advanced metering must be recognised as essential infrastructure enabling the efficient operation of a reliable, affordable, sustainable, and resilient energy system in NSW. Metering should be delivered to the standard required to support this operation and deliver services equitably to all NSW consumers. PIAC highlights the objective established by the Australian Energy Market Commission (AEMC) to inform its review of the national metering framework:

To enable the roll out of appropriately capable smart metering to consumers in a timely, cost effective, safe and equitable way, to ensure metering contributes to an efficient energy system capable of maximising the benefits for all consumers.

There is an opportunity for this process to align with the objective established by the AEMC and for the NSW Government to clearly define aspects of this objective as the first step in establishing how NSW can implement reforms to best benefit NSW consumers.

## **Appropriately Capable**

The required capability of metering is largely established with most recognising that the current specifications of metering required in the national framework are adequate to deliver the most material systemic and individual consumer benefits. The NSW Government should provide greater practical weight to this by asserting that metering is essential infrastructure enabling climate and energy system transition policies. This would provide the framework to determine concrete target dates when metering must meet the required capability standards.

## **Recommendation – 4**

*PIAC recommends the NSW Government designate advanced metering that meets or exceeds national minimum specifications as essential infrastructure, required to deliver the future energy system and the NSW Government climate and energy priorities.*

## **Timely**

The NSW Government has set targets for 50% emissions reduction by 2030 on the way to a net-zero economy by 2050. The net-zero plan and constituent policies such as the Peak Demand Reduction Scheme, The Energy Security Safeguard and the NSW Roadmap outline the transition of the NSW energy system. These reforms require greater systemic transparency, flexibility and dynamic generation and load matching. At a National level energy system and market reforms intend for the post 2025 energy system to be based on two-way information and energy flows and trading relationships. Universal advanced metering is the most consistent and efficient way to accommodate these substantial changes. Accordingly, these dates should frame NSW Government decisions on accelerating metering related reforms and transition policies.

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**Recommendation – 5**

*PIAC recommends the NSW Government set a target for all NSW consumers to be supported by advanced metering that meets agreed capability standards by 2026 and no later than 2030. Interim targets relating to specific meter circumstances, ages, geographic areas or consumer cohorts should be set accordingly.*

**Cost effective**

The NSW Government should consider what is the most cost-effective way to roll out metering, for the NSW community as well as for individual consumers. How can the costs of rollout be best managed, in a way that is effective, efficient, equitable and transparent? How can costs best be controlled for consumers? How can the systemic benefits that advanced metering enables be employed to defray the costs involved? And how can consumers experiencing disadvantage or vulnerability have their outcomes improved by these measures? This process must consider alignment with other NSW Government policy priorities and programs to identify where measures to implement advanced metering can support or be supported by other policy priorities. For instance, where gas rebates, electrification and retailer efficiency program contributions can be utilised to benefit vulnerable consumers in conjunction with the rollout of advanced metering.

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**Recommendation – 6**

*PIAC recommends the NSW Government ensure that acceleration of advanced metering rollout minimises overall costs and ensures that costs to consumers are regulated and recovered efficiently. Coordination with other programs and policies to support climate transition, energy affordability and social equity should be optimised.*

**Equitable**

Equity must be the fundamental priority in implementing a rollout of metering and ensuring the NSW community and all NSW households benefit from a more efficient and flexible energy system. Prioritising equity means a shift away from relying on consumer choice to drive metering installation and the systemic outcomes that rely on it. It requires identifying cohorts and circumstances where installation and operation may involve additional complications or barriers and developing a strategy to respond accordingly. This must include transparent measures to identify, regulate and recover any related cost fairly, as well as supporting the costs for cohorts that require it. Prioritising equity should also involve active consideration of how the approach to metering and its supporting policies, can be used to reduce consumer vulnerability.

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**Recommendation – 7**

*PIAC recommends the NSW Government prioritise equity as a key principle informing metering reforms and consider how the approach to metering and supporting policies can actively reduce consumer vulnerability.*

**A strategy for an accelerated rollout**

Accelerating rollout will require a strategy to meet the objective, informed by the principles and requirements outlined above.

PIACs preference is for DNSPs to be responsible for metering, with metering installation and data provision costs incorporated into DNSP regulation. It is possible, if unlikely, that this reform will be

recommended by the AEMC when it completes its review of the regulatory framework for metering. The NSW Government should advocate for this option or pursue it independently.

### **Recommendation – 8**

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*PIAC recommends the NSW Government support returning responsibility for metering to distribution networks as part of the paused AEMC review, or initiate this reform independently to facilitate better outcomes for NSW in an accelerated energy transition.*

Regardless of the overall responsibility for metering, DNSPs will have significant responsibilities as part of any accelerated rollout. The NSW Government should consider options for making DNSPs responsible for aspects of an accelerated rollout where their infrastructure, resources, expertise and scope to leverage efficiencies in scale and geography, could improve the efficiency of the rollout. This would still need to be supported by a range of measures to improve data access and utilisation, cost transparency and arrangements to deal with remediation.

This comprehensive strategy for accelerated rollout of advanced metering should include a range of measures such as:

- A date by which the rollout should be complete, or materially complete. This should include identifying interim target points that may be related to the age of meter or the circumstances of the installation (this should include the prioritisation of metering installations supporting people in vulnerable circumstances, such as social housing). For instance:
  - Target date for universal advanced metering in NSW by 2026 and no later than 2030.
  - No meters older than 15 years by 2026
  - All shared fuse meters replaced no later than 2026
  - Implementing measures to include a requirement for advanced metering to be provided in any residential tenancy by 2026
- A set of specified circumstances where exceptions to the deadline may be appropriate. This could include circumstances where the costs or other issues involved are so material as to make it unreasonable or otherwise not in the interests of consumers to meet that deadline.
- DNSPs to be given responsibility for rollout planning and contracting to enable:
  - Contracting with metering entities to operate on their network. Metering entities could tender to provide services in a DNSP area. It is likely that, given the timeframes and scale of rollout, multiple entities would be required.
  - Setting roll out targets for each year leading up to the deadline. These should be set at the outset and monitored for progress.
  - Initiating rollout by geographical area to achieve scale and scheduling benefits.
  - Identifying potential areas of rollout priority to respond to network instability, high solar penetration, network congestion, accommodation of community batteries or other significant issues.

- Rollout to replace the oldest meters or those with the highest priority for replacement. This could be an additional criterion used to identify priority geographic areas. Considerations could include:
  - Where there are high numbers of known/likely shared fuse issues
  - Where there are high numbers of known/likely meter board issues
  - Where there are high numbers of known/likely safety or service inadequacy issues.

While this roll should be undertaken through returning responsibility for metering to DNSPs, it is also possible for information provision and planning to be undertaken in cooperation with other entities that may be wholly or jointly responsible for metering.

- Retailers to continue to process metering requests from consumers where those requests are driven by solar installation or meter failure. This would ideally be actioned by DNSPs where they are made responsible for metering, but alternative approaches are possible.
- Agreed schedule of metering costs and how they should be recovered and transparently monitored. Consumers should not face any up-front costs for meter installation. Any ongoing costs recovered from consumers should only relate to their own meter or the necessary rehabilitation required to install their meter.
- An agreed procedure to deal with necessary remediation works to facilitate meter installation, including:
  - Set criteria to determine if remediation is required to enable installation
  - Set levels of remediation to be performed if remediation is needed, including limitation of works that can be completed without prior agreement from the consumer.
  - A schedule of what costs of remediation can be recovered, including a procedure for those costs only to be recovered from the NMI/NMIs associated with those remediation costs
- Agreed procedures to deal with the range of metering circumstances to ensure impacted consumers are not left materially worse due to the new connection. This should include:
  - How to deal with connections where hot water services are on a separate circuit
  - How to deal with other circumstances where the residence has multiple metering connections.

Consideration should be given to agreeing procedures to replace multiple meters with multiple circuit advanced meters. Consideration should also be given to creating replacement tariff options that can be offered to consumers where legacy arrangements may no longer be

suitable. For instance, peak demand tariffs with low off-peak/high solar prices for consumers who previously had separately metered off-peak hot water.

- Ensuring that tariff defaults do not operate to restrict consumer choice, or otherwise leave consumers worse off due to the installation.
- New arrangements to ensure DNSPs and service providers have access to the data they require to deliver safe, efficient, affordable, and effective services to consumers

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### **Recommendation – 9**

*PIAC recommends the NSW Government develop a strategy for the accelerated rollout of advanced metering designed to meet designated target dates. This strategy should be supported by the identified principles. The strategy should not assume national action or reform, noting that proposed reforms to embedded networks have been stalled for nearly 2 years after being finalised by the AEMC.*

### **Issue 1: Meter costs to customers**

Meter costs should be regulated and standardised and recovered efficiently. Meters are essential infrastructure components required to undertake standard roles for the system. The key issue is that the approach to metering cost recovery is unregulated and not consistent with the approach taken to other hardware elements of the system. Consumers must have meters, must have certain types of meters when replacement is required, and do not own the meter. These facts render any 'choice' exercised by the consumer meaningless and in many cases counter-productive. Providing information on cost to consumers is not an effective means of controlling (and regulating) the cost of metering rollout.

Providing information on metering costs implies consumers have a meaningful choice (such as not having a meter, or refusing an advanced meter). This approach is likely to be counterproductive by generating confusion and resistance to extra costs, while not addressing the issue of cost efficiency and consistency of metering installation and services. The individual costs of other aspects of critical infrastructure are not separately provided. The wires or poles or substations are replaced and upgraded to meet new standards and costs are simply regulated and rolled into the accumulated costs of infrastructure and service provision. Metering should be regarded similarly with the costs of meters and essential metering services regulated.

Cost schedules for metering installation and the provision of metering services must be created and made mandatory. If regulated, these costs need not be transparent to consumers.

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### **Recommendation – 10**

*PIAC recommends the NSW Government support or directly implement measures to regulate the costs of meters, meter installation and essential metering services. This approach would be most effective if implemented through DNSPO responsibility for metering, but should be a priority regardless of responsibility.*

The potential benefit of advanced metering in facilitating greater flexibility and scope of tariff options is largely dictated and shaped by the retailer. Any direct consumer benefit is contingent



upon the actions of others (not the consumer) and the impact of the benefit is further contingent on the quality of the tariff and how the consumer interacts with it.

Complex tariffs responding to time of use and demand are intended to signal costs to retailers and are not an effective signal to consumers in relation to an essential service – where usage is primarily dictated by need rather than price. Automatic implementation of more complex tariffs passed directly to consumers is likely to leave many worse off. Linking metering (where consumers have no meaningful choice) to tariffs (where consumers have no meaningful choice) compounds the issues.

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**Recommendation – 11**

*PIAC recommends the implementation of cost reflective tariffs be decoupled from metering type. Cost reflective network tariffs should be recognised as signals to retailers rather than end consumers and designed and implemented accordingly.*

**Question 1a**

PIAC does not consider it necessary or helpful to focus on the communication of costs and benefits of advanced metering to consumers.

**Question 1c**

PIAC strongly disagrees with the inclusion of smart meter costs on comparison sites. No other compulsory aspects of electricity infrastructure are separately communicated to consumers. Separate communication of the metering costs creates the perception that metering is optional, subject to consumer preferences and related to direct consumer benefit. This is misleading and potentially counter-productive. This approach could repeat some flawed aspects of the Victorian metering rollout. That is, where replacement was compulsory and the separate signalling of costs unhelpfully focussed consumer attention on the immateriality of 'direct benefits accruing to them (where the more material systemic benefits are not transparent).

Metering costs should be regulated according to a consistent schedule of costs for the meter, installation, required remediation and ongoing metering costs. This arrangement is consistent with the handling of legacy metering (in excess of 70% of meters) and provides a level of certainty, transparency and consistency that protects all consumers.

**Questions 1e**

PIAC supports cost reflective network tariffs being more fully implemented in NSW as part of measures to ensure more efficient network utilisation, investment and cost recovery. However, it is not necessary or appropriate for these tariffs to be passed directly through to household consumers.

Cost reflective tariffs are intended to be robust and accurate signals to retailers regarding the marginal cost of network utilisation. It is the role of retailers to take these costs, along with wholesale energy costs and other government and retail costs, to create simple, efficient retail price structures that meet consumers needs. In the same way retailers smooth fluctuations in wholesale prices over time and across their portfolio of customers, they should smooth complex network price signals to create retail pricing that is appropriate for the billing of an essential service. This approach to cost-reflective pricing enables consideration of differential local

network pricing and other mechanisms that may help accommodate community batteries and electric vehicle charging.

In assessing the most appropriate and effective way to utilise cost-reflective tariffs to support an efficient and fair energy system in NSW, the NSW Government should consider:

- Implementation of cost-reflective tariffs at a network level has been hampered by the assumption that network tariffs must be comprehensible to household consumers. This misunderstands the role of network tariffs and has encouraged retailers to directly 'pass on' tariffs to consumers.
- Compulsory tariff assignment at a network level is only appropriate where the impact is not directly transferred to the household consumer. For instance, compulsory assignment of Time of Use (TOU) tariffs where there is an advanced meter should not result in a household consumer being required to adopt a TOU or demand tariff.
- The nature of electricity as an essential service means its use is primarily dependant on factors other than its cost. That is, people must use it when they need it regardless of what it costs and whether they can afford it. It is not appropriate to pass on a purely cost-reflective network tariff to households where the cost is not the primary (or major) determinant of use.
- The role of retailers is to take complex, variable, and volatile cost components for a variety of different users and create simplified products that are suitable for the pricing of an essential service that needs consumer's needs. Their role is to utilise the aggregation of varied usage profiles, contract arrangements, hedging and financial offsets and innovative service arrangements to accomplish this translation of complexity to simplicity.
- Retail tariffs must be shaped primarily by the consumer needs and interests, not by reflecting the granular and dynamic reflection of the cost to service. Cost-reflectivity should be employed to improve the incentive for retailers to develop innovative responses which bridge the gap between the cost to serve and the need to provide stable, fair, and equitable prices to consumers for an essential service.

## **Issue 2: Meter life and redundancy charges**

The paper highlights the opportunity to align with community expectations around metering. PIAC reiterates metering is an essential piece of infrastructure the community expects to be functional and capable of meeting the standards required to deliver safe, efficient services. These expectations are founded on community experience of metering that is largely invisible, with its costs recovered incrementally as part of the overall connection cost.

This experience has supported confidence in metering (and billing) and a constructive inattention that has allowed consumers to focus on issues of greater direct impact in their lives.

The consumer experience of metering to date has been founded on DNSP responsibility for metering. It has involved DNSPs maintaining meters, determining their practical and financial lives, and recovering costs of metering over time through transparent, regulated revenue. This successful and efficient model could be utilised to deal with questions of meter life and charging



through the transition to advanced metering, particularly where DNSPs have responsibility for metering. Such an approach would simplify transition decisions and cost recovery arrangements, simply rolling recovery of legacy meter costs into those recovered for new meters.

PIAC considers the identified issues with new metering lives and with other factors which may limit or otherwise impact metering availability and continuity demonstrate the need for more comprehensive and consistent information regarding metering connection to be collected and maintained at a distribution or jurisdictional level. This information should include at a minimum:

- the meter installation date,
- meter type,
- key platform parameters for the meter (for instance, 3G/4G/5G compatible)
- expected redundancy date (where the product has a known limitation on functional life).

#### **Question 2d**

Life expectancy of existing meters should be a consideration rather than a determinant of the approach to metering replacement. An overall strategy to accelerate the rollout of smart metering should be created, incorporating a range of approaches. The NSW Government should set a target based upon the system needs and fulfilment of climate and energy policy, targeting universal advanced metering by 2026 and no later than 2030. Within this strategic target:

- all meters should be no more than 15 years old by 2026
- all solar and DER installations should be supported by advanced metering by 2025
- all multi-occupancies (flats and apartments) should be supported by advanced metering by 2026
- areas of critical network need, or system or community benefit should have advanced metering by 2025 (for instance, this may include local communities, regional communities supported by community battery schemes or integrated into community virtual power plant arrangements)
- All social and community housing should have advanced metering by 2025
- Rental tenancy and other legislation should require all tenanted properties to have advanced metering by 2026.

#### **Question 2f**

Prioritising a principle of equity in metering, and co-ordinating metering transition measures to alleviate impacts on the vulnerability of students is vital. A strategy to transition NSW households to advanced metering by 2026 should involve identifying priority cohorts for replacement and co-ordinating measures to address issues with their circumstances to ensure transition leaves them better off, or at least does not impact them negatively.

Prioritising equity should involve:

- An approach that protects all consumers and does not rely on individual consumer capacity or choice to implement advanced metering rollout to households. Metering of appropriate standards should be required from a certain date, with a strategy to ensure universal access equitably and efficiently independent of consumer action.
- Entitling all consumers to appropriately capable advanced metering by 2026 and no later than 2030. This should include further measures to ensure all tenants in living in rental properties have appropriately capable advanced metering by 2026.
- No consumers should be required to bear the upfront costs of the installation of an advanced meter, or any identified remediation work which is required to enable it (where identified remediation is work that is included in guidelines for what is required remediation and subject to regulated or supported cost recovery).
- Ensuring any costs of installation and remediation are regulated and only recovered from the consumer whose NMI the costs are related to. Supporting measures should be available to subsidise, amortise, defray or waive the costs for consumers that may be in more vulnerable circumstances such as social and community housing, in receipt of a rebate, or otherwise eligible for support.
- Ensuring that the transition to advanced metering leaves consumers on comparable arrangements, or better off. This should include the development of new tariffs to replace controlled load and off-peak hot water arrangements and benefit consumers. It should also ensure that any new tariff arrangements are 'opt-in'.
- Coordinate access to other government supports to improve outcomes for potentially vulnerable groups. This should include
  - support to disconnect from network gas to lower fixed household energy costs.
  - assistance to electrify hot water and heating/cooling fixtures to facilitate benefit from new tariffs focussed on encouraging daytime energy-use.
  - Support to assess and improve household energy efficiency
  - Access to assistance to access solar PV or other distributed energy resources.

### **Issue 3: Solar connection delays**

NSW households expect to have a request for a solar connection actioned in a reasonable timeframe. They expect this connection to be facilitated with the installation of an appropriately capable advanced meter. It is in the interests of the NSW Government and all users of the NSW energy system for these expectations to be met.

The Paper notes that many solar connections are not appropriately metered, undermining the efficiency and value of the solar connection to the household. The Paper further noted issues experienced by retailers relating to unclear responsibilities and complications with co-ordination that impeded timely solar connections. PIAC contends these issues are direct results of retail

responsibility for metering and could be materially resolved or alleviated through DNSP responsibility for metering connections.

### ***Recommendation – 12***

*PIAC recommends DNSPs be directed to facilitate an audit of connected solar systems to identify and remedy connections with non-compliant metering or inverters.*

## **Issue 4: Meter board upgrades**

Mechanisms to address necessary meter board remediation transparently and consistently must be part of measures to accelerate rollout of advanced metering in NSW. Consultation undertaken as part of the AEMC review of metering has highlighted that regardless of whether the rollout of advanced metering is accelerated, issues with meter board remediation must be addressed. Consumers should not be left without appropriately capable advanced metering, or with unexpected and material remediation costs they may not be able to manage.

PIAC understands the complexities involved in addressing remediation issues, and the costs that may result from required remediation. Any assessment of mechanisms to deal with remediation and its costs should be shaped by clear principles. PIAC proposes the following:

- All consumers are entitled to appropriately capable advanced metering.
- Consumers should not be required to bear upfront costs for the installation of a meter, or any necessary remediation required to enable it.
- The scope of what constitutes necessary remediation, when it is required, and what is required, should be established according to a consistent guideline.
- Any costs charged for installation and necessary remediation should be transparent and regulated according to a schedule or guideline.
- Consumers should only pay costs related to the installation of their own meter (identified by NMI), including any costs related to the necessary remediation required to install it.
- Any remediation outside the scope of what is necessary can only be undertaken at the consumers expense subject to adequate prior notice and information as to the cost implications.

It is important to establish that, in principle, the costs of necessary remediation remain the responsibility of the consumer whose property it is. This should be defined according to the NMI(s) of the connection point(s) the remediation was necessary for. The issue at question is how to deal with these costs up front, and how they should be recovered over time? The meter remains the responsibility of the installing/maintaining entity. It may be practicable to recover the costs of necessary remediation as distinct from remediation which is not deemed necessary from charges associated with the meter, amortised over the life of that meter. Any mechanism to do this must have an agreed procedure to deal with rectification works to facilitate meter installation, including:

- Set criteria to determine if remediation is necessary to enable installation. The experience of rollout in Victoria should be drawn upon to identify what issues will occur and how processes can be designed to address them consistently.
- Set levels of remediation to be performed if necessary, including limitation of works that can be completed without prior agreement from the consumer.
- A schedule of what costs of necessary remediation can be recovered, including a procedure for those costs only to be recovered from the NMI/NMIs associated with the meter(s) those remediation costs are related to.
- A government, industry, or collective scheme to cover the necessary remediation costs for consumers in vulnerable circumstances. This could include social and community housing residents, residents with low incomes, residents covered by rebates and concessions schemes, and residents in Aboriginal housing.

The paper suggests 10% of consumers will require a meter board upgrade in order to install a smart meter. The NSW Government should work with NSW DNSPs and metering providers to identify where necessary remediation will be required, as part of the process of determining what constitutes required remediation and developing an agreed schedule of required works and related costs. The experience of rollout in Victoria should be examined in detail to identify issues that will need to be addressed, problems that will arise, and how to ensure consistent, equitable and efficient response.

PIAC has provided our submission to the AEMC review of metering framework as Appendix 2 to provide further detail regarding what is required to address issues with meter board upgrades and related costs.

### **Recommendation – 13**

*PIAC recommends the NSW Government, in collaboration with industry and community stakeholders, develop an approach to deal with meter board issues arising from the installation of advanced metering. This approach should be initiated as part of the larger rollout strategy, be informed by consistent principles and draw upon the experience of the Victorian metering rollout.*

### **Question 4a**

Age-based replacement of metering and meter boards should be part of a co-ordinated strategy to accelerate the efficient rollout of advanced metering by the target date. Any requirements regarding age-based meter board replacement must be supported by measures to agree when replacements are required, what costs should be involved and how they can be recovered equitably. Any requirements should not leave consumers worse off or result in consumers bearing upfront costs for the installation of an advanced meter.

### **Issue 5: Sample meters**

PIAC contends DNSP responsibility for meter installation and metering services should be restored making the issue of sample meters redundant. The requirement for sample meters is one of many examples of the complications, inefficiencies and other unnecessary consequences resulting from retail responsibility for metering.

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

PIAC strongly supports applying obligations and regulations to manual and remote de-energisation and re-energisation, to ensure the same outcomes for consumers in both circumstances. Particular attention must be paid to ensuring equality and consistency of protections and consumer outcomes in relation to de-energisations and re-energisations resulting from debt-recovery processes.

PIAC made detailed recommendations regarding how to ensure appropriate consumer protections during de-energisation and re-energisation in our submission to the 2019 consultation paper 'Digital Metering: Improving Service Delivery in NSW'<sup>2</sup>. Understanding regarding de-energisation impacts has evolved since this time, particularly through experience of COVID and the implementation of the AERs Statement of Expectations (SOE) regarding de-energisation and active debt recovery. NSW distribution networks, lead by Essential Energy, have implemented processes ensuring an in-person visit prior to initiating de-energisation. This process reduced completed disconnections by over 75%, is now standard practice for Essential and is being trialled by Endeavour and Ausgrid. This process only applies where manual de-energisation is required, introducing ongoing inconsistency.

PIAC recommends implementing a consistent approach to improve protections for consumers experiencing de-energisation and re-energisation. This should involve:

- Prohibiting remote de-energisation for the purposes of debt-recovery or debt-management (involuntary de-energisation).
- Requiring all involuntary de-energisations to be subject to an in-person visit within a consistent timeframe. This process should:
  - Be developed collaboratively, potentially based on the experience and processes implemented by Essential Energy, and
  - Allow flexibility for the in-person visit to be undertaken by the distribution network, a community service organisation or other local service provider agreed by the retailer, and
  - Support the intent for de-energisation to be an absolute last result, and only initiated where all other options for contact with the household have been exhausted.
- Implementing consistent processes for enacting remote de-energisations in all other voluntary circumstances. This should include measures to ensure consumer requests for de-energisation are genuine and not subject to health, safety or domestic abuse risks.

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<sup>2</sup> PIAC ['Submission to the Digital Metering: Improving Service Delivery in NSW – public consultation paper'](#), 12 September 2019

- Ensuring retailers have processes in place to respond to re-energisation requests safely and rapidly at all times of day. These processes should ensure households are not without energy or endangered by the restoration of their power.

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#### **Recommendation – 14**

*PIAC recommends the NSW Government ensure remote de-energisation cannot be used for the purposes of debt recovery or management. In-person visits facilitated by DNSPs or a designated community service representative should be required for all de-energisation processes related to debt management. A consistent guideline for implementing this approach should be developed collaboratively with the NSW Government, industry and community stakeholders.*

### **Issue 7: Enhancing protections for hot water embedded network customers**

PIAC supports regulation of energy embedded in the provision of other unregulated services, such as that used to chill or heat water. PIAC is concerned about the numerous consumer issues with the sale of chilled and hot water in embedded networks. Loopholes should not allow some businesses to ‘choose’ their regulation and prevent people’s access to appropriate consumer protections including billing and access to ombudsman services. In 2021, at least 49,000 households in NSW received their hot water through an embedded network.<sup>3</sup> This is a significant – and growing – number of consumers who are not receiving the same consumer protections that other consumers receive. The current regulatory framework means that the embedded network operator can choose which regulatory framework they operate in and, understandably from a business perspective, choose the framework which has the least regulation and consumer protections.

Chilled water used for air conditioning can be extremely important for health, particularly in apartments which lack cross ventilation or other means to cool. It is also vital for people who have medical conditions which mean they need to maintain room temperatures within a certain range. PIAC does not have access to the figures for the number of consumers in chilled water embedded networks, but some issues facing both chilled water and hot water embedded networks are similar. Consumers in these networks might not:

- Receive clear billing information which shows them how much they use and what they are being charged for.
- Have access to retail competition to allow them to look for a cheaper deal.
- Have a right to access payment plans or hardship assistance should they need it.
- Have certain disconnection protections.
- Have access to an ombudsman service should an issue arise.

Although hot water is usually sold in litres, not kWhs, heating water and having access to hot water is part of energy supply and is an essential service. For hot water embedded networks, EWON identified the following common complaints:

- high bill disputes;

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<sup>3</sup> EWON, Spotlight On: ‘Hot water embedded networks’, <https://www.ewon.com.au/page/publications-andsubmissions/reports/spotlight-on/hot-water-embedded-networks>

- estimated bills;
- customer service issues;
- opening and closing accounts; and
- credit issues, including affordability.

These sorts of complaints are likely to also apply increasingly to chilled water. It is unfair that consumers with these problems in embedded networks cannot get assistance from the ombudsman as consumers outside of these arrangements can. Protections for hot and chilled water must be brought up to the standards that those outside of embedded networks receive. For hot water, this means not being able to operate outside of energy regulations, for example, not being able to charge for hot water in litres.

### **Recommendation – 15**

*PIAC recommends the NSW Government support or directly implement protections consistent with the Energy Code of Victoria, ensuring the sale of hot or chilled water in embedded networks must be billed according to the energy embedded in the heating or cooling.*

## **Part 2: The future of distributed energy resources**

Distributed energy resources (DER) are crucial NSWs' response to the threat of climate change and ensuring the transition to a zero-carbon economy is efficient, affordable and supports equitable and resilient access to an essential service for all NSW households. But removing barriers to DER uptake and integration will not be sufficient to optimise the impact of DER for all NSW households. DER should be considered as a powerful tool linking and benefiting climate policy, housing affordability, health and social equity policies. Policies integrating, supporting and utilising DER should be identified with a clear objective to ensure DER makes the optimum contribution to benefit all NSW households and the NSW community.

### **Issue 8: DER in New South Wales**

#### **Question 8a**

PIAC supports the proposed principles, with the following amendments:

Principle 3 should be "Seek to align state reforms to establish a National approach **wherever National consistency better meets the long-term interests of NSW energy users**" rather than "... **where possible**".

There may be instances where a National approach is possible but does not best serve the interests of NSW energy users. For example, where attaining National consistency may give rise to delays in solving pressing problems, may involve compromises that do not best meet NSWs needs or – as is the case with SAPS – come at the expense of unworkable solutions.

PIAC recommends adding the following principles:

- Support the electrification of household transport and gas
- Maximise deployment of voluntary DER for flexible loads, without compromising affordable access to energy services for essential loads.



- Target DER programs for disadvantaged groups including low-income households, renters and people in apartments

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### **Recommendation – 16**

*PIAC recommends amending principle 3 and adding three further principles to ensure optimum equity, affordability, climate and resilience benefits from DER in NSW.*

#### **Question 8b**

Practical measures Government could take to support DER and the guiding principles include:

- Subsidise solutions that bring the benefits of DER to disadvantaged groups including low-income households, renters and people in apartments
- Subsidise solutions that help bring emerging markets to maturity, like batteries and electric vehicles
- Target DER solutions that provide benefits beyond the household, including climate benefits and reducing electricity network costs
- Initiate household electrification measures, particularly the electrification of hot water and space-heating loads
- Promote accelerated network tariff reform
- Promote accelerated smart meter rollout.

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### **Recommendation – 17**

*PIAC recommends the NSW Government implement a range of practical measures to support the implementation of DER, informed by the guiding principles. These practical measures should contribute to the overarching climate, affordability, resilience and equity objectives of NSW Government transition policy.*

#### **Question 8c**

DER and demand side participation are important parts of the energy future. In PIAC's view the Government should be supporting *better* and *better optimised* demand side participation rather than *greater* demand side participation. NSW could look to the Victorian experience to understand why the distinction is important.

In 2018 the Victorian government introduced a scheme to heavily subsidise solar systems. The scheme was not needed for market development or emissions abatement purposes, as solar PV was by that time a mature and very cost-competitive technology and subsidised under a national program. Arguably the Victorian scheme design was regressive in nature: rebates were initially only available for owner occupiers and the means test allowed people up to approximately the 90<sup>th</sup> percentile of household income to participate, meaning many of the recipients did not require the subsidy and would, or could, have purchased solar anyway.

In the first months of the scheme, heavy demand led to bottlenecks in the solar supply chain, lengthy delays to eligible installations, administrative delays and related issues. The increase in



installations led to higher costs in networks, which, due to the Victorian government's opposition to cost reflective network tariffs, would have been primarily been recovered regressively from people without solar.

While the Victorian scheme succeeded in generating *greater* demand side participation, it was far from an *optimal* use of over \$1.3 billion of public money. In PIAC's view, NSW government programs could learn from this to have substantially more impact at lower cost.

Please refer to 8b above for PIAC's thoughts on optimising DER and DSP and flexibility.

#### **Question 8d**

Material concerns and barriers include lack of access for locked out groups, lack of cost reflective tariffs, lack of smart metering.

#### **Question 8e**

See 8a, 8b and 8c.

#### **Question 8f**

See 8a, 8b and 8c.

#### **Question 8g**

See 8a, 8b and 8c.

#### **Question 8h**

The most promising clean energy solutions include:

- solar PV
- commercially viable and proven battery chemistries
- electric vehicles
- smart appliances (plug-in and hard-wired)
- smart control and monitoring devices
- SAPS (at the fringe of the grid only)

PIAC strongly cautions against subsidising

- novel battery technologies. These carry high risk of failure and low likelihood of commercial success, and are unnecessary given there are proven and mature effective battery chemistries.
- fuel cell technology. These carry high risk of failure and low likelihood of commercial success, and are unnecessary given there are proven and mature effective battery chemistries.
- hydrogen gas appliances for the home. Introducing hydrogen to gas distribution networks is not in the consumer, public or environmental interest.
- small-scale or urban wind turbines. These are unviable due to physical and other constraints that no innovation can overcome.

## **Issue 9: Enabling flexibility and dynamic operating envelopes**

### **Question 9a**

The single most effective measure to drive fit-for-purpose solar sizing, orientation and management is cost reflective network tariffs. These signal the actual cost of providing a network to meet a customer's demand and generation requirements. Further, cost reflective tariffs (including export tariffs for large solar systems) mean it is less of a problem if a consumer installs solar systems larger than their own needs, as the cost to the system is recovered from them, not other energy users.

Batteries also have a role in limiting the impacts of large solar systems on other energy users or the need for curtailment.

### **Question 9b**

Usage and system demand profile changes will potentially disrupt security and reliability, but these risks can be predicted and there are options to plan for and manage this risk.

### **Question 9c**

The NSW Government could consider a RERT-like mechanism whereby solar owners are reimbursed when their surplus solar export is curtailed for system security purposes. This should not be the first or only response. Electrification of load and other coordinated measures discussed elsewhere in this submission should be part of a comprehensive response to this issue that ensures optimum DER utilisation for system and consumer benefit.

## **Issue 10: Quality, standards and compliance**

No comment.

## **Issue 11: Improving the visibility of residential DER and data management**

No comment.

## **Issue 12: Community batteries and emerging technologies**

PIAC supports consideration of community batteries and other emerging technologies to deliver efficient system benefit, localised management of generation and load, and benefits to 'locked out' consumers, such as social housing tenants. Community batteries should be considered as an important contributor to the overall objectives of the NSW Government transition policies, and be assessed in conjunction with other measures discussed in this submission.

### **Question 12a**

Distributed batteries, owned by DNSPs or third parties, are likely key component of the future energy system. In PIAC's view

- community owned batteries are one type of third-party option.
- DNSP-owned batteries should not be called community batteries, but more accurately be regarded as distribution assets.

### **Question 12b**

Additional regulatory changes to consider include:

- DNSPs need to be able to include distributed batteries in their RAB and be allowed to trade energy and ancillary services in relevant markets.
- Third party battery providers need to be able to be remunerated for network support services

#### **Question 12d**

Distributed batteries are likely to be viable, but directly linking and transacting metered generation and consumption in homes with the charge and discharge of distributed batteries, does not stack up economically due to the high cost of metering, settlement, retail requirements and transactions for relatively small portions of energy. The NSW Government should consider what measures may be required to optimise the benefit from community batteries in contributing to solar utilisation.

#### **Question 12f**

See 8h.

### **Issue 14: Service delivery model**

No comment.

### **Issue 15: Pricing**

No comment.

### **Issue 16: Service classification**

Please refer to PIAC's submissions to the AEMC regarding SAPS provided as Appendix 3. PIAC supports the NSW seeking to address the barriers and shortcomings of the National SAPS provisions and would be pleased to provide supplementary written information responding to these questions.

## **Part 3: Energy customers' digital journey**

PIAC strongly supports the NSW Government's commitment to considering options to improve information available to consumers and implement technology to benefit consumers. Digital communications and technology platforms provide an opportunity to make information and service delivery more available, more efficient, better targeted and less burdensome for consumers. Employment of technological platforms needs to consider the needs of those without access to technology and ensure equity of outcomes through the ongoing availability of equivalent options to access information and services in person and on paper.

### **Issue 17: Access to information**

PIAC agrees with DPE that it can be very difficult for people to know what sustainable energy products are available and which are best for their dwelling and lifestyle.

PIAC supports both a sustainable homes Information Hub and a sustainable homes Concierge Service, as outlined below. Good consumer outcomes from the Information Hub and the Concierge Service should be considered not just on the amount of information given, but how the right amount of information helps remove barriers for people to undertake sustainability actions.

### **Sustainable energy and homes Information Hub**

A sustainable homes Information Hub is an opportunity for households to access trusted information for their circumstances, in a single place. We encourage DPE to have a wide remit for the information hub and to link it with NSW Government initiatives on energy efficiency in the building industry and other climate and affordability-based services. People are likely to access this information in person, and on both phones and desktop computers.

The hub could include a range of topics including:

- Different climate zones in NSW as well as micro-climates within climate zones, and how to take advantage of these.
- Options for different types of housing including stand-alone dwellings, townhouses/terraces and apartments etc.
- Planning major renovations.
- Undertaking a new build including sustainability tips for design, materials choice, choosing an off the plan build, or home and land package, including fundamentals such as choosing a site and building placement/orientation.
- Options for renters and for people in strata managed buildings and embedded networks.
- Different options depending on budgets, including potential energy savings (in dollars and greenhouse gases) for determining cost benefits.
- Behaviour change options, including how behaviour change can enhance the sustainability of low energy building and appliance options.
- Renewable energy hubs (linking information to Community Power Agency).
- How to access NSW Government initiatives such as the Energy Security Safeguard and rebates.
- Information about Greenpower and switching energy deals to maximise energy savings.

### **Sustainable homes Concierge Service**

A sustainable homes Concierge Service is an opportunity to provide advice specific to people's circumstances, including for people who may have difficulty navigating the sustainable homes Information Hub due to lack of digital literacy or access to the internet.

There is likely to need to be the option of home site visits or a process to provide photos of a dwelling/site to overcome issues of people being able to accurately describe a dwelling, and its orientation and shading etc.

### ***Recommendation – 18***

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*PIAC recommends the establishment of a sustainable energy and homes information hub and sustainable homes concierge service. This should have a wide remit, linking sustainability options*

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*with NSW Government and industry initiatives on energy efficiency in the building industry, renewable energy information and other climate and affordability-based services.*

## **Issue 18: Electricity retailers' emissions performance**

PIAC supports an independent NSW approach to assessing electricity retailers' emissions performance that is robust and based on strong principles.

### **Methodology**

The methodology for providing emissions information should recognise that ratings or scores must be robust and principles based. The priority must be the emissions intensity of actual generation. Any offsets should then be prioritised with those that actively reduce generation emissions given the highest value (ie those that pay for renewable generation), followed by other local offsets. Any other 'green measures' should only be allowed to add to a 'high' rating, not allow a retailer to reach an acceptable rating.

The aim should be for a rating that reflects actual emissions contribution with two components:

- An active rating (how much their operations contribute before any mitigation). This should be the most material contributor to the score (such as 70%) and
- An offset rating (how much they work to reduce emission). The principle for this should be that offsets or other actions are not able to overcome active contributions and achieve a good rating for a retailer with a poor active rating.

Ratings should be layered:

- Firstly, a simple display such as numbers or stars and a traffic light colour code.
- This should be underpinned by detail explaining the interaction between generation intensity and offsets and other measures.
- Finally, there should be access to very detailed information on the calculation.

### **Compliance**

Compliance with legal requirements or guidelines should only be relevant in the negative. For instance, retailers who incurred a shortfall in their Large-Scale Generation Certificates and/or Small-Scale Technology Certificates obligations should be registered as non-compliant and unrated. Alternatively, these retailers could be given a substantial penalty which reduces their rating, ie compliance should be a given but it cannot increase or add to a rating.

### **Communications**

Information needs to be available at multiple points where it is most practical and can be acted on. PIAC supports having this information on Energy Made Easy, non-government comparison websites, on quarterly bills and on retailers' websites. The information should be available in accessible formats. Placement and wording for this will require some prescription.

There should also be a central place where the retailers are listed in rated order. This could be on a DPE website as well as on Energy Made Easy.

This information should be accompanied by a NSW Government communications plan to raise awareness about this important initiative in the community.

### **Recommendation – 19**

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*PIAC recommends a robust, principles-based emissions performance rating system that includes a simple accessible rating backed up with key details and calculations which are easily accessible. The ratings should be available in multiple locations including on bills, switching sites and DPE websites accompanied by a communications plan.*

### **Issue 19: Definition of life support equipment for energy rebates**

PIAC supports DPE's suggestion of a broad review of the life support rebate (LSR) and the Medical Energy Rebate (MER) to ensure they remain fit for purpose. Further, other energy rebates provided by the NSW Government could also be reviewed to better meet the needs of their recipients or intended recipients. This would be an opportunity to ensure more effective links between energy, climate, health and housing policies to improve the outcomes for NSW households and the value for money of these rebates.

#### **Life support rebate medical confirmation**

PIAC recommends the LSR be updated to align with the determination by the Australian Energy Market Commission (AEMC) of the National Energy Retail Amendment (Maintaining Life Support Customer Registration when Switching) Rule. This means that medical confirmation of the need for life support equipment would remain valid for 4 years (as long as it is still legible).<sup>4</sup>

The requirement for life support equipment can last for the rest of a person's life. Many people requiring life support equipment have complicated care arrangements which can make attending medical appointments difficult.

In order to recognise this and assist the most disadvantaged people, the application form for the LSR should include an option for the medical practitioner to indicate that the requirement for life support is permanent so re-confirmation/application is not required. As the Physical Disability Council of NSW (PDCNSW) wrote in their submission to the AEMC regarding the Maintaining Life Support Customer Registration when Switching Rule Change:

As many people with physical disability have permanent conditions, it can be superfluous to have to reconfirm disability status. The requirement to update medical confirmation when there is no change in an individual's condition, is frustrating for persons with permanent disabilities and can also be complicated, especially when individuals may have restricted physical mobility and may need support from others to physically attend a doctor's surgery.

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<sup>4</sup> See Rule 124(1)(b)(viii)(A) and 124(1)(b)(viii)(B) in the Final Rule [https://www.aemc.gov.au/sites/default/files/documents/for\\_publication\\_national\\_energy\\_retail\\_maintaining\\_life\\_support\\_customer\\_registration\\_when\\_switching\\_rule\\_2021\\_no.1.pdf](https://www.aemc.gov.au/sites/default/files/documents/for_publication_national_energy_retail_maintaining_life_support_customer_registration_when_switching_rule_2021_no.1.pdf)

PDCN would like to see a system to allow individuals to indicate that their disabilities are permanent and ongoing and bypass the need to provide updated information when they switch retailers or move house.<sup>5</sup>

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#### **Recommendation – 20**

*PIAC recommends that the Life Support Rebate application forms remain valid for at least 4 years, with an option for a medical practitioner to indicate when the requirement for life support equipment is permanent and so additional application forms will not be required.*

### **Issue 20: Digitalising engagement with DNSPs**

PIAC agrees there could be value in creating a NSW framework to guide DNSP communications with consumers (assuming this will not be done at a Commonwealth level). These benefits could include being a platform for resilience, facilitation of DR and/or other useful areas. The priority for digital engagement between DNSPs and consumers should be in delivering value, benefit or protection to consumers. Continued access to important existing information (such as information regarding planned outages) should continue to be available in multiple formats.

However, there needs to be a clear explanation of how digitalised engagement between consumers and DNSPs will benefit consumers. If there is a significant cost saving for DNSPs that will result in savings for consumers, then this needs to be calculated.

Many people, particular older people, prefer communications to be by mail. In addition, almost 1 in 5 Australians experience disability<sup>6</sup> which may affect how they can receive communications. As with all communication strategies for essential services, consumers must be able to specify how they would like to receive their communications. This must include a range of accessible options, such as paper-based (including in large print), electronic text and by phone. People must not be disadvantaged by their chosen communication type.

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#### **Recommendation – 21**

*PIAC recommends accessible options for communications be provided and people be able to specify how they would like to receive communications. No one should be disadvantaged as a result of their choice or requirement for mode of communication.*

### **Issue 21: Improving access to data on customers of embedded networks**

Many people in embedded networks are still unlikely to have the option to access their electricity from a market retailer. Despite changes to the Social Programs for Energy Code to expand the definition of 'on-supply customer' to improve access to NSW Government supports to people in embedded networks, it will take some time and work to have these protections extended to the people who need them and are eligible for them.

Many people in embedded networks, particularly residential parks, nursing and retirement homes and social housing developments, are likely to have lower incomes and be in vulnerable

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<sup>5</sup> Physical Disability Council of NSW (PDCNSW) submission to AEMC Maintaining Life Support Customer Registration when Switching Rule Change

[https://www.aemc.gov.au/sites/default/files/documents/physical\\_disability\\_council\\_nsw\\_letter.pdf](https://www.aemc.gov.au/sites/default/files/documents/physical_disability_council_nsw_letter.pdf)

<sup>6</sup> <https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/3A5561E876CDAC73CA257C210011AB9B?opendocument>



situations. The potential for harmful impacts is significantly higher for residents in embedded networks, both because of their personal circumstances and because their access to supports and protections are still to be implemented.

PIAC does not see compelling evidence of material consumer benefit for residents of most embedded networks. Any benefits which do exist are not consistent or significant enough to account for the consumer impacts and potential harms most embedded network consumers experience.

For some exempt entities providing energy in embedded networks, selling energy does not sit alongside other services they provide to residents, such as tenancy services, it is their core business. The Energy and Water Ombudsman NSW (EWON) has documented examples of businesses structured so they are classified as billing agents, not specialist external providers. This enables them to avoid AER authorisation or exemption. EWON found cases where there are billing issues, such as automatic payments occurring despite an account being closed, that demonstrate consumers in these situations can have little or no recourse to remedies.<sup>7</sup> Better regulation of this business model is required to ensure energy sellers cannot deliberately take advantage of the minimal consumer protections that should prevent billing agents providing unacceptable levels of service with minimal options for consumers when things go wrong.

#### **Data on the number of embedded network operators and their customers**

PIAC agrees it can be difficult to understand what issues are affecting consumers in embedded networks without adequate data about them. The current information gaps on the location and type of embedded network as well as the number of customers in embedded networks is not acceptable.

PIAC supports a role for the NSW Government to collect and monitor details about how many people are covered by network and retail exemptions in NSW and the types of business structures that are used. Embedded network operators of all kinds should be required to report on child connection points in their network. NSW DNSPs should facilitate greater visibility of the location, type and composition of embedded networks in their area of operation. Consideration should be given to what other information could be collected by DNSPs regarding embedded networks in their area.

It is important to understand key indicators for protections for consumers in embedded networks, such as disconnection and debt, and the availability of basic retail protections such as payment plans and access to government assistance.

Data collected by the NSW Government on embedded networks could also be of value to the AER in event of any future process or changes to deal with embedded networks.

#### ***Recommendation – 22***

*PIAC recommends that the NSW Government collect and monitor details about how many people are covered by network and retail exemptions in NSW and the types of business structures that are used.*

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<sup>7</sup> Energy and Water Ombudsman NSW (EWON), 'Embedded networks – it's time for change', <https://www.ewon.com.au/page/publications-and-submissions/reports/spotlight-on/embedded-networks>



## **Issue 22: Other improvements**

PIAC appreciates this consultation is an opportunity to undertake a strategic review of a range of energy issues where reforms can harness more innovative approaches to benefit NSW households. We encourage DPE to also examine other issues relevant to the objective :

### **Rebates**

A comprehensive review of the objective, structure and impact of rebates and supports provided by the NSW. This would include:

- Establishing an objective for rebates in line with the overarching objective for energy and climate policy. This should provide a robust foundation for identifying where rebate support should be targeted, how it should be provided, how much is needed in support and how its impact can be measured.
- Consideration of how rebates link with and support other key government policy objectives in health, housing and climate policy. This should provide a mechanism to examine where rebate support can be utilised to optimise improved outcomes for consumers and benefit to the NSW Community. For example, how rebate support options can be utilised to disconnect households from gas to optimise ongoing energy affordability, improve health and support climate change policy.
- Examine longitudinal rebate data to identify potential groups where rebate and industry support is consistently insufficient to address households needs. This should provide the basis for considering co-operative support mechanisms for people facing entrenched disadvantage and affordability issues.

### **Domestic and family violence (DFV) in energy.**

Explore how NSW supports could improve outcomes for victim-survivors (concurrently with the AEMC's family violence protections rule change process), including:

- Enable EAPA to be applied to closed accounts in DFV situations. Closed accounts are a common issue in DFV.
- Enable EAPA to be applied to non-consumption charges in DFV situations. Disconnection and paying late payment fees can be tools deliberately used by perpetrators to cause harms to victim-survivors.
- Expand rebate eligibility so bills do not need to be in the name of the eligible person. It can be a motivation for perpetrators to put bills in the name of victim-survivors who are eligible for a concession. Generally, the person in a household who is eligible for a concession is likely to be the person least able to afford to pay the bill, or any debt accumulated.
- Explore other issues where it is difficult for victim-survivors to access energy supports, such as where their energy account is in NSW but the victim-survivor fled interstate for safety reasons.

## **Housing and energy efficiency**

There are opportunities to improve the energy efficiency of NSW housing to achieve the multiple benefits of:

- reducing power bills;
- improving the health of homes, and hence the wellbeing of occupants, by increasing the thermal performance;
- creating jobs with the economic benefit this brings; and
- reducing load on energy networks.

This includes examining how best to implement:

- Raising energy efficiency minimum standards for current dwellings and new builds.
- Accelerating introduction of minimum energy efficiency standards for rental dwellings.
- Implementing mandatory energy efficiency disclosure at point of sale and lease for buyers and renters.
- Initiating a program of energy efficiency audits and upgrades for social housing.
- Initiating a health-based appliance swap program to address the energy efficiency of fixtures and appliances that support household health. This should be consistent with the objectives and principles of the rebate review and particularly focused on low income and other disadvantaged households.
- Initiate a program to replace gas appliances and fixtures with efficient electric options.

## **Gas**

A Gas transition strategy should be initiated as soon as practicable. The Victorian process currently underway should be used as an example of approach. This process must be founded on the latest climate change evidence and informed by the overarching objective of policies supporting the equitable transition to a zero-carbon economy. A gas transition strategy should:

- Identify regulatory and policy changes needed now to ensure the transition is rapid, efficient and equitable. This should consider new connection policies, cost recovery of connections and disconnection, depreciation approaches, building energy efficiency policy.
- Consider how gas transition policy can support the transition most effectively, including the electrification of load, the development of supporting tariffs and how electrification can improve the impact of rebate support.
- Identify policy support options to ensure equity in transition. This should focus on how to support tenants, social housing residents, residents of apartments, and households with low incomes to electrify affordably and benefit from the transition.

PIAC has attached our recent submissions to the review of BASIX at Appendix 3 to provide further detail on how electrification can provide multiple benefits to climate and household affordability policy outcomes.

**Resilience**

Fires, floods and increasingly frequent events that threaten community infrastructure, health, wellbeing and the livelihoods of communities must be a consideration across NSW Government policy in the transition to a zero-carbon economy.

Many dangerous impacts of climate change are already a fact of life and the risk of further acceleration of climate change is a very real threat to the NSW community. PIAC supports the submission from Total Environment Centre (provided as Appendix 4) and their ongoing work with DNSPs to develop a consistent understanding of resilience, how it applies to energy and what is the most effective framework to develop responses to improve resilience.