

11 November 2016

Victorian Department of Environment, Land, Water and Planning  
Energy Policy and Programs Branch

**Sent by email to: [metering.competition@delwp.vic.gov.au](mailto:metering.competition@delwp.vic.gov.au)**

Dear Sirs

## **TRANSITION TO METERING COMPETITION IN VICTORIA**

Please find our response to the questions raised in the recent Options Paper 'Transition to Metering Competition in Victoria'

### **Question 1**

**Do you support implementing metering competition in Victoria so that the current Victorian meter specification and/or the minimum service levels are retained?**

Our preference is for the National Minimum Service Specification be implemented. Our preferred Metering Provider for Power of Choice is going to provide metering equipment that has all the capabilities of the Victorian Minimum Specification and Minimum Service Levels except for:

- Enabling a Home Area Network (HAN), Zigbee
- Supply failure and restoration notifications (often referred to as "last gasp" notification of supply failure).

Our comments on these 2 points are:

**Enabling a Home Area Network (HAN), Zigbee** - Home Area Network and In Home Displays have been a failure. [Reference: VAGO (Victorian Auditor-General's Report, September 2015 '*Realising the Benefits of Smart Meters*') report states that as of 2014 the uptake of this technology is around 1% with the predictions being that it will rise to 15% by 2020. The cost of implementing this technology far outweighs the benefits to customers and retailers. The prediction of 15% uptake by 2020 seems extremely high considering in the 1% uptake by 2014 and the new technology available by the use of the World Wide Web and Mobile SMS.

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As a retailer we are developing technology for our customers based on the open platform of the internet that can give the customer the information and more than is available through the HAN network at a more effective cost and lower maintenance.

**Supply failure and restoration notifications (often referred to as “last gasp” notification of supply failure)** - Last gasp can be delivered from our meters at a cost, but this data would need to be interfaced to the network outage management system which would mean that the Networks would need to interface to our backend collection systems to be effective.

Outage Management to the individual home seems like a bit of an overkill with most other network businesses around the world base their outage management systems at the distribution substation point of supply.

Please note that *“undertaking safety checks, including being able to check failed neutral connections in consumers’ homes to prevent “electric shocks”* is not part of the Victorian AMI Meter Specification and should not be included in this discussion. The meters we are proposing for Power of Choice have this capability which exceeds the Victorian AMI Specification. It is also noted that a large percentage of meters installed in Victoria have only a single neutral which means that neutral integrity cannot be performed at the meter.

## Question 2

**Should other considerations about the respective capabilities of the meters and service levels be taken into account?.**

Service levels on reconnect. At present the Network has 3 days to notify the Retailer of a remote reconnection/disconnection. Our service provider is guaranteeing 1 business day.

The paper alludes to the point that the meter being supplied by different parties will cause confusion to customers. Our opinion is that the first point of call for most customers in the current climate is the retailer and if the metering was controlled by the Retailer it would cause less confusion.

As a Retailer we deal with large franchises that have metering installed in all states in the NEM. It would be very confusing to these customers if they had one product offering for Victoria and another product offering for all other states. They only want one point of contact which is the Retailer.

Option 2 does not make mention of additions and alterations to properties that will need a meter change due to the existing meter not having the capability to measure accurately the new supply configuration eg. going from single phase to a three phase supply. The customer at this stage should be able to choose its own metering coordinator without an exit penalty.

## Question 3

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**Do you have any comments or views on Options 1, 3 or 4?**

Our preference is to adopt option 1.

**Option 1** - allows us as a retailer to provide a uniform product throughout the whole NEM and be able to provide uniform services to all our customers.

It also ensures that we are not installing more expensive equipment with redundant technology such as Zigbee which as a retailer are not prepared to support.

Option 1 does not make mention of additions and alterations to properties that will need a meter change due to the existing meter not having the capability to measure accurately the new supply configuration eg. going from single phase to a three phase supply. The customer at this stage should be able to choose its own metering coordinator without an exit penalty.

**Option 3** – Still includes the Victorian specification which as a retailer we do not support. Transition the rest of the meters later does not really give any benefits either way

**Option 4** – We do not support option 4 .

We have been trailing Independent Meter Providers in other states leading up to the “Power of Choice’’, and have found that the service and products that are on offer are far superior to that we are at present receiving from the Victorian networks. Services include real time data, load control, real time demand signaling, 24 hour response for reconnect/disconnect etc.

The Networks are stating that the benefits of the Vic Rollout will be realised by 2028. We have not seen a timeline that states which benefits will be realised and when. At present we are getting the benefits which are important to Retailers and end use customers immediately and would find it hard to wait till 2028 for the Vic Networks to give us these benefits.

**Question 4**

**Under Option 2, what additional measures should be considered in relation to meter installation and wiring safety, the safety associated with the use of the remote reconnection service enabled by smart meters, and community safety?**

Victoria have been leading the way on the safety aspect of remote reconnects/disconnects due to experience of the AMI rollout. I think it is time that Victoria used this experience to promote the safety aspects of this to all of Australia to ensure that we are saving the lives of all Australians rather than just concentrating on Victorians.

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It may also be beneficial for the Energy Policy and Programs branch to do a survey of the independent meter providers in the National Market on their process and procedures for remote reconnect and disconnect. This may reduce your safety concerns as all meter providers that we have spoken to have measures in place that are similar to the Victorian Model.

The Service and Installation rule (SIRs) changes are considered a national problem and are being addressed in forums around the country. It would be more beneficial for the SIRs to be addressed as a national forum which would then give more consistency throughout the NEM as most meter providers work in all states in the NEM.

Could you please elaborate more on what benefits are achieved by a meter being installed by a Network rather than an independent meter provider on recognising the safety breaches such as neutral Integrity, electricity theft etc?

#### Question 5

**Under Option 2, which party or parties should be responsible for communicating the changes to metering arrangements to consumers, and should there be any communication role for the Victorian Government?**

Our preference is for the retailer to communicate the change in the metering arrangements to our customers.

#### Question 6

**Under Option 2, would the introduction of access regulation for metering services in Victoria provide greater benefits than costs to Victorian households and small business?**

We do not support option 2, option 1 is our recommended option.

The independent meter provider should be able to provide smart metering data to the networks in the same fashion the Networks are providing data to the Retailers. If the Networks need more information than what the networks need to supply to the retailers then this would need to be a negotiated cost between the MPs and the Networks.

As a retailer we are receiving more benefits for us and our customers from using an independent meter provider. By using an access regime we will be able to use our MP of choice at a cost effective price.

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### Question 7

**Under Option 2, will the introduction of access regulation for metering services in Victoria assist in preserving unrealised projected benefits attributed to the Victorian smart meter rollout (please quantify any benefits)?**

We do not support option 2, option 1 is our recommended option.

Would need to know what the unrealised projected benefits attributed to the Victorian Smart Meter Rollout and time frames for these benefits to be realized before commenting on this.

*Question.* Is there a project plan on the benefits set out by the Networks?

### Question 8

**Under Option 2, are there services that Metering Coordinators will not be able to provide that are currently being provided by electricity distributors? If so, what information and/or services will the electricity distributors need to obtain from Metering Coordinators in order to continue to realise these benefits?**

The question needs to be reframed as the Metering Coordinators can provide all the services that the networks provide to the Retailers and end use customers. The question should really read what services are not provided to the networks by the metering coordinator.

We do not support option 2, We believe that option 1 is our preferred option.

The main areas that distributors will need to obtain for customer's benefit would be:

- Distribution remote load control

For Networks benefits the distributor would need to obtain from the Metering coordinator:

- Outage management data such as last gasp
- Power quality at customer level (networks should have this data at distribution sub level)
- Remote reconnect Disconnect

### Question 9

**If an access regime is introduced, who would be the responsible regulator and how should it be funded?**

Our recommendation would be that the AER be the responsible regulator, to avoid undue administration costs from having multiple regulators.

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#### Question 10

**What is the role for the Victorian Government in ensuring that the potential and benefits of energy data are unlocked through this process, including ensuring electricity distributors have appropriate access? Are there other mechanisms, other than the 'traditional' access regime model, that could be utilised?**

The role for the Victorian government is to ensure consistency with the National approach and a light-hearted regulatory regime is in place, to allow the industry room to discover and unlock the potential benefits.

#### Question 11

**Should Victoria vary its current policy position that smart meters are mandatory and allow households and small business to opt-out of having a communicating smart meter?**

People in the community have strong opinions on being forced to have a communicating smart meter and therefore the opt out scenario need to be taken into account.

Manually reading of non-communicating smart meters will be more expensive than a remote read. If people decide to opt out they should have to wear the cost of the manual read and the cost should not be smeared to all customers.

#### Question 12

**Do you support setting the small customer threshold at 160 MWh per annum rather than 40 MWh per annum as suggested by the AEMC? If not, please provide a reason.**

We do not support that the small customer threshold be set at 160MWh pa and prefer the 40 MWh pa threshold.

As a retailer we deal with franchises with many sites located through the NEM. We supply a unique service to these customers through the provision of smart meters. The customers usually sign up as a conglomerate with sites range from 40 MWh and above. If Victoria was to be different to other states and keep the 160 MWh threshold it would deny the sites in Victoria the benefit of the services that their counterparts are getting throughout the rest of the NEM.

*"Customers in Victoria with consumption between 40 MWh and 160 MWh per annum today have a smart meter and are starting to see benefits from increased information. Furthermore, large customers have a greater individual impact on the operation of the network, so it is important for*

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*electricity distributors to have a detailed understanding of their usage. It would therefore be concerning if these customers were now able to revert to a manually read meter.”*

The above argument is in theory correct but in reality most customers with a consumption of 40MWh/a and above will derive benefits from smart meters and it would be very unlikely they would choose a manually read meter.

### **Question 13**

**What regulatory changes would be needed to implement Option 2, and what considerations attach to these changes?**

We do not support option 2, We believe that option 1 is our preferred option.

Regulatory changes that are noted in the paper. This is for the Victorian government to work rather than the retailer community.

### **Question 14**

**With metering competition commencing on 1 December 2017, what timing issues does the Victorian Government need to be aware of, and how might these be managed?**

The major timing issue would be to agree on what option the Victorian Government is going to take.

Then from this decision the Victorian government will need to be in consultation with the metering providers and the network to ensure that the service can be delivered. The Victorian Government will need to ensure that the network businesses do not provide barriers for this competition to take place.

If you have any questions regarding our detailed response, please do not hesitate to contact me directly on 03 8535 2502 or [pieter@nextbusinessenergy.com.au](mailto:pieter@nextbusinessenergy.com.au)

Yours sincerely

Pieter Double  
General Manager

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