Transition to Metering Competition in Victoria

Response to Options Paper
1 AusNet Services Position

The Options Paper sets out 4 options for transition to metering contestability. These are:

- Option 1 - Full adoption of the new framework for all customers with the national minimum services specification;
- Option 2 - Adoption for all customers with the Victorian meter specification;
- Option 3 - Adoption for new connections only with the Victorian meter specification; and
- Option 4 - Defer adoption of metering competition for now.

The new national metering arrangements have one key aim – facilitating the rollout of smart meters across the country. The situation in Victoria is markedly different to other states, as 2.8 million Advanced Metering Infrastructure (AMI) smart meters are already in place here.

With the key aim of the national rollout already achieved in Victoria, the approach to transitioning to the national arrangements should be assessed differently. In particular, other jurisdictions may consider the potentially significant political and customer service issues that will arise as part of the new national process a reasonable risk to take to derive the consumer benefits of smart meters. As Victoria already has smart meters (and has already experienced its share of political and customer service issues), it would appear sensible to let other states implement the national arrangements first, delaying their introduction in Victoria.

Victorian customers are already receiving benefits from smart meters including remote reading, faster and cheaper connection and disconnection and a range of potentially life-saving safety benefits. As the Victorian Auditor-General has noted on multiple occasions, in order to deliver value from Victoria’s smart meters, it is essential to focus on maximising the significant benefits they can deliver. Adopting competitive metering in 2017 will divert networks’ attention from delivering smart meter benefits. The majority of Victorian consumers will be better off if metering competition is delayed.

Given these factors, AusNet Services strongly advocates that Option 4 will deliver the best outcome for Victorian homes and businesses.

AusNet Services submits that Option 4’s extension of the current exclusivity arrangements is appropriate and advantageous for Victorian consumers. AusNet Services suggests that the Government needs to give serious consideration to the many implementation issues arising under other options that will affect service to customers, including:

- reduction in service levels;
- potential increase in safety risks;
- loss of customer access to data; and
- the removal of customer protections.

Deferring the commencement of metering contestability will enable sufficient time for all Victorian stakeholders to design and implement a transition plan which minimises the risk that consumers will be prevented from realising the full benefits of the AMI roll-out program.

While the purpose of the Options Paper is to identify the best option for transitioning to metering contestability in Victoria, we note that it focuses heavily on the features and merits of Option 2 in particular. The adoption of the Victorian metering specifications offered by Option 2 (and Options 3 and 4) is important, however the full benefits will only be achieved if it is accompanied by a proportionate, fit-for-purpose and appropriately designed access regime (Option 2+). Indeed, a further option that should be considered for Victoria is to adopt Option 4 from 1 December 2017 with subsequent transfer to Option 2+ with effect, for example, from 1 January 2021.
1.1 Guiding Principles

The purpose of the Options Paper is to identify the best option for Victoria to transition to the national metering contestability. The Paper presents two important priorities, of which AusNet Services supports, from the Victorian Auditor General Office’s (VAGO) Report on Realising the Benefits of Smart Meters that must be taken into account in respect of participation in the contestable metering regime.¹

- **Protecting consumers** – by ensuring that appropriate consumer protections are in place so that consumers understand the implications of accepting a new smart meter and are not worse off by doing so. Increasing understanding among consumers will reduce the risk of exploitation; and

- **Preserving AMI benefits** – by monitoring the AEMC’s proposal and engaging with the Australian Energy Regulator (AER) to introduce metering competition in a way that the benefits of competition can be realised with minimal impact on the ability of electricity distributors, and ultimately consumers, to realise network efficiency benefits.

For context on the second VAGO priority listed above, referring to monitoring of the AEMC’s framework proposal, we note that the VAGO report was published prior to the AEMC framework being finalised. This means that the AEMC’s final determination did not include provisions for preserving functionality and services in Victoria. It is important to keep this in mind when reading and applying VAGO’s second priority. We also note that the VAGO report identified that metering contestability has the potential to erode AMI benefits and increase costs.

2 Retaining AMI benefits

Victorian customers are already receiving daily 6:00 AM remotely read metering data. Moving to the minimum service levels associated with Metering Contestability does not preserve AMI benefits. In reference to the VAGO Report’s Guiding Principles from the VAGO report, AusNet Services does not support any Option that introduces metering contestability on 1 December 2017.

The guiding principles discussed above prioritise safeguarding the AMI benefits for Victorians. Under the national contestability regime metering data providers are not required to provide a level of metering data services that currently facilitates the same high level of market and customer benefits being achieved.

In Victoria, networks and customers are already realizing additional benefits from the Victorian AMI functionality for meters and AMI systems that are discussed in the detail below. Importantly these include innovative safety benefits derived from our AMI systems, applying advanced analytics. One such solution identifies the conditions that can prevent fatal electric shocks. We fully support options that will best ensure customer benefits of the Victorian AMI rollout are preserved.

2.1 Victorian AMI metering services facilitates market and customer benefit

**Customer benefits under AMI metering services**

Victoria’s electricity consumers have paid for not only the safe deployment of AMI meters, but also the systems that are capable of reading the previous day’s interval metering data and providing it to market by early the next morning. The proposed minimal data delivery requirements of contestable smart meters do not match the Victorian AMI data delivery requirements. Changing to contestable metering will therefor degrade the level of data delivery to Victorian customers and put the customer benefits of AMI metering at risk. Customers in Victoria are accordingly already able to benefit from having their metering data available on demand and have easier access to installing new energy technologies, and adopt dynamic cost reflective network pricing, without the need for another meter replacement.

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Smart meters deployed through the distributor led roll out have normalised the daily delivery of metering data in Victoria. Currently Victorian AMI service levels require 95% of metering data provided to market by 6:00 AM the next morning and 99% of metering data provided by the following day. More than 95% of 2.8 million AMI meters are providing daily metering data to the market and to customers who have signed up for access to meter data portals. This allows customers to see their consumption on a daily basis, and retailers and distributors to bill monthly and with higher accuracy.

Reduced customer benefits under new metering contestability regime

In contrast, under the contestable metering regime, smart meters would only need to be read every four months as long as a 98% of actual metering data is delivered to Australian energy Market Operator (AEMO) within that timeframe. In Victoria, this would essentially mean:

- when a customer changes their appointed retailer to achieve a better Market Offer price the metering provider has every commercial reason to provide a lower level of service to the new retailer and distributor. That is, unless the new retailer (and the customer) pays an additional service charge the contestable metering service provider could provide metering data every four months and only 98% of time.
- The existing customer either pays for or loses the benefits of understanding their recent electricity use patterns, monthly billing, and would more likely be billed on estimated/substituted data.
- We envisage a marketplace where customers desiring for a higher level of service may have to pay a premium, or choose a limited range of retailer Market Offers to retain an existing high level of service.

The additional costs likely to be paid by customers to retain service levels currently inherent in the AMI deployment, and the loss of benefits from choosing not to make that choice, represent a loss of benefits from metering competition, and this should be avoided.

Distributors also benefit from access to the most recent metering data for asset management and network planning purposes (and near real time data for operational purposes as discussed in the following section). The contestable metering minimum service levels of 98% level of actual data in four months do not facilitate the development of more effective and efficient network services. With existing access to recently read actual metering data put at risk with metering contestability, additional regulations (community service obligations) would be required to protect consumers. Under the proposed commencement date of 1 December 2017, there is insufficient time for the industry to develop and implement the necessary customer protections that must be implemented before metering contestability is rolled out in Victoria.

Customers seeking solar micro embedded generation and battery storage systems

Also customers in Victoria can now install solar micro embedded generation and battery storage systems without the need for replacing their meter. One commentator comments that in other jurisdictions the retailers are charging customers excessive daily charges to have the necessary net interval metering while claiming the meter is provided “free of charge”.2

AusNet Services is working with third party providers of alternative energy solutions, who are acting on behalf of customers, to provide them fast and convenient access to customer smart metering data for the purposes of sizing solar panels, inverters and battery storage systems. There does not appear to be any reason, which would benefit Victorian customers, to degrade the current Victorian metering data delivery standard.

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2.2 Realizing network benefits from AMI meter functionality

Ready access to smart meter services is crucial to Victorian distributors continuing to improve performance of their networks with AMI benefits currently being obtained by function rich AMI meters and innovative systems capable of leveraging these benefits. We note that the benefits, outlined in VAGO’s Report are at risk from the removal of exclusivity in Victoria.³

The Victorian AMI specification introduced meters and AMI systems with a range of functions, including frequent remote meter reading, remote connection and disconnection, load control and outage notification. These functions for allow more efficient pricing and further assist Victorians to better manage their energy consumption, thereby enabling peak demand reduction. These benefits underpin the business case for the AMI rollout and network benefits such as these remain the source of high value for customers in Victoria.

A number of most important and valuable services to distributors are those, which are more advanced and required specialised capabilities. Many AMI benefits accrue to services that require a number of meters to measure network data every five minutes with each measurement taken at the virtually the same time (within few a seconds). This service is only valuable if there are enough numbers meters delivering this service in a geographic/network area. Local simultaneous measurements of meter current and voltage quantities are very valuable when combined with the ability to implement data analytics and automate remedial action. It is important to note that many of the distributor services are network operational functions, which depend on data being received without any significant delay from the time it is generated.

The AusNet Services new network and consumer innovations that are utilising smart meter functionality are delivering real benefits to our customers through a number of successfully implemented applications and services. These are summarised in the below table. The meter functionality that provides these services is not included in the minimum requirements for national smart meters and there is no obligation on metering providers to offer the services to distributors. To retain access in the future, from a contestable metering provider, distributors would likely have to pay a premium. Extension of the exclusivity derogation would provide surety and cost effectiveness for making ongoing innovations in systems that leverage smart meter data to provide network service benefits to customers.

Energy Safe Victoria (ESV) has also identified that these services have contributed to improved community safety outcomes and to tangible reductions in connection and fuse failures.⁴ These significant safety outcomes and customer benefits would be eroded by every contestable meter replacement, unless the services can be obtained through a mandated access regime or a network device.

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<th>Service Description</th>
<th>Description of Benefits</th>
<th>Challenges imposed by Metering Contestability</th>
<th>Provided by contestable metering providers from Dec 2017?</th>
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| **A** Customer Loss of Neutral (LV service integrity) monitoring | Reduction and removal of more than thousand safety hazards and potential outages. These safety hazards have the potential for loss of life. Recently in Queensland a man died after he received an electric shock whilst cutting a metal water pipe. This tragic loss of life and other similar losses may have been prevented if this network analysis was available. AusNet Services has identified and remediated more than 1,500 Loss of Neutral situations. This has reduced the number of reported electrical shocks by 75%. | Requires provision of the following data for each site within a matter of hours:  
- voltage, current and power factor measurements every five minutes; or  
- meters with purpose built Loss of Neutral sensors and alarming capabilities. | ❌ Requires provision of the following data for each site within a matter of hours:  
- voltage, current and power factor measurements every five minutes; or  
- meters with purpose built Loss of Neutral sensors and alarming capabilities. | Given this service requires power quality data for each meter at a site to function or purpose built physical sensors it is unlikely to be provided through a contestable metering market. |
| **B** Optimised management of LV network loading, by monitoring individual “phases” on local LV networks | Ability to improve the per phase load balance on the individual 22kV/415V distribution transformers, resulting in increased asset utilisation. | Requires provision of the following data for most sites across the network within a matter of days:  
- interval metering data, and  
- time-coincident voltage, current and power factor measurements every five minutes. | ❌ Requires provision of the following data for most sites across the network within a matter of days:  
- interval metering data, and  
- time-coincident voltage, current and power factor measurements every five minutes. | Service provision through a contestable metering market is unlikely to be effective in improving asset utilization. |
| **C** Identification of energy theft (non-technical losses) | Recovery of lost revenue resulting from the theft of electrical energy. AusNet Services has detected more than 150 instances of electricity theft using data analytics. This has saved over 11 million kW hours in lost energy, and resulted in numerous criminal prosecutions for illegal drug offences. | Requires provision of the following data for all sites supplied by the distribution substation within a matter of days:  
- interval metering data, and  
- time-coincident voltage, current and power factor measurements every five minutes. In cases where the bypass lawbreaker uses some level of sophistication in concealing the bypass, interval metering data alone cannot detect the bypass. Only 10% would be identified with interval metering data alone. Service provision through a contestable metering market will only be partially effective in detecting less sophisticated bypasses. | ❌ Requires provision of the following data for all sites supplied by the distribution substation within a matter of days:  
- interval metering data, and  
- time-coincident voltage, current and power factor measurements every five minutes. In cases where the bypass lawbreaker uses some level of sophistication in concealing the bypass, interval metering data alone cannot detect the bypass. Only 10% would be identified with interval metering data alone. Service provision through a contestable metering market will only be partially effective in detecting less sophisticated bypasses. | |
| **D** Ability to control and randomise hot water load switching | Maintaining controlled load randomisation can cause a significant change in network peak loads resulting in:  
- augmentation in existing areas; and  
- more costly network asset build costs in new suburbs in excess of $200 per lot (or more than $800 per lot in new suburbs without gas reticulation). | Requires ability to set randomisation values on meters with turn on times up to two hours. Optimisation of these times requires the provision of the following data for most sites within a matter of days:  
- interval metering data, and  
- voltage, current and power factor measurements every five minutes. | ❌ Requires ability to set randomisation values on meters with turn on times up to two hours. Optimisation of these times requires the provision of the following data for most sites within a matter of days:  
- interval metering data, and  
- voltage, current and power factor measurements every five minutes. | Contestable metering providers may offer this service, but without majority coverage we are unlikely to relax design requirements and contract this service. |

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6 R v AGL. Judge Strong’s Reason for Sentence. 1998
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| **E** | **HV Fuse “candling” and fallen conductor detection** | Reduced bushfire ignition risk and faster response times and reduced risk of electrocutions.  
We anticipate that the detection of “Candling” HV Fuses will be operational by summer 2016/2017. | Requires provision of the following data for most sites in the LV area downstream of the HV Fuse and HV line within a matter of minutes:  
- Combination of SCADA and time-coincident voltage, current and power factor measurements every five minutes; and  
- alarm initiated by the meter. | **X** | Service provision through a contestable metering market is unlikely to provide this benefit without 100% of service providers offering time-coincident power quality data |
| **F** | **Solar Alert** | Providing SMS alerts to customers when their solar systems are no longer exporting to the grid. | Requires provision of the following data from relevant meters within a matter of days:  
- voltage, current and power factor measurements; and  
- interval metering data.  
Our monitoring of voltage, current and power factor for the micro bursts of generation provides a higher level of certainty that the solar system is actually not functioning, and less false alarms. | **✓** | Service provision to customers is likely through contestable metering providers, although at a cost. |
| **G** | **Unauthorised export** | Detects inverters with no anti-islanding capabilities and may actually try to generate to the distributors network during fault or outage conditions causing serious safety risks to field crew and the community. | Requires provision of the following data from relevant meters within a matter of days:  
- interval metering data, and  
- voltage, current and power factor measurements.  
Where the generation is less than the load at a premise our monitoring of voltage, current and power factor detects the micro bursts of generation, whilst monitoring interval metering data alone does not provide the necessary level of protection. | **X** | Service provision through a contestable metering market is unlikely to meet Distributor safety confidence levels to be used as a safety control. |
| **H** | **Prompt identification and electrical network location of customer outages** | Reduced customer “call centre” requirements, and identification of customer outages before customers call us by analysing near real-time customer supply status. This requires significant further investment because it automatically sends a loss of supply alarm to the network control centre. This investment could only be justified if there is certainty as to the provision of future AMI services. | Requires:  
- systems to automate analytics and display outages in a mapping tool with an overlay of network assets;  
- most sites to have the capability;  
- near real time customer supply monitoring; and  
- either a “last gasp” type of functionality or an ability to act on a trigger and “ping” meters on an area basis | **X** | Service provision through a contestable metering market is unlikely to provide this benefit without 100% of service providers offering outage monitoring |
2.3 Maintaining smart meter safety and customer service standards in Victoria

When distributors stop installing meters to new connections in regional area, and are no longer replacing damaged meters, jurisdictions will face significant political and customer service issues associated with metering contestability. Included in these issues associated with introducing metering contestability is a potential increase in safety risks. Given there are significant changes to Victorian processes, safety obligations and legislation AusNet Services recommends delaying the Victorian introduction of metering contestability and monitoring the implementation of national metering contestability arrangements in other jurisdictions. This would enable adequate time to establish a compatible and effective Victorian framework of legislation and processes, and ultimately protect Victorian customers from unsafe practices.

Victorian distributors have worked closely with Energy Safe Victoria (ESV) in establishing appropriate safety training and processes for the AMI meter roll out. AusNet Services considers that this consultative approach to safety with strong distributor oversight led to effective safety controls associated with the Victorian roll out of 2.8 million meters with relatively few safety incidents.

A fit-for-purpose safety regime

Safety performance also needs to be considered for deployment under the competitive framework. A safety regime ensuring the same level of safety controls are established to ensure metering in Victoria stays as safe as practicable, is essential. Development of the necessary safety controls would require a considerable amount of work to be undertaken and it is unlikely that a satisfactory safety regime would be implemented in advance of 1 December 2017. AusNet Services submits that should the competitive framework be rolled out on 1 December 2017, safety outcomes for employees and customers would be put at risk. Without fit for purpose processes the identification of unsafe situations could result in customers being left without supply.

In Victoria before the initial connection of supply (or reconnection of supply) installations are tested in accordance with ESV reviewed safety procedures. Currently, this is a simple process involving only three parties, with the customer’s retailer requesting the Distributor to complete all works necessary, see Figure 1 below. Whilst the new connections process is considerably more complex with the introduction of metering contestability with distributors needing to create the NMI, the contestable metering provider to install the metering and the distributor completing the connection, see Figure 2. The metering contestability regulatory framework has no requirement on contestable metering providers to install a meter within a certain timeframe. Without this key community service obligation, customers in remote areas may become lost in the process or be at risk of retailer exploitation.

Figure 1: New Connections prior to metering contestability
Further under the current safety legislation framework in Victoria, distributors have a role to ensure before initial connection of supply (or reconnection of supply), that:

- a safety certificate is provided for the electrical installation of the premises,
- a safety certificate is provided for metering installation, and
- the supply has undergone testing to demonstrate that it is safe to be connected.

We consider these conditions contribute to safe community outcomes. In any case, applying good distributor practice, we would continue to support the safe and effective implementation of our installation standards and testing requirements. In New South Wales (NSW), safety legislative changes were made to assign responsibility below the point of supply at a premise to the customer, and hence to the electrician installing the meter. We understand that three serious safety reverse polarity incidents have already occurred in NSW as part of the current rollout of smart meters in advance of the metering contestability change to the National Electricity Rules. This must be seen in comparison to the Victorian AMI rollout whereby only one such incident occurred during the replacement of 2.8 million meters.

The new connections process is not the only impacted process that affects the safety of customers, the more significantly impacted process in terms of safety is the replacement of existing meters. It is extremely important that safety is maintained during the replacement of failed or damaged meters because these replacements are coincident with a number of other safety risk factors. High Voltage (HV) injection events, major storms or flood recovery can result in situations where large numbers of customers have damaged meters and their supply might be affected as a result. In such cases, qualified personnel need to be available to rectify issues, replace damaged meters, and test the customer's installation at every premises affected by the event. Since the regulatory framework of the NER, the Metrology Procedures and the AER’s Ring-fencing Guideline precludes a distributor from replacing damaged meters or even accessing terminals of contestable meters to perform necessary safety testing, customers will be reliant on their retailers in coordinating any number of contestable metering providers to make the site safe replacing damaged meters. Later in our submission, we discuss the adverse customer protection issues this arrangement creates.
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Victorian distributors have also introduced ESV agreed safety protocols for the safe operation of remote re-energisation and de-energisation services. Key aspects of this safe operation are:

- the use of auto-disconnect when load is detected upon re-energisation,
- distributors maintaining and checking Life Support registration before de-energisation, and
- ESV approval of retailer’s customer communication scripts and processes.

The controls in place in Victoria provide confidence that remote re-energisation and de-energisation will not cause property damage or injure people. This auto-disconnect would trigger if someone accidentally left an electric hotplate on. Auto-disconnect is not a minimum requirement in the national minimum services specification, with the majority of contestable metering providers not implementing it. Neither would the ESV’s approval of retailer customer communication scripts or even the additional double check of Life Support registration also apply under the national metering contestability regime. Retaining these Victorian safety controls when metering competition is introduced would require legislative changes establishing safety obligations on electricity retailers and metering providers.

The safety regime for metering installation in Victoria by distributors, established in conjunction with the ESV is cause for careful consideration of the implications of moving to contestable metering provision for Victoria. Retaining distributor exclusivity would ensure greater confidence for safety outcomes. At the time when contestable metering is implemented in Victoria, distributors would require the establishment of operational processes to satisfy their safety criteria that is currently applied, unless there is a change to the Victorian Electricity Safety Act to emulate the NSW approach, by assigning safety responsibilities to electricity retailers and metering providers. The National Business to Business (B2B) Procedures do not satisfy these criteria. However as for the reasons discussed above, this may not result in the best safety outcomes for Victorian customers.

Whether changes to the Victorian Electricity Safety Act are required or not, distributors would need to work with retailers and the ESV to develop safe processes that enable the smooth provision of customer services. However, the necessary legislation and process changes are unlikely to be fully resolved and effective by 1 December 2017. Therefore we recommend the commencement of a review into the safety issues associated with metering competition and further, defer the commencement date of metering contestability in Victoria to allow adequate time to effect the necessary changes.
3 Assessment of Options

3.1 Option 1

3.1.1 No urgent need for metering contestability and Option 1

Deferred commencement will ensure that the national processes have stabilised, giving Victoria more time to give due consideration to necessary community service obligations. This is likely to lead to lower implementation costs and will mean Victoria does not experience the unnecessary customer inconveniences that will come from being an early adopter of the new regime.

Deferment will also enable the AEMC to undertake and publish its recommendations in relation to its proposed review on whether the contestable metering market is functioning in accordance with NEM objective. Since Victoria currently has the most advanced and comprehensive metering arrangements, changes should not be taken before the AEMC has had a chance to assess the performance of an alternate and less clearly beneficial rollout.

With more than 2.8 million smart meters installed in Victoria, more than 95% of these meters are providing daily metering data to the market and regulated metering charges are going to diminish over the 2016 to 2020 regulatory control period. Under the current arrangements, there is no urgent driver to introduce metering contestability in conjunction with the commencement of the national regime on 1 December 2017. Delaying the introduction of this new regime would mean that any early implementation problems that may arise would be avoided in Victoria. Deferment of the metering contestability framework would not prevent customers from connecting solar micro embedded generation or batteries either independently or in association with market participants.

The contestable metering framework is premised on the notion that distributors would need to negotiate commercial terms with metering coordinators to access the smart meter functionality. This approach is unproven, and has not been achieved in the New Zealand market-led smart meter roll out. The New Zealand and other NEM jurisdictions smart meter rollouts have not provided the advanced functionality listed in Appendix 6 of the Options Paper and the advanced services currently utilized in Victoria. Therefore, they cannot deliver the benefits available to Victorian customers. Under Option 4 however, there is an opportunity to drive innovation in smart metering services through the establishment of a Victorian access regime that commences in 2021.

We have expressed concerns to Government for some time and presented evidence that the industry, including AEMO, ESC and the ESV, will not be ready for the introduction of metering contestability in the scheduled timeframe. As discussed earlier, development of an appropriate Victorian safety regime is one of the matters that would require development, potentially via legislative provisions. A deferred commencement would ensure that the national processes had stabilised and gives Victoria more time to give due consideration to necessary community service obligations. This is likely to lead to lower implementation costs and will mean Victoria does not experience the unnecessary customer inconveniences that will come from being an early adopter of the new regime.

AEMC metering contestability review

The AEMC plans to undertake a review of metering contestability within three years the rule change becoming effective. The purpose of this review is to assess whether the contestable metering market is functioning in accordance with NEM objective. This review will examine whether a light-handed access regime is appropriate or whether small customers should be able to appoint their choice of contestable metering providers. We recognize these are important questions. Since Victoria currently has the most advanced and comprehensive metering arrangements, changes should not be taken before the AEMC has had a chance to assess the performance of an alternate and clearly less beneficial rollout.
Option 4 would ensure that the national metering contestability processes had stabilised in other jurisdictions and Victoria would avoid many of the customer protection risks associated with the earlier implementation. Given that these risks and issues we consider there is a strong case for delaying the commencement of metering contestability in Victoria.

3.1.2 Adverse customer implications of Option 1

Mass market metering contestability is uncharted territory for Australia. Although metering contestability has effectively commenced in New South Wales, Queensland and South Australia it has been observed that distributors are still installing regulated meters to customers in difficult to service sites and regional areas. Only on 1 December 2017, this regulated service will discontinue and it remains to be seen whether the contestable metering market will protect consumers.

There are no obligations on retailers to provide a meter to a customer seeking a connection in any required timeframe, nor are there any obligations to provide a meter without excess charges. If metering contestability is introduced in Victoria under Option 1, we believe there is a high risk that during early years of metering contestability (2018 and 2019) customers in regional Victoria seeking to be connected to the grid will struggle to receive a reasonable range of market offers from retailers, and any offer they do receive may include significant excessive “metering installation” or “daily” charges. With the VAGO Report recommending safeguards to protect consumers it is important to establish regulatory protections for vulnerable customers without electricity supply.

The situation could be worse for meter failures resulting in power outages and in particular those within regional Victoria. Under metering contestability once a meter fails the retailer is appointed as the metering coordinator for the site. A change in metering coordinator and other metering parties’ role assignment in MSATS takes two days to occur. Where such a meter failure causes a power outage, and the network representative attending the outage would not be able to fix the issue by installing a network meter, and would not be allowed to bypass the defective meter. There is also concern that the network representative may be prevented from installing a contestable replacement meter. Customers in this situation would be faced with an extended outage, especially in regional areas. We do not wish to be in a situation where our customers are without supply under these circumstances but this is a significant risk under the current Option 1 framework. If the government chooses any Option that commences metering on 1 December 2017, we recommend establishing a set of community service obligations on retailers and contestable metering providers that guarantee the provision of metering within a fixed timeframe.

As discussed earlier under the metering contestability regime there are circumstances where customers who churn and other registered participants would only have access to actual metering data every 3-4 months. As this situation also disadvantages distributors we recommend the establishment of further community service obligations on retailers and contestable metering providers to meet more reasonable data delivery timeframes that better facilitate the customer right to request their metering data.

3.1.3 Conclusions on Option 1

Option 1 creates unnecessary disruption to existing network and customer benefits from AMI meters, impacting community safety and has the potential to adversely impact customers in other ways. Further, time is running out to establish the necessary regulatory protections for customers needing a rapid meter exchange and to change safety legislation and processes. Therefore, we submit that VAGO’s Guiding Principles of we consider the Guiding Principles from the VAGO report of protecting customers and preserving benefits are not achieved under Option 1.
AusNet Services supports Option 4, that is deferral of the introduction of metering contestability, on the basis it preserves the inherit benefits of the existing rollout. It enables customers to deploy a range of new and innovative devices behind the AMI meter. The deferment of the metering contestability framework allows the government time to develop a framework that creates enduring benefits before the impacts of a split regime emerge.

### 3.2.1 Support for New Energy Technology enabled with Option 4

AusNet Services recognises that the nature of the energy market is changing and there is a need to drive innovation in new energy technology products and services. Victoria’s AMI metering functionality and services capability is ideally established to facilitate this advance in the market. We therefore do not agree with the Options Paper that the introduction of metering competition under Option 1 may drive innovation on energy technology products and services.

There is significant capability in Victoria’s AMI meters and systems to facilitate innovation in energy technology products and services, including:

- The base of fully deployed AMI meters creates an excellent platform for installing solar micro embedded generation and battery storage systems without the need for replacing their meter.
- The high usage of AMI meters enables the efficient operation of a two-way flow network and high penetration of solar cells across the network. This means solar micro embedded generation inverters will not be turning off due to over-voltage when every inverter in the neighbourhood is generating and the total generation exceeds the local consumption.
- The advanced network analytics provided by AMI meters and systems allow us to understand network utilisation in almost real time. This is a major pre-requisite to offer network driven demand management incentives to customers with rapid response battery storage systems.

These benefits and the outcomes of the Victorian Government’s New Energy Technologies sector (NETS) strategy may be put at risk if metering contestability was introduced and metering data delivery standards were lowered as discussed earlier. If metering contestability is deferred, customers will continue to be able to deploy a range of new and innovative devices behind the AMI meter for the premises (as long as these devices meet relevant safety requirements).

### 3.2.2 What is the downside of deferring?

Many of the ‘cons’ associated with deferring adoption of metering contestability are not compelling compared to the significant benefits and advantages to be gained by delaying the framework change. Earlier in the submission we outlined a number of downsides of commencing metering contestability including service degradation, safety risks, and the removal of customer protections.

Certainly at this current time AMI meters offer a lot more innovative services to customers than any contestable meter deployed elsewhere in the National Electricity Market (NEM). Continuing the separate regime in Victoria should not impact efficient retailer operations, as the vast majority of meters in other NEM jurisdictions will continue to be distributor supplied (the current accumulation meters) and only after the majority of these meters are replaced would impacts of a split regime emerge. We would not expect this to occur until 2025.

As mentioned previously, AMI benefits require the majority of meters to be providing services in order to be realized, so it would only take a few years of normal meter replacements to impact the operational effectiveness of services that require 100% of meters on a given Low Voltage (LV) circuit. There would also be an impact to the networks of losing load control randomisation will result in an immediate change to design requirements for large scale suburb and regional developments. The additional cost of the development’s electricity distribution infrastructure would exceed on average $200 per lot with this cost ultimately passed on to the customer purchasing the house.
We consider that the cost of lost AMI benefits and the associated implementation issues outweighs any perceived price advantages that might arise from reverting to metering contestability metering. Additionally, although a retailer offered meter might appear to be cheaper to the customer at first, this Market Offer price might not include the costs of providing metering services to any other retailer that the customer may subsequently choose. When we consider the other immediate costs and challenges of introducing metering contestability on 1 Dec 2017, it is reasonable to conclude that a decision to defer the introduction is the best approach.

### 3.3 Option 2 without an access regime

AusNet Services does not support Option 2 without an access regime. Failure to have an access regime will not preserve the benefits realised by the AMI rollout thus far, nor will it enable future, expected benefits to be realised for the benefit of Victorian consumers (and distributors). This remains the case even if some of the requirements of the AMI Functionality Specification are mandated in Victoria. As such, we recommend delaying the introduction of metering contestability to provide adequate time to develop an access regime with the AER.

AusNet Services, in principle, supports Option 2 in that it seeks to maximise customer benefits by retaining existing AMI functionality and AMI services through a contestable metering market. The extent to which Option 2 can achieve this depends on contestable metering providers being capable of fulfilling the functionality and services required by distributors. Metering providers would need to invest in meters and systems capable of delivering the required functionality and services, and then negotiate the provision of these advanced services with each distributor. In making such investment decisions the metering providers would need some level of certainty that distributors were able to pay for the service. Also distributors would then need to request and receive services from contestable metering providers, and similarly need some level of certainty that metering providers have these capabilities. Clearly, a number of risks and issues associated with this situation would need to be resolved.

To date, we are not aware of any contestable metering providers that are intending or are even capable of providing these advanced services to Victorian distributors. With 1 December 2017 quickly approaching, it is unlikely that there will be the necessary depth of market of capable metering providers. Options review process is concluding in March 2017 and this does not leave adequate much time to make the necessary changes to the Victorian Codes, safety legislation, and changes to the AMI specifications. Even without the establishment of an access regime that there is already a need to delay the introduction of metering contestability in Victoria to avoid customer disruptions, safety issues, and the loss of benefits.

In addition to the readiness of contestable metering providers, distributors would require uniform access arrangements for requesting and receiving advanced services from each contestable metering provider. The B2B market interface provided by AEMO does not support these advanced Victorian metering services. Without a Victorian agreed access arrangement each distributor or contestable metering provider could seek their own bespoke protocols for requesting and receiving advanced services. This would course operating inefficiencies to both distributors and contestable metering providers.

Preserving benefits requires more than just metering contestability and a meter specification

The realisation of network benefits would require metering businesses to install more advanced smart meters and develop advanced data provision capabilities. The AMI Service Level Specification requires the development of more advanced backend systems, than what contestable metering data providers would otherwise provide, to deliver metering data by 6:00 AM the next business day. These advanced service requirements are achieved through the distributor’s network wide implementation. Significantly, this has also enabled Victorian distributors to develop world leading data analytics to deliver further benefits to customers. Preserving these benefits would require mandatory, revised functionality and service specifications implemented with an access regime.

It will take time for commercial metering services providers to incorporate these innovations through their product development cycle from road map to end product. Further, ordering large volumes of new smart meters has a long lead time that typically in excess of nine months, and developing IT systems also has a long lead time. There is accordingly significant risk that the necessary “depth of market” of metering providers would be available immediately.
The orderly transition to metering contestability with mandatory service requirements would require an assessment of market and stakeholder readiness. Such an assessment would provide certainty that the necessary depth of market in capable metering providers is available and ready to provide these services from the day the meter is installed. The governance established to make this assessment would also be able to manage a review of the AMI Functionality and AMI Service Specifications, and be able to interface with the AER to establish an efficient access regime.

Option 2 without an access regime is not supported

Option 2 without an access regime will not preserve the benefits realised by the AMI roll-out thus far, nor will it enable future, expected benefits to be realised for the benefit of Victorian consumers (and distributors). This remains the case even if some of the requirements of the AMI Functionality Specification are mandated in Victoria.

The Victorian Government recognises that the benefits associated with the installation of AMI meters have now largely been realised and that the focus of the program is on achieving value-added benefits. In order to achieve these benefits, distributors must undertake significant investment in systems that control the meters. High performance communications network access would also be required.

Distributors need to be assured that access to frequently read power quality data will be provided, otherwise there is no incentive to undertake the required investment. Accordingly, if Victorian consumers are to have the opportunity to realise the full benefits of the AMI rollout, AusNet Services considers that retaining the AMI Functionality Specification will not be sufficient by itself, and a fit-for-purpose access regime is required. We discuss an alternative Option to retain these benefits in the next section.

3.4 Option 2+ An enduring access regime for network services

Option 2 by itself will not assure distributors access to information from meters for network functions. The development of an access regime will facilitate the future transition to the national framework.

One of the key benefits arising from the AMI roll-out has been the development of highly sophisticated network data analytics using AMI metering data. These advances have been made possible because distributors invested in sophisticated back-end IT systems necessary to meet the AMI service level requirements. Distributors, including AusNet Services, are using data analytics developed using these systems to leverage improved network management and performance. However, their ability to drive further improvements and efficiencies is dependent upon continued access to timely and complete metering data. To ensure such access is available, AusNet Services supports the development of a fit-for-purpose firm access regime as a complement to Option 2 (Option 2+).

3.4.1 Benefits of an access regime

Designed and implemented correctly, a fit-for-purpose access regime would preserve the benefits which the AMI roll-out has already achieved, and ensure distributors have a sufficient incentive to pursue future benefits. The expected benefits of a fit-for-purpose access regime include:

- Distributors and consumers continue to benefit from superior standards in metering data delivery, and access to the high value network services which drive innovation. This will not affect metering providers’ abilities to provide efficient metering services or offer innovative additional services in response to market demand.

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- The terms and conditions for access can mandate minimum functionality and service levels to ensure consistency in the manner in which access is provided, and significantly reduce the risk of constructive refusal to provide access to metering data on technological grounds.
- Enforceable rights to access metering data at specified functionality and service levels will encourage distributors to undertake additional investment necessary to leverage further network management improvements and innovations from network data analytics.
- Access disputes are resolved by a qualified, independent arbiter e.g. the AER or a dispute resolution advisor appointed by the AER.
- Customers who currently access their metering data through distributor portals could continue to do so, regardless of a change in the identity of the metering coordinator or metering provider.

Implementing an access regime to facilitate the pursuit and attainment of these benefits will not adversely affect the development of metering contestability as it will not affect the ability of metering coordinators and metering providers to offer competitively priced metering service offerings. Indeed, an access regime is likely to facilitate competition by enabling price-based and service-based competition to develop between distributors and new entrants, for the benefit of Victorian consumers.

Without the access regime, not only will it be unlikely that Victoria is will fail to achieve future project benefits but those benefits which have already been realised will be eroded over time.

We expect the benefits of an access regime are likely to outweigh the costs to Victorian households and small business of an access regime. Further work to quantify costs and benefits could be undertaken once the proposed regulatory framework for the regime is available.

A further advantage of an access regime, and of Option 2+ generally, is that it could facilitate Victoria’s transition from the status quo (Option 4, being AusNet Services’ preferred option) to full competition (Option 1). For example, Victoria could delay the introduction of metering contestability until 1 January 2021, at which time it implements Option 2+ for a specified period, before moving to full contestability and aligning with other NEM jurisdictions.

3.4.2 Alternatives to a ‘traditional’ access regime and the role of Government

In the contestable metering environment, a retailer can appoint a new metering coordinator for an existing site to replace the distributor. In lieu of a ‘full’ or ‘traditional’ access regime, the Government may wish to consider creating a statutory licence condition requiring retailers to provide the relevant distributor for a site with access to the metering data from that site on minimum terms and conditions. If the retailer elects to appoint a party other than itself or the distributor as the metering coordinator, it would fall to the retailer to ensure its appointee acts consistently with the retailer’s obligation.

AusNet Services would be pleased to meet with the Department to discuss how including the distributors can maintain access to metering and power quality data, either through an access regime or an alternative framework.

As the first jurisdiction in Australia to have completed a state-wide AMI roll-out, Victoria is well placed to demonstrate the societal benefits of AMI, in terms of both empowering consumers to make informed decisions about their consumption, and enabling distributors to improve the efficiency and effectiveness of their network management activities and strategies. However, as the Options Paper recognises, the disparities between the current Victorian AMI specifications and the minimum national standard threaten to undermine the extent of the benefits Victoria might otherwise be able to achieve.

AusNet Services welcomes the Government’s willingness to examine options of updating the Victorian service level specifications in a way which maximises benefits of the AMI roll-out.
3.4.3 Responsible regulator

AusNet Services considers that the AER is best-placed to be the responsible regulator for an Option 2+ access regime. Since the transfer of regulatory functions and powers from the Essential Services Commission as part of the national energy reforms, the AER has administered the AMI Cost Recovery Order in Council (CROIC), allowing it to build expertise on the subject matter. The AER would be able to assess the benefits for advanced services and establish approved costs that can be used to fund either additional metering service charges or even network devices that maintain the service without the meter being able to provide it. The 2021-2026 Electricity Distribution Pricing Review (EDPR) provides an ideal regulatory mechanism to protect the interests of contestable metering providers, customers and distributors.

3.5 Option 3

Option 3 addresses the most acute implementation issues associated with the uncontrolled introduction of metering contestability on 1 December 2017. Customers in new suburbs would not receive many of the services that our existing customers continue to benefit from. In particular, new suburbs would require more cabling and higher capacity upstream connection assets to cater for the expected coincident hot water controlled load switching at 11:00 PM.

In more than 25% of new suburbs, there is no gas reticulation, and these suburbs would require capacity reinforcement with additional underground cables and associated underground boring at a cost of $200 per metre. This more expensive connection cost will be paid in the first instance by the property developer and passed onto the new customer purchasing the house. This cost would exceed on average of $200 per lot developed. Although this cost applies to any option that introduces metering contestability on 1 December 2017 without mandated functionality and service levels, it is the most relevant in relation to Option 3.

Option 3 is not recommended because it duplicates requirements for maintaining field resources across regulated and contestable metering providers and it does not ultimately lead to enduring network benefits. Further, it would be considerably more complicated to implement within regulatory instruments and does not offer the necessary customer protections for regional customers seeking connections in reasonable timeframe and without excess charges.

Lastly, Option 3 fails to provide a long term solution because subdivisions of existing blocks result in new connections that erode advanced DNSP services outlined in section 2.2, especially the identification of:

- energy theft,
- unauthorised export, and
- HV Fuse “candling” and fallen conductor.

After 5 years, and the extent of subdivision activity that would occur, we would expect that these operational services would no longer be functional in parts of the network.
### 3.6 Comparative Analysis

A comparison of the four proposed Options and our suggested Option 2+ is set out in the following table.

<table>
<thead>
<tr>
<th></th>
<th>Option 1</th>
<th>Option 2 without Access Regime</th>
<th>Option 2+ with Access Regime</th>
<th>Option 3</th>
<th>Option 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Implementation by 1 December 2017</strong></td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Consumer protections for new connections in region areas</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Consumer protections for safe and rapid emergency meter replacements</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Protects customer access to daily read interval metering data</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Less costly network design requirements</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Less costly network augmentation costs</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Retains advanced DNSP services (refer benefits A, B, C, E, G, H in Table 1)</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Key benefits lost over a 5 year period with re-build activity (i.e. subdivisions)</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Provides enduring benefits</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Key benefits lost over a 2-3 year period with meter replacements</td>
<td>Benefits ends in 2021</td>
</tr>
</tbody>
</table>
# 4 Response to questions

AusNet Services positions with respect to these questions raised in the Options Paper are given in the answers below:

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Option 2 – Full adoption with the Victorian Specification – page 12</strong></td>
<td>AusNet Services supports retaining the current Victorian meter specification and the minimum service levels only if an effective mandatory access regime was implemented. Maintaining these specifications is an essential component to maintaining enduring AMI benefits; however, Victoria needs more time to redefine the AMI functionality and service levels and to work with the AER to establish economic arrangements to pay for these advanced services either through more advanced contestable metering or through network devices. Ultimately, Victoria would really need to test the depth of market that offered by contestable metering providers are capable of meeting the higher Victorian requirements.</td>
</tr>
</tbody>
</table>
| **1. Do you support implementing metering competition in Victoria so that the current Victorian meter specification and/or the minimum service levels are retained?** | In addition to our submission we suggest the following should be taken into account:  
  - Modernisation of the Victorian AMI meter and systems functionality requirements; and  
  - Additional service levels for the timely delivery of time-coincident Power Quality data including current and voltage. Disparity between meters is only an issue if there is no market for Victoria specification meters in other jurisdictions. The disparity caused by using higher specification meters in Victoria is not likely to result in higher costs meters in Victoria because existing distributor aligned suppliers have existing ongoing supply arrangements and sufficient operating scales of efficiency. Distributors in other states are very interested in the advanced services utilized in Victoria. |
| **2. Should other considerations about the respective capabilities of the meters and service levels be taken into account?** | Option 1  
  - Creates unnecessary disruption to existing network and customer benefits from AMI meters, impacting community safety and would adversely impact regional customers due to a lack of consumer protections.  
  - There is not adequate time to introduce the necessary safety and consumer protection safeguards.  

Option 3  
  - Difficult and complicated to implement within regulatory instruments prior to 1 December 2017.  
  - Customers in new suburbs would not receive many of the benefits that existing customers benefit from, with new estates without gas reticulation needing to pay significantly more per lot.  
  - Slowly erode AMI benefits in existing network areas through subdivisions. |
| **The alternate options to transition – page 14**                         |                                                                                                                                                                                                                             |
| **3. Do you have any comments or views on Options 1, 3 or 4?**           |                                                                                                                                                                                                                             |
## Submission to the DELWP on Transition to Metering Competition

### Option 4

- Many of arguments against Option 4 fail to outweigh the significant benefits and advantages to be gained through the implementation of this Option.
- We strongly recommend deferring the introduction of metering contestability in Victoria.

### Implementation safety and accreditation issues – page 16

#### 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?

Additional measures to be considered include:

- the current Victorian safety legislation assigns some responsibilities to Distributors. Our submission discusses this in further detail.
- The installation and wiring safety requirements of distributors and ESV are higher than what safety legislation requires in other jurisdictions. Although this has served to improve community safety outcomes in Victoria it does create a disparate approach to other jurisdictions in implementing metering competition.

AusNet Services recommends that the Department and ESV undertake a review of the safety issues associated with metering competition, and only after completing the review prepare for the necessary process and/or legislation changes.

We consider that it is unlikely that necessary safety changes to be resolved and fully effective by 1 December 2017, and therefore recommend deferring the commencement of metering contestability in Victoria to allow adequate time to effect the necessary changes.

### Consumer engagement – page 17

#### 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?

AusNet Services supports the development of a strong communication and engagement program for consumers and impacted parties. Consumers need to understand that supply can be interrupted by their appointed retailer through the metering. The VAGO Report stated the Victorian Government has a role to explain to customers i.e. explain why AMI meters have been superseded by contestable metering. Consumers need to understand their rights and avenues for recourse when there are issues.

This central communications role for government is important, because relying on the industry to manage metering contestability communications to consumers would make it difficult to manage conflicting statements across the electricity sector. Especially in situations where agencies like EWOV or the ESV make statements critical of contestable metering outcomes.

In order to maintain consistent messaging we recommend re-establishing the Ministerial Advisory Committee (MAC) and a communications working group to support it.

### Realising the expected AMI societal benefits and access regime – page 19

#### 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?

Only if implemented with a suitably updated, mandatory service levels specification and an effective access regime.

#### 7. Under Option 2, will the introduction of access regulation for metering services in Victoria...

We expect the benefits of an access regime are likely to outweigh the costs to Victorian households and small business of an access regime. Further work to quantify costs and benefits could be undertaken once the
### Submission to the DELWP on Transition to Metering Competition

<table>
<thead>
<tr>
<th><strong>assistance in preserving unrealised projected benefits attributed to the Victorian smart meter rollout (please quantify any benefits)?</strong></th>
<th>proposed regulatory framework for the regime is available.</th>
</tr>
</thead>
</table>
| **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?** | As proposed Option 2 does not support:  
- Consumer protections for new connections in region areas  
- Consumer protections for safe and rapid emergency meter replacements  
- Protects customer access to daily read interval metering data  
- Less costly network design requirements  
- Less costly network augmentation costs  
- Retains advanced DNSP services  
- Provides enduring benefits  
As outlined the above submission distributors would require a range of Power Quality delivery, load control randomisation and outage management services to realise these benefits. |
| **9. If an access regime is introduced, who would be the responsible regulator and how should it be funded?** | The access regime could be funded by a fee payable by participants in the contestable metering sector i.e. distributors, retailers and metering coordinators. As is the case with licence fees, the access fee could be scalable according to an independent measure e.g. customer numbers or the number of contestable metering installations. |
| **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?** | In the contestable metering environment, a retailer can appoint a new metering coordinator for an existing site to replace the distributor. In lieu of a ‘full’ or ‘traditional’ access regime, the Government may wish to consider creating a statutory licence condition requiring retailers to provide the relevant distributor for a site with access to the metering data from that site on minimum terms and conditions. If the retailer elects to appoint a party other than itself or the distributor as the metering coordinator, it would fall to the retailer to ensure its appointee acts consistently with the retailer’s obligation.  
AusNet Services would be pleased to meet with the Department to discuss how including the distributors can maintain access to metering data, either through an access regime or an alternative framework. |
| **Mandatory or opt-out – page 20** | **11. Should Victoria vary its current policy position that smart meters are mandatory and households and small business to opt-out of having a communicating smart meter?**  
The current CROIC allows Victorian customers to refuse a smart meter exchange leaving the old meter in place. Whilst the national smart meter framework requires customers to receive a manually read interval meter instead. This essentially promotes the practice of removing communications modules from functioning meters, although we currently offer in very limited circumstances such as hypersensitivity. We would not support removing the communications module for any other reason.  
Given our current policy position already strikes the right balance we suggest there is no need to change Victorian obligations to align with the national approach. |
| **The “small customer” threshold – page 21** | **12. Do you support setting the small customer threshold at 160 MWh rather than 40 MWh as suggested by the AEMC? If not, please provide a reason.**  
We support consistent metering installation requirements for all customers with less than 160 MWh. However removing the small customer threshold for business customers would have unintended consequences in preventing the introduction of demand based Network Tariffs to such customers in 2018. |
| **Regulatory changes for implementation – page 21** | |
### Submission to the DELWP on Transition to Metering Competition

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>13. What regulatory changes would be needed to implement Option 2, and what considerations attach to these changes?</td>
<td>A review of both the AMI Functionality Specification and the AMI Service Levels Specification would be required to maximise network and society benefits of metering competition. Changes to the NEVA to extend the derogation and mandate the delivery of our advanced AMI services by metering contestability paid for through regulated price set by the AER.</td>
</tr>
<tr>
<td>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?</td>
<td>Our submission outlines outlined multiple timing issues that would impact the commencement of metering competition in Victoria.</td>
</tr>
<tr>
<td>• The most significant timing issue relates to the need to review and incorporate process and/or legislative changes to Victoria in support of safe and efficient customer facing processes.</td>
<td></td>
</tr>
<tr>
<td>• Adequate time must be set aside to establish a set of community service obligations on retailers and contestable metering providers that guarantee the provision of metering within a fixed timeframe.</td>
<td></td>
</tr>
<tr>
<td>• If Option 2+ were to be adopted distributors and contestable metering providers would need to be given adequate time to prepare and complete system development activities. As it is unlikely the necessary “depth of market” of metering providers would be available immediately.</td>
<td></td>
</tr>
<tr>
<td>15. Are there any other factors or conditions that should be considered to successfully implement metering competition in Victoria</td>
<td>If Metering Contestability were commenced on 1 December 2017 we suggest amendments to the Retail Code and the Victorian Retailer Licences to mandate the provision of a Standing Offer and metering within 10 business days to customer seeking a connection.</td>
</tr>
</tbody>
</table>