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Chair
Queensland Competition Authority

Lodged via [QCA portal](#)

Queensland Competition Authority Report on benefits of advanced digital meters

EnergyAustralia welcomes the opportunity to make this submission to the Queensland Competition Authority's (QCA) consultation on its report to the Minister on the benefits of advanced digital meters.

EnergyAustralia is one of Australia's largest energy companies with around 2.6 million electricity and gas accounts in New South Wales, Victoria, Queensland, South Australia, and the Australian Capital Territory. We also own, operate and contract an energy generation portfolio across Australia, including coal, gas, battery storage, demand response, wind and solar assets, with control of over 4,500MW of generation in the National Electricity Market (NEM).

EnergyAustralia has approximately 115,000 customers in Queensland. Queensland is an important market; we will continue to work closely with industry and regulators to ensure customers benefit from Power of Choice (PoC) reforms.

We understand the Victorian Government is also developing an Advanced Metering Infrastructure (smart meter) Benefits Realisation Roadmap to enhance the realisation of benefits from the Victorian smart meter roll out and encourage QCA to contact their counterparts to discuss and share learnings.

In our submission we briefly discuss a few of the benefits of advanced digital meters to customers from our experiences, noting that this is not an exhaustive or comprehensive list. They can be categorised into direct, and indirect benefits to customers. Direct benefits are widely understood by industry, and there is general agreement across industry on what these are. On the other hand, indirect benefits may not appear immediately obvious to consumers.

Direct benefits

We consider the top 3 benefits for customers are improved switching, access to new technologies (e.g. solar, demand response), and customers being better informed about their usage.

Customers can obtain more frequent and accurate billing data from smart meters, leading to a reduction in estimated bills and providing further clarity on customer’s usage patterns. Smart meters enable customers access to products such as demand response and provides a more complete service for those with solar panels. This also allows customers to choose or opt-in to tariffs that may better suit their consumption and lead to lower bills.

Importantly, the smart meter provides the customer with the ability to fully understand usage patterns and empowers them to make changes that better suit them; smart meters are needed for customers to fully benefit from the upcoming ACCC’s upcoming Consumer Data Right reforms in energy¹.

Practically, the ability to re-energise and de-energise a remote communication enabled smart meter is an important enabler for customers to have a streamlined move-in/move-out process, and an improved customer transfer (churn) process as well. In the case of a disconnection for non-payment, it also allows impacted customers to be reconnected more quickly;

- in Victoria, customers have up to 3PM to request a re-energisation on the same day, and distribution network service providers (DNSPs) can offer after hours reconnection services up to 9PM;
- in Queensland, current cut-off times for a re-energisation on the same day are 1PM, as this requires a field crew to attend the site.

Indirect benefits

There are a number of benefits to the Distribution Network Service Provider (DNSP) and Metering Provider (MP) that may not be immediately obvious to the consumer, and these ultimately flow to improved reliability of the network and the consumer’s end prices. The QCA should take these into consideration while working closely with the local DNSP, Energy Queensland.

If the DNSP or MP can remotely read, energise and de-energise a meter it provides a more efficient service and a resulting reduction in costs. For example, in two of Victoria’s larger geographical distribution networks (AusNet and Powercor), the AER approved costs of a remote re-energisation are lower than for a physical de-energisation.

Service (Prices ex. GST)	AusNet Services²	Powercor³	Energex⁴
Remote reenergisation	\$6.68	\$10.72	NA
Physical reenergisation after DNP	\$19.53	\$58.06	\$56.73
Physical reenergisation after Main Switch Seal	NA	NA	\$13.70
Remote deenergisation	\$6.68	\$10.72	NA
Physical deenergisation	\$19.53	\$58.06	\$74.26
Deenergisation using Main Switch Seal	NA	NA	\$24.32

With the introduction of smart meters, customers in QLD might potentially see these costs decrease and align with those in Victoria.

¹ <https://www.accc.gov.au/focus-areas/consumer-data-right-cdr-0>

² <https://www.ausnetservices.com.au/-/media/Files/AusNet/About-Us/Network-Tariffs/Electricity/2019/Alternative-Control-Services-2019.ashx?la=en>

³ <https://media.powercor.com.au/wp-content/uploads/2018/12/20154448/2019-Powercor-GSC-Pricing-Schedule.pdf>

⁴ https://www.energex.com.au/_data/assets/excel_doc/0005/748796/Annual-Pricing-Proposal-2019-20-Attachment-1.xlsm

The significant increase in price for the Energex de-energisation results from the requirement to attend the site physically to energise/de-energise the meter; the cheapest method in Queensland, the "Main Switch Seal" method, involves pasting a sticker on the meter but not physically disconnecting supply to the property. This leads to potential unknown consumer issues, where a new move-in customer starts consuming electricity without a retailer and faces significant consumption charges and disconnection warning letters. It is also a cost for the DNSP (which is recovered through the QLD Electricity Distribution Network Code) and is used primarily when dealing with legacy metering configurations such as shared fuses, prevalent in Queensland.

We understand Energy Queensland have encountered numerous worker safety issues in reading meters; this not only leads to poor customer satisfaction but adds additional overheads to the DNSP's costs. It is likely that the higher costs of performing these physical metering services in Queensland eventually get passed on to the end consumer through the retailer.

Smart meters allow the DNSP to be alerted to faults and safety issues, this enables distributors to act quickly. This prompt service is beneficial for all customers but particularly important for vulnerable and life support customers. A network of smart meters provides better outage planning and efficient restoration, resulting in direct benefits to customers. This added visibility of the grid allows the DNSP to better plan for augmentation and maintenance of the grid and understand impact such as increased solar uptake. The end result is lower costs for network augmentation and maintenance, and a more streamlined solar connections process for customers respectively. AEMO also benefits from the added visibility and can better plan and forecast supply needs.

There is considerable overlap between the specific questions, so our remaining comments relate to answering selected questions.

Answers to selected questions:

1(a) What issues should the QCA consider when requesting, and interpreting, retailer data on advanced digital metering deployment strategies?

As mentioned above, we suggest that QCA utilises data and learnings that have already been collected in other states such as Victoria. We urge QCA to compare the Victorian rollout against how the PoC reform is progressing in the other states, and to assess the impacts of their jurisdictional specific requirements.

We note that there is significant regulatory change in the pipeline that will have an impact on metering. For example, AEMO is currently working on consulting and implementing the Five-Minute Settlement (5MS) rule change which will require all smart meters to be capable of recording and storing 5-minute capable data. Regulatory changes need to be stable and implemented well before pushing for faster rollouts.

It is not easy to precisely measure the value of benefits to customers; in most cases, for example, the benefit to a customer of a quicker transfer cannot be quantified precisely; each customer places a different value on a quicker transfer, and these cost estimates are subject to psychological estimation biases.

We also suggest the QCA interpret retailer data with caution, particularly in aggregating data provided by different retailers that might have been made with differing assumptions. We recommend that QCA liaises with industry for future data requests to ensure data provided is useful for QCA's needs.

1(b) Are there any electricity supply participants in addition to electricity retailers, electricity distribution and transmission network entities, electricity generators, and market administrators that the QCA should consider?

We recommend that QCA considers safety requirements specific to Queensland. For example, current Queensland safety regulations require a visual inspection before a site is energised; this creates a barrier to realising the benefits of remote re-energisation or de-energisation.

It would also be useful for the QCA to consult with the relevant electrical standards and electrical contractor licensing bodies. This would allow the QCA to consider legacy metering issues that might be more prevalent in Queensland (i.e. shared fuses).

The effective functioning and benefits of smart meters also come from being remote communication enabled. We therefore recommend that the appropriate metering standards and telecommunication bodies are considered as relevant stakeholders.

1(d) What other matters, in addition to those identified above, do stakeholders consider the QCA needs to take into account in preparing this advice?

We recommend caution against setting any targets for implementation; this will result in rushed implementation and higher costs to consumers. We understand the Victorian smart meter rollout was estimated to cost \$2.239 billion, with \$778 million of benefits associated with the uptake of flexible tariffs and demand management only estimated to be realised by consumers by 2028⁵.

The Power of Choice (PoC) reforms in December 2017 intended for a staged rollout of smart meters. Therefore, we recommend that the original intent of the reforms be allowed to come through, and any recommendations made align with the original intent of metering contestability.

We also consider that in regional Queensland where the business case for installing smart meters may not be as favourable, that benefits will accrue mainly to the DNSP and any smart meter rollout should be DNSP-led as the most cost efficient and effective way.

If you would like to discuss this submission, please contact Shawn Tan at +61 3 8628 1512 or Shawn.Tan@energyaustralia.com.au.

Yours sincerely

Sarah Ogilvie
Industry Regulation Leader

⁵ Realising the Benefits of Smart Meters: Victorian Auditor-General's Report, September 2015: <https://www.audit.vic.gov.au/sites/default/files/20150916-Smart-Meters.pdf>