3/05/2019

Mr Flavio Menezes
Chair
Queensland Competition Authority
GPO Box 2257
Brisbane Q 4001

Via electronic lodgement

To Flavio,

Report on benefits of advanced digital meters

Thank you for this opportunity to provide the QCA feedback on the benefits of Advanced Digital Metering. Mondo is an Australian energy services and infrastructure company, which invests electricity distribution, transmission and storage assets, as well as providing a variety of energy services, including DER aggregation and metering services.

Policy context and digital metering benefits

We note that this consultation on metering benefits occurs within the wider context of a Retailer led roll-out of digital metering. We understand that the Government is concerned that the per customer cost of digital metering may grow as the market take up increases and is keen to ensure that the benefits are realised and costs are fairly allocated.

The attached table reflects our understanding of digital metering benefits and the conditions necessary to realise those benefits.

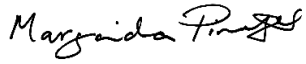
Additional Comments

We note that some significant benefits, such as avoiding costs related to manual meter reads, may only be realised once a certain market or geographical penetration of meters is achieved.

Analysis here is focused on benefits, for example the benefits Retailers receive, however we note that there are also additional costs which should be considered. For example, digital meter data can be used to identify billing errors, however practically this requires Retailers to provide meter data to customers via online portals which show the data graphically. This comes at a cost to Retailers.

Please feel free to contact Daniel Brass, our Market Insights Lead, (daniel.brass@mondo.com.au, ph:03 96956348) if you have any questions in relation to this submission or any further questions.

Regards,



Margarida Pimentel

Manager Policy and Insights

DIGITAL METERING BENEFITS

Remote Meter Reading Benefits

Benefit	Beneficiary	Description	Requirements and Timing
Regular & Accurate Bills	Customer	It is our view that, regular and accurate billing is likely to reduce bill shock, allow better management of household finances and earlier identification of energy wasting appliances and behaviours.	**Timing:** Immediate **Requirements** • Remote reading functionality • Meter data management & communications infrastructure systems • Industrial relations • Retailer billing engine upgrades • Updated retailer bill requirements
Reduction in bad debt	Retailer	More regular and accurate billing would likely reduce the rate of bad debt and allow for early identification of payment issues. We consider it likely that Retailer cost savings would result in more competitive offers to new retail customers. Practically, savings may only be shared with customers when they switch between Retailers.	
Reduction in billing disputes	Energy and Water Ombudsman Queensland(EWOQ) , Retailers	Based on Victoria's experience more regular & accurate billing is likely to reduce the volume of bill shock and therefore billing disputes. We note that electricity billing disputes are a significant portion of disputes received by the Energy and Water Ombudsman Victoria (EWOV). However, the number of such disputes has dropped by around 70% since the 2013/14 financial year when Victoria's digital meters rollout began. **Reference:** Page 25, https://www.ewov.com.au/files/2018-ewov-annual-report.pdf	
Reduction in meter reading costs	Meter Provider	Remote reading avoids the need for manual reading and is likely to reduce labour costs. These benefits may only become apparent once digital meter penetration reaches a particular threshold.	

Remote De-energisation and Re-energisation Benefits

Benefit	Beneficiary	Description	Requirements and Timing
Faster de/re-energisation	Customer	Remote re-energisation will likely allow customers who have moved to enjoy a more rapid establishment of their electricity supply.	**Timing:** Immediate **Requirements** • Enabled • Appropriate safety processes and regulation • Support from community advocates
Lower cost de/re-energisation	Meter provider	Underlying connection & disconnection labour costs are expected to be lower once remote de/re –energisation is established. We believe this benefit should be passed on to customers through lower connection and disconnection fees.	
Reduced energy loss through 'Occupier Accounts'	Customers, landlords and Retailers	Remote de-energisation allows for easier & cheaper de-energisation, which will likely result in a reduction in the number of connections persisting after the occupants have left a property. Such connections often result in energy being wasted and the cost of that energy being recovered from the new tenant, the landlord or Retailers.	

Specialized Meter Data Benefits

In addition to interval consumption data, many digital meters can provide additional data including real time consumption data and volt/var data.

Benefit	Beneficiary	Description	Requirements and Timing
Third parties / Specialized advice	Customers , 3rd Parties	Digital meters can supply advanced data to third parties acting on behalf of customers. For instance high frequency data can facilitate load disaggregation technologies and real time data can be used by home energy management systems (HEMS) to better manage energy use.	**Timing :** Immediate **Requirements** • Data sharing / access regime (for 3rd parties)
Network operation	DNSP	Digital meters can provide advanced power information to networks including: volt/var, frequency and harmonics. This may enable better network operation and lower long-term network costs, which would normally be passed on to customers through the 5-year regulatory resets.	**Timing :** Longer-term **Requirements** • Network incentives to use data

Interval Data Benefits

Benefit	Beneficiary	Description	Requirements and Timing
Billing Error detection / Bill assurance	Customers	The provision of interval data in an easily digestible format, such as a graph will tend to increase customer detection of metering & billing issues. This is likely to result in temporarily higher customer service costs for Retailers and a cost saving for affected customers.	**Timing :** Immediate **Requirements** • Retailer provision of online energy portals that
Enabling Energy Advice & Retail Competition	Customers	Energy advisors including energy advice platforms can use interval data to advise on: choice of Retailer, investment in solar / DER and energy efficiency. A key requirement to realize this benefit is that customers can easily obtain and share interval data in standard formats or authorize 3rd party data access.	**Timing :** Immediate **Requirements** • Data sharing / access regime (for 3rd parties) • Appropriate incentives for Meter Data Providers to facilitate data sharing
Wholesale market efficiency	Economic efficiency	Digital meters provide customer consumption data aligned with the wholesale market. Consequently, Retailers will pay for the actual pattern of customer demand rather than an average customer profile (known as the 'Net System Load Profile'). This is more cost reflective and is expected to result in a more economically efficient outcome in the long-term. In the short term individual Retailers may be better or worse off and the allocation of cost savings is unclear.	**Timing :** Longer-term
Enabling Cost Reflective Tariffs **(Market efficiency / long –term costs)**	DNSPs	Digital meters enable the use of cost reflective tariffs which tend to discourage high capacity use of the network. Over a long period of time this is likely to reduce the need for network spending and these cost savings are passed on to customers.	**Timing :** Longer-term
Enabling Demand Response & other Future Energy Services	Customers , Retailers, Networks and Aggregators	Demand response involves paying customers to temporarily reduce demand for the benefit of Retailers or networks. Historically, demand response has largely been supplied by industrial customers, however small customers are likely to become increasingly involved. Interval data from digital meters provides a trusted source of interval data for measuring and settling demand response services.	**Timing :** Longer-term **Requirements** • Various Regulatory & Technological Innovations