ENERGY CONSUMERS AUSTRALIA

A Suite 2, Level 14, 1 Castlereagh Street
Sydney NSW 2000
T 02 9220 5500
W energyconsumersaustralia.com.au
@energyvoiceau
/energyconsumersaustralia
/energyconsumersaustralia

ABN 96 603 931 326

12 February 2021

Anna Collyer
Chair
Australian Energy Market Commission
By email

ENERGY CONSUMERS AUSTRALIA SUBMISSION ON METERING SERVICES

Dear Anna,

Energy Consumers Australia appreciates the opportunity to comment on the Australian Energy Market Commission's (AEMC) Review of the Regulatory Framework for Metering Services Consultation Paper.

Energy Consumers Australia is the national voice for residential and small business energy consumers. Established by the then Council of Australian Governments Energy Council in 2015, our vision is that consumer values, expectations and needs are realised through a modern, flexible and resilient energy system.

This vision reflects the two transitions underway in the energy system. The first, is a shift in centralised infrastructure away from traditional thermal generation to variable renewable generation and storage. The second, is the transition occurring in 10 million homes and small businesses across Australia where consumers are taking up new technologies that unlock the potential for flexibility in when they use, generate and store energy. This means that distributed energy (both generation and demand) is playing an increasingly significant role in the energy system and could be used to address risks associated with the first transition. Smart meters are core enablers of this future.

Energy Consumers Australia has done extensive research[1] about consumers' values and expectations about the future of energy and how the transition should be managed. This research suggests consumers and communities are looking for future services that, among other things:

- offer access to clean, cheap and abundant energy to power their homes and businesses;
- give them the choice and simple controls over how appliances and technology in their own homes are used; and
- give them tools and information to empower them to look after themselves.

In our view, smart meters are key to unlocking these benefits to consumers. While in-home energy management systems and other control devices are available to help consumers manage their generation and consumption, it is only by interacting with the grid that consumers can unlock the full benefit of their investment. As the AEMC noted in 2015:

> "Like a mobile phone or pay TV box, advanced meters are an enabling technology that consumers can use to access a service that they value. Consumers with an advanced meter will be able to choose from a range of electricity services and pricing options on offer from retailers and other service providers, giving consumers new ways to monitor, manage and adjust their electricity consumption."[2]

[1] https://energyconsumersaustralia.com.au/projects/consumer-values-expectations-and-needs
[2] https://www.aemc.gov.au/sites/default/files/content/29328539-8eb5-4c34-952d-2a44ab5d12c5/Information-sheet-consumer-benefits.PDF

The potential system benefits of smart meters are clear. Demand side response, including flexible use of consumer assets that sit behind the meter, can reduce the need for investment in expensive infrastructure and help to provide system security and reliability. There is potentially significant value that can be delivered along the supply chain. What is unclear is how consumers are rewarded by the system for the value they bring through their participation in managing their demand and generation and how they can be appropriately protected from risk.

More than five years since the AEMC's determination to allow "competition" in metering, we are yet to see the sector focus on consumer services and deliver innovation that will realise the full value for consumers.[3]

Customer complaints about smart (digital) meters continue to be significant. Changes to the rules in February 2019 introduced clear installation timeframes and obligations to address one source of consumer concerns. However, there are a range of issues still facing consumers, including delays, billing, faults, and incorrect information / advice. This last issue is particularly concerning and highlights where meters (and associated changes in tariffs) are not meeting consumer expectations. In their latest Annual Report, the Energy and Water Ombudsman[4] (EWON) noted that 60% of digital meter complaints were from customers who didn't see the expected cost benefits of reduced consumption. EWON also noted they had received complaints from customers whose tariff had changed as a result of a new meter installation and who were not fully informed, contributing further to poor consumer experience and distrust.

While smart meters must be installed when connecting a new premise or when an existing meter needs to be replaced, the majority of installations are a result of a "customer request" (presumably due to a new solar PV, battery or EV installation). There would be value, as part of this review, in more comprehensively exploring the consumer experience of smart meters to date, including consumer expectations on service, which would reveal barriers to greater voluntary uptake.

Retailers were entrusted with the responsibility for the roll-out of smart meters, given that they deal directly with consumers in supplying electricity to homes and businesses. But retailers are not meeting consumer expectations. EWON's Annual Report also noted that consumers who invested in behind the meter technology were experiencing difficulties engaging with the retail market. They told EWON the available energy price and electricity tariff structures were not meeting their expected outcomes.[5]

It appears that there are real and systemic issues in the supply chain, when retailers in collaboration with metering co-ordinators, are unable or unmotivated to improve the value proposition of smart meters for consumers. Neither appears able alone to resolve the problem, and the outcome is often a blame game.

Without smart meters in place as an enabler, the range of flexible demand services that the AEMC anticipated would emerge in its Power of Choice report is unable to emerge at scale. However, as the experience of Victoria demonstrates, where smart meters are universal, the value proposition to the customer is critical to whether the benefits materialise. In our view this requires intermediaries – including retailers – to adopt new business models that are built on offering services that empower consumers to conveniently, and with low risk, manage their energy use, generation and storage.

[3] The mandated smart (advanced) meter roll out was completed in Victoria in 2013. While the system benefits are evident to industry, the anticipated benefits to consumers are yet to be realised.
[4] Energy and Water Ombudsman NSW, Annual Report 2019-20, page 37
[5] EWON, Annual Report 2019-20, page 33

It also requires consumers to have access to meaningful, real time information on their preferred electronic device (smart phone, tablets, computer or in-home displays/monitors), that gives them choices about whether to change behaviour and allows them to follow through on that choice (an example being Green Button in the United States)[6].

When all of these conditions are met then some of the people, some of the time, for some of their load – or generation – will be willing to participate in a future energy services market.

There is also a largely unrealised potential to support people who are in difficult circumstances, to be able to afford the energy they need, using the data and information available from smart meters. Just one example was the way Jemena communicated with their consumers during 2020, about how changes to working from home were impacting their usage and their bills. We are seeing other network businesses and energy companies similarly do more, sharing insights with their customers on how their use in the home translates into dollars and cents, on a regular basis, that is separate from customer billing.

Smart integration of distributed energy in the energy system through flexibility in demand and generation will be key to delivering a more affordable energy system. An improved rollout of smart meters can empower consumers and increase the efficiency and resilience of the system. We encourage the AEMC to consider the necessary reforms to the smart meter framework which should have as its purpose supporting innovation and delivering benefits to consumers of participating in the future energy services market.

Should you have any questions about our comments in this submission, or require further detail, please contact Jacqueline Crawshaw, Acting Director, by phone on 02 9220 5520 or by email at jacqueline.crawshaw@energyconsumersaustralia.com.au.

Yours sincerely,

Lynne Gallagher
Chief Executive Officer

[6] Mission Data regularly reports on the enablers that are unlocking energy savings for consumers in their energy markets http://www.missiondata.io/activities#index