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Endeavour Energy Trial Waiver Application

AGL Energy (AGL) welcomes to the opportunity to comment on Endeavour Energy's (Endeavour) Trial Waiver Application under the Australian Energy Regulator's Energy Innovation Toolkit.

AGL supports Endeavour's proposal to roll out approximately 10,250 smart meters to customers in select regions of New South Wales. AGL is aware of Endeavour's trial of a similar nature that was undertaken in 2020-2021 in Albion Park. This trial demonstrated that there was some merit in a targeted approach for smart meter upgrades under the Meter Fault Notification (MFN) process which allowed Endeavour to address network-specific issues through in-meter dynamic customer load control.

Proof of concept and industry experience

AGL notes Endeavour's comment that it anticipated for the competitive smart meter roll out in the National Energy Customer Framework (NCEF) jurisdiction to incentivise retailers to proactively roll out smart meters which, in Endeavour's view, has not occurred as expected.¹ AGL disagrees with this sentiment and underscores that that Endeavour's trial proposal and the uptake of smart meters under competitive smart meter roll deployment should not be conflated.

The uptake of smart meters in NCEF reflects the original purpose and design of the 2017 Power of Choice reforms that the rollout be customer-driven and reflective of the forces of a competitive market. Endeavour's trial seeks to overcome issues which exist at a network level (such as the ripple control system at substations nearing end-of-life) with flow on impacts to customers.

It is inaccurate to suggest that the pace at which retailers are replacing smart meters is inhibiting the realisation of the benefits of smart meters, as Endeavour's issue pertains to a network asset problem which was not originally contemplated by the Power of Choice reforms to drive the uptake of smart meters.

AGL supports the trial on the basis that this specific customer cohort would benefit from an expedited and automated meter upgrade process in line with the regulated MFN timeframes given there is a time sensitivity to replacing or decommissioning the off-peak ripple control systems nearing end of life in some substations.

¹ Australian Energy Regulator, Endeavour Energy Trial Waiver Application 2023, page 8.



However, we anticipate only limited proof-of-concept benefits for the Australian Energy Market Commission's (AEMC) Review of the regulatory framework for metering services. As we understand it, allowing third parties, including DNSPs, "...to become responsible for metering unencumbered by restrictions that currently prevent, delay or add cost to installing smart meters where they are valued by the DNSP"² does not align with the proposed mechanisms to accelerate the smart meter roll out in the AEMC's Draft Report.

Competition

Should Endeavour or other DNSPs seek to undertake similar trials in the future, rather than limiting the process to only one Metering Coordinator (MC) as is currently proposed, we would encourage Endeavour to develop systems and processes that would allow for full competition in the selection of MCs.

Explicit Informed Consent and Customer Opt-Out

While AGL understands that explicit informed consent and customer opt-out provisions are mandatory components of the AER's Trial Waiver Application process, given the purpose of this Trial, we do not believe it is in customers' best interest to opt-out of the smart meter upgrade, whether through the installation of a non-comms enabled meter, or complete refusal. Once the ripple control system is decommissioned at the substation level, without a Type 4 metering installation, the customer's ability to use off-peak appliances (e.g., off-peak hot water) will cease, thereby exposing the customer to high prices.

The AER will be aware that as part of an accelerated smart meter roll out, the AEMC is likely to propose the removal of customer-opt out provisions for retailer-led and mandated deployment types under the National Energy Retail Rules and National Electricity Rules. The decommissioning of the legacy controlled load capability system could technically be perceived as a meter fault, as traditionally the ripple device or time switch in a customer's meter box has been seen as part of the metering installation. Some other DNSPs in jurisdictions where Power of Choice exists treat the failure of that device as requiring a meter replacement by issuing an MFN to retailers.

It may be appropriate to use this Trial to test or create a proof-of-concept that removing customer opt-out from the deployment process will not result in materially adverse outcomes to customers.

Type 4A Meters

It is proposed that if a customer elects to 'opt-out' of the smart meter replacement (Type 4 meter), Endeavour will offer to install a non-comms enabled smart meter (Type 4A) in the first instance. Under the current regulatory framework, in circumstances where a customer refuses the installation of a Type 4 meter and elects to have a Type 4A comms-disabled meter installed, the Financially Responsible Market Participant must comply with the requirements under Rule 7.8.4.(d) of the National Electricity Rules, including by providing the following information to the customer:

- i. Information on the similarities and differences between a Type 4 metering installation and Type 4A metering installation; and

² Ibid, page 13.



- ii. Information on the upfront charges and indicative ongoing charges associated with a Type 4A metering installation that will be payable by the small customer.

As part of this Trial, Endeavour is proposing to take responsibility for all customer communications, including issuing the Planned Interruption Notice, as well as objection and complaints handling. As such, it should be incumbent on Endeavour to provide the customer notification referred to above to ensure that it has control and oversight of the end-to-end process and customers do not receive different communications from different sources which could cause confusion and result in unnecessary delays.

We note that with respect to Rule 7.8.4.(d)(2)(ii), DNSPs may not be best placed to advise the customer of specific upfront and indicative ongoing charges for Type 4A metering, as this information would not readily be available to them. In this instance, it may be appropriate to rely on generic wording to satisfy this requirement, for example, *“You may be charged an additional fee to disable the meter communications, and if you decide to switch it back on at any time, further fees may also apply. For information on fees and charges associated with disabling the meter communications, please contact your electricity retailer.”*

Customer Refusal

Endeavour notes in its Trial Waiver Application that customers who “remain sensitive” around the installation of a smart meter (whether Type 4 or Type 4A non-comms enabled), will have the opportunity to fully opt-out of the Trial. Endeavour should provide more detail as to how it proposes to treat customers in these instances. It is AGL’s recommendation that Endeavour should request the MC (via the retailer) to replace the ripple control in the customer’s basic metering installation with a time switch on site to allow for the hot water units to operate in off-peak periods. We also recommend that Endeavour provide additional education and information to affected customers detailing the impact of opting-out of the smart meter upgrade.

If you would like to discuss any aspect of AGL’s submission, please contact Valeriya Kalpakidis at vkalpakidis@agl.com.au.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Patrick Whish-Wilson'.

Patrick Whish-Wilson

Senior Manager Regulatory Strategy

AGL Energy