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Tom McEwin
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Department of Industry, Innovation and Science
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Submitted by email to: thomas.mcewin@industry.gov.au
CC: measurementlawreview@industry.gov.au

21 June 2019

Dear Tom McEwin

Measurement Law Review 2019

AGL Energy (**AGL**) welcomes the opportunity to respond to the Department of Industry, Innovation and Science Measurement Law Review and the consultation papers on *Traceable Measurements, Measuring Instruments and Measurement Based Transactions (Consultation Papers)*.

Accurate measurement plays a fundamental role in Australia's energy markets by supporting financial transactions between multiple parties in the energy supply chain. This includes generation asset owners bidding into the wholesale market, energy network owners effectively managing the network systems and energy retailers' energy supply relationships with consumers. Importantly, accurate metering data provides consumers with confidence in terms of their usage charges billed.

Australia's energy markets are undergoing a period of significant transition. The advent of digital meters and more advanced distributed energy resources (**DER**) (for example smart inverters, energy storage, electric vehicles, energy management systems, household appliance with smart controls) offer new opportunities for customers. Energy consumer are taking more control and are seeking greater insights into their energy usage. Further, consumers more and more are actively managing their usage and seeking to share in value beyond their home and business. This includes 'sharing' energy with peers through participating in solar sharing schemes or participating in programs such as Virtual Power Plants that support the operation of the network or the wholesale market.

AGL believes it is important that Australia's regulatory framework governing measurement is adapted to the accelerating rate-of-change in technological advancements and changing consumer behaviours while simultaneously continuing to promote consumer confidence by ensuring accurate and robust trade measurement.

AGL's response to the Consultation Papers is based on these objectives.

Ensuring the legislative framework promotes consumer confidence

In AGL's view, the legislative framework governing measurement in Australia provides an important consumer safeguard by requiring that measuring instruments used for trade be:

- Verified to ensure accuracy. In particular, AGL supports the approach adopted whereby it applies a verification process to ensure accuracy in measuring instruments used for trade and a certification process to ensure accuracy in measuring instruments used for other legal purposes. We consider this approach strikes the right balance between protecting consumers in trade dealings whilst reducing the cost for industry where measurement devices are not used in the context of trade.
- used in a way that gives an accurate measurement.

We also support the definition of *use of trade* and the requirements for verification set out in section 18GK of the NMA, namely that:

- a) the measurement instrument must operate within the appropriate limits of error that are permitted under the regulations; and
- b) the measuring instrument must be of an approved pattern.

Introducing flexibility to take advantage of technological advancements

We note the commentary in the Consultation Papers on the extent to which flexibility exists for regulated measuring instruments under the current measurement framework which may, in some circumstances, inhibit the use of new technologies in trade related measurement in some circumstances. The Consultation Paper asks how flexibility could be introduced to Australia's measurement laws to allow industry to take greater advantage of new developments in measuring instruments.

While we support the requirements for pattern approval and verification, we would recommend that a degree of flexibility be introduced into these regulatory approval processes.

Electricity meters are currently assessed for pattern approval against the requirements of NMI M6-1. We would recommend that NMI M6-1 be reviewed to assess whether each of the requirements that do not directly relate to accuracy are fit-for-purpose or whether a degree of flexibility should be introduced for different use cases.

AGL supports electricity meters being subject to regulation to ensure accuracy and permissible limits of error. We note that some new technologies are leading to new and innovative digital ways to display information to consumers and these design specifications may not necessarily meet the current requirements under NMI M6-1. Provided these technologies do not compromise on accuracy, we consider that NMI M6-1 should provide some flexibility in different use cases, for example in circumstances where the devices are measuring small loads. The regulatory framework could enable a more cost-effective approach to measurement in some circumstances by allowing new low-cost display options that meet consumer needs of being able to view and verify consumption, usage or generation data against bills/invoices including via remote digital application.

We also note the outcomes of the National Measurement Institute's (NMI) 2015 review on the pattern approval standards for electricity meters¹ and the outcome that NMI will provide three pathways for the pattern approval of electricity meters:

- Pathway 1: The current metrological and technical requirements of NMI M 6-1, with minor amendments and clarifications.

¹ See further National Measurement Institute (2015), *Response Paper: Approval Standards for Electricity Meters Use for Trade*, Available at <https://consult.industry.gov.au/national-measurement-institute/approval-standards-for-electricity-meters/>

- Pathway 2: The metrological and technical requirements of the Standards Australia adoption of International Electrotechnical Commission (IEC) standards AS-IEC 62052.11, 62053.21, and AS-IEC 62053.22.
- Pathway 3: NMI will adopt OIML R 46 without major modification as NMI R 46.

We would recommend that the regulatory framework clarify the extent to which these alternative pathways are available for pattern approval for electricity meters, consistent with the outcomes of the 2015 review.

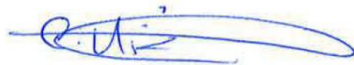
In terms of verification, section 18GG of the NMA requires that verification of trade measuring instruments be undertaken in accordance with the relevant National Instrument Test Procedure (**NITP**) developed and determined by the Chief Metrologist. We note that in the context of the energy sector, utility meters are currently verified against NITP-14.

We support the commentary in the Consultation Papers that for measuring instruments using new and emerging technologies, the requirement to test an instrument against an NITP may present challenges if an NITP does not exist to verify the measuring device. Where there is no existing NITP, test procedures need to be developed and published to satisfy the verification requirements under the NMA. NITPs are developed and determined by the Chief Metrologist under the NMA.

We would therefore recommend the verification requirement should contain more flexibility to allow licensees and manufacturers to develop their own test procedure for review in certain circumstances (where for example no current NITP process exists). To ensure that there is no customer detriment with the introduction of bespoke verification test methods, we recommend that any new legislative mechanism should also contain appropriate regulatory oversight by setting out minimum requirements that a test procedure should satisfy from a customer outcome perspective. To ensure consistency in the test methods as far as possible, proponents should also be required to seek approval from the Chief Metrologist of the proposed test procedure.

Should you have any questions in relation to this submission, please contact Kurt Winter, Regulatory Strategy Manager, on 03 8633 7204 or KWinter@agl.com.au.

Yours sincerely



Con Hristodoulidis

Senior Regulatory Strategy Manager