

**Draft rule determination**

National Electricity Amendment  
(Accelerating Smart Meter  
Deployment) Rule

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National Energy Retail Amendment  
(Accelerating Smart Meter  
Deployment) Rule

**Proponents**

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**Reference: ERC0378**

## About the AEMC

The AEMC reports to the energy ministers. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the energy ministers.

## Acknowledgement of Country

The AEMC acknowledges and shows respect for the traditional custodians of the many different lands across Australia on which we all live and work. We pay respect to all Elders past and present and the continuing connection of Aboriginal and Torres Strait Islander peoples to Country. The AEMC office is located on the land traditionally owned by the Gadigal people of the Eora nation.

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## Summary

- 1 The Australian Energy Market Commission (AEMC or Commission) has decided to make a draft rule in response to the rule change requested by Intellihub, SA Power Networks and Alinta Energy (the proponents).
- 2 The draft rule would promote a fast, efficient, and effective deployment of smart meters under an improved metering framework in the *National Electricity Rules* (NER) and *National Energy Retail Rules* (NERR).
- 3 The draft rule would benefit consumers. It would increase the amount of information available to consumers about their energy use, allow consumers to better understand and manage their bills, and open up access to new and better retail service options.
- 4 More broadly it would benefit all energy stakeholders by enabling a more efficient, lower-cost, and lower-emissions energy system.
- 5 The rule change request seeks to implement recommendations made as part of the *Review of the Regulatory Framework for Metering Services* (the Review), which was published by the Commission on 30 August 2023.<sup>1</sup> The rule change request has been fast-tracked, reflecting the extensive consultation carried out during the Review.
- 6 The proposed rules in our draft determination would commence progressively, beginning 25 July 2024. Please see Appendix D for a detailed outline of the proposed commencement dates for the draft rules. We are seeking feedback on the draft determination and rule by **30 May 2024**.

## Smart meters provide the digital foundation for a modern, connected, and efficient energy system

- 7 The energy landscape is undergoing unprecedented change in response to market and technology developments, changing community expectations, and the shift to a cleaner energy system. Households will become smarter and more autonomous over time and will increasingly interact with the grid and energy markets.
- 8 Smart meters are an important tool to facilitate that interaction, and to support the cost-effective decarbonisation of the energy market. They also offer a range of benefits, particularly for consumers, but also for market participants and the system overall. Smart meters:
  - help facilitate the efficient integration of Consumer Energy Resources (CER) — such as solar photovoltaic (solar PV) systems, home batteries and electric vehicles (EVs)
  - provide consumers with visibility and control of their electricity consumption and costs, and more access to alternative pricing options
  - create opportunities for greater data sharing - promoting competition and innovation, and support more targeted energy policies
  - allow Distribution Network Service Providers (DNSPs) to improve their management of the electricity network.
- 9 The timely deployment of smart meters is a key enabler for market bodies' broader CER integration work program. This includes the Commission's progression of the *Unlocking CER benefits through flexible trading* and *Integrating price-responsive resources into the National*

1 AEMC, *Review of the Regulatory Framework for Metering Services*, <https://www.aemc.gov.au/market-reviews-advice/review-regulatory-framework-metering-services>.

*Electricity Market (NEM) rule change, and delivery of key elements from the Energy Security Board's Consumer Energy Resources and the Transformation of the NEM report.*<sup>2 3</sup> Energy Ministers have also recently committed to driving CER reforms through a National CER Roadmap and by establishing a new CER Taskforce.

## Reform to the current metering framework will get more smart meters installed faster

- 10 The current metering framework already provides a pathway for legacy meters to be replaced over time. Smart meters are currently being installed on a new and replacement basis – in addition to some proactive deployments by retailers, and through customer requests. However, it is now clear and widely agreed by industry that this approach will not lead to smart meters being deployed fast enough to support the transition to the future energy system.

## We have made a draft rule to accelerate smart meter deployment to all NEM customers

- 11 Our draft rule drives forward the reform agenda established in the Review, enabling the accelerated deployment of smart meters to consumers in a timely and cost-effective way. Faster replacement of legacy meters will enable consumers to access the benefits that smart meters can provide sooner.
- 12 The draft rule reflects input provided by a wide group of committed stakeholders over numerous rounds of engagement in the Review. This collaborative effort has been instrumental in identifying opportunities to shape priority reform actions and improve the current regulatory framework, to achieve better outcomes for customers.

## The draft determination would achieve universal uptake of smart meters in the NEM by 2030

- 13 The draft rule includes two core reforms plus a set of four supporting reforms which together would pave the way for universal uptake of smart meters by 2030.

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2 AEMC, *Unlocking CER benefits through flexible trading*, <https://www.aemc.gov.au/rule-changes/unlocking-CER-benefits-through-flexible-trading>.

3 AEMC, *Integrating price-responsive resources into the NEM*, <https://www.aemc.gov.au/rule-changes/integrating-price-responsive-resources-nem>.

Figure 1: Reforms proposed under the draft rule

Core reforms to deliver the benefits that smart meters offer	
1 Accelerated deployment of smart meters	<ul style="list-style-type: none"> <li>opens new possibilities for innovative products and services, expanding customers' control of and choices around their energy use</li> <li>lower costs to customers of meter reads and installations</li> <li>provides for a modern, data-enabled energy system</li> <li>underpins the cost-effective decarbonisation of the energy market</li> <li>supports better integration of CER and a safer and more secure energy system.</li> </ul>
2 Access to power quality data	<ul style="list-style-type: none"> <li>DNSPs can better manage their networks to reduce network costs for customers</li> <li>saves energy, minimises network safety risks, and lifts hosting capacity.</li> </ul>
Supporting reforms to enable the core reform program	
3 New customer safeguards	<ul style="list-style-type: none"> <li>protect customers from potential upfront charges and exit fees for new meters</li> <li>builds social licence for the smart meter acceleration program.</li> </ul>
4 Improving the customer experience	<ul style="list-style-type: none"> <li>helps maintain social license for the acceleration program</li> <li>ensures that customers can access the full suite of benefits that smart meters provide.</li> </ul>
5 Reducing installation barriers	<ul style="list-style-type: none"> <li>supports delivery efficiencies, and therefore cost savings, in the accelerated deployment of smart meters.</li> </ul>
6 Improved meter testing & inspections	<ul style="list-style-type: none"> <li>helps minimise costs for industry and customers</li> <li>supports a 2030 universal smart meter deployment target.</li> </ul>

Source: AEMC

- 14 The rule change request did not include the Review's recommendations regarding real-time data access, and therefore these recommendations do not form part of our draft rule. The Commission remains committed to its recommendations on real-time data access, which formed an important part of the Review, and looks forward to a proponent submitting a rule change on real-time data access. We anticipate that our real-time data access recommendations would build upon the reforms included in this draft rule change to deliver significant benefits to consumers.

## Our draft rule would contribute to the National Electricity Objective and the National Energy Retail Objective

- 15 We assessed the draft rule against the National Energy Objective (NEO)<sup>4</sup> and National Energy Retail Objective (NERO)<sup>5</sup> using the five assessment criteria outlined below. We consider that the draft rule would contribute to achieving these objectives. We also considered stakeholder feedback provided in the Review and prepared a regulatory impact analysis, which established that there are net benefits of the reform program.

4 Section 7 of the National Electricity Law (NEL).

5 Section 13 of the National Energy Retail Law (NERL).

- 16 The draft rule would<sup>6</sup>:
- **Improve outcomes for consumers** by providing earlier access to the benefits smart meters offer and improve the customer experience in the transition to smart meters through new customer safeguards and processes.
  - **Support market efficiency** by enabling a faster, more efficient, and more cost-effective deployment of smart meters that promotes economies of scale and efficiency gains, and lowers associated metering costs.
  - **Promote innovation and flexibility** by allowing DNSPs and retailers faster and better access to smart meter data, so they can develop and provide more innovative services and products for customers and better network management approaches.
  - **Contribute to emissions reduction** by promoting the use of smart meter technology and data. Smart meters are essential infrastructure for the transition to renewable energy and a net zero energy system, and a critical enabler for the efficient integration of CER.
  - **Address implementation considerations** by aligning industry capabilities, minimising disruptions, and maximising the potential for customers to realise the benefits from smart meters.

## The draft rules include transitional rules

- 17 The draft rules includes transitional provisions, which are time-limited in nature.<sup>7</sup> This includes:
- the Legacy Meter Replacement Plan (LMRP) framework, which will only apply during the acceleration period from 2025 to 2030
  - new customer safeguards prohibiting upfront costs and increasing notification requirements ahead of tariff changes, which will only apply during the acceleration period
  - a provision requiring the Australian Energy Market Operator (AEMO) to develop initial Asset Management Strategy Guidelines so AEMO can develop and consult on the guidelines before they come into effect
  - requirements on the Australian Energy Regulator (AER) and AEMO to review, amend and publish procedures, guidelines and other documents to take into account the draft rules.
- 18 Other rule changes proposed in the draft rules, such as the power quality data (PQD) and installations amendments make ongoing improvements to the metering regulatory framework, and would continue beyond the duration of the acceleration period.

<sup>6</sup> A detailed description of the draft rule can be found in Appendix D.

<sup>7</sup> Transitional rules are rules that are time limited in nature (i.e. will be in effect for a certain period of time and will then cease to have any effect) or that are needed to commence before the main operating provisions of the rule to allow certain preparatory actions to occur.

## How to make a submission

### We encourage you to make a submission

Stakeholders can help shape the solution by participating in the rule change process. Engaging with stakeholders helps us understand the potential impacts of our decisions and contributes to well-informed, high quality rule changes.

### How to make a written submission

**Due date:** Written submissions responding to this draft determination and rule must be lodged with Commission by **30 May 2024**.

**How to make a submission:** Go to the Commission's website, [www.aemc.gov.au](http://www.aemc.gov.au), find the "lodge a submission" function under the "Contact Us" tab, and select the project reference code **ERC0378**.<sup>8</sup>

Tips for making submissions on rule change requests are available on our website.<sup>9</sup>

**Publication:** The Commission publishes submissions on its website. However, we will not publish parts of a submission that we agree are confidential, or that we consider inappropriate (for example offensive or defamatory content, or content that is likely to infringe intellectual property rights).<sup>10</sup>

### Next steps and opportunities for engagement

There are other opportunities for you to engage with us, such as one-on-one discussions or industry briefing sessions.

You can also request the Commission to hold a public hearing in relation to this draft rule determination.<sup>11</sup>

**Due date:** Requests for a hearing must be lodged with the Commission by 11 April 2024.

**How to request a hearing:** Go to the Commission's website, [www.aemc.gov.au](http://www.aemc.gov.au), find the "lodge a submission" function under the "Contact Us" tab, and select the project reference code **ERC0378**. Specify in the comment field that you are requesting a hearing rather than making a submission.<sup>12</sup>

### For more information, you can contact us

Please contact the project leader with questions or feedback at any stage.

Project leader: Julia Cassuben  
Email: [julia.cassuben@aemc.gov.au](mailto:julia.cassuben@aemc.gov.au)  
Telephone: (02) 8296 7840

8 If you are not able to lodge a submission online, please contact us and we will provide instructions for alternative methods to lodge the submission

9 See: <https://www.aemc.gov.au/our-work/changing-energy-rules-unique-process/making-rule-change-request/our-work-3>

10 Further information about publication of submissions and our privacy policy can be found here: <https://www.aemc.gov.au/contact-us/lodge-submission>

11 Section 101(1a) of the NEL and 258(2) of the NERL.

12 If you are not able to lodge a request online, please contact us and we will provide instructions for alternative methods to lodge the request.

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# 1 The Commission has made a draft determination

The draft determination is to make a draft rule in response to a rule change request submitted by the proponents. The request seeks to accelerate the universal deployment of smart meters for customers across the National Electricity Market (NEM) and to unlock the benefits of smart meters sooner. We are seeking feedback on this draft rule.

## 1.1 Our draft rule would accelerate the deployment of smart meters and improve the metering framework

Our draft rule would introduce two core reforms so that customers and the broader energy system can access the benefits that smart meters offer sooner.

In addition to these core reforms, our draft rule introduces a range of supporting reforms. These address existing issues with the current metering framework and enable the core reforms.

**Figure 1.1: The draft determination includes core and supporting reforms to the metering framework**

Core reforms to deliver the benefits that smart meters offer	
1 Accelerated deployment of smart meters	<ul style="list-style-type: none"> <li>opens new possibilities for innovative products and services, expanding customers’ control of and choices around their energy use</li> <li>lower costs to customers of meter reads and installations</li> <li>provides for a modern, data-enabled energy system</li> <li>underpins the cost-effective decarbonisation of the energy market</li> <li>supports better integration of CER and a safer and more secure energy system.</li> </ul>
2 Access to power quality data	<ul style="list-style-type: none"> <li>DNSPs can better manage their networks to reduce network costs for customers</li> <li>saves energy, minimises network safety risks, and lifts hosting capacity.</li> </ul>
Supporting reforms to enable the core reform program	
3 New customer safeguards	<ul style="list-style-type: none"> <li>protect customers from potential upfront charges and exit fees for new meters</li> <li>builds social licence for the smart meter acceleration program.</li> </ul>
4 Improving the customer experience	<ul style="list-style-type: none"> <li>helps maintain social license for the acceleration program</li> <li>ensures that customers can access the full suite of benefits that smart meters provide.</li> </ul>
5 Reducing installation barriers	<ul style="list-style-type: none"> <li>supports delivery efficiencies, and therefore cost savings, in the accelerated deployment of smart meters.</li> </ul>
6 Improved meter testing & inspections	<ul style="list-style-type: none"> <li>helps minimise costs for industry and customers</li> <li>supports a 2030 universal smart meter deployment target.</li> </ul>

Source: AEMC

## 1.2 Our draft rule is shaped by the Commission’s Review findings

We conducted the Review to determine whether previous reforms introduced under the *Expanding competition in metering and related services* rule change (2015) had met expectations, and to

determine whether changes were required to improve the efficiency and effectiveness of the regulatory framework for metering services.

We found that whilst the current metering market structure remained appropriate, the performance of the metering framework has not met the intentions of the original rule. A range of challenges were identified with the current metering framework:

- misaligned incentives between stakeholders to install smart meters, slowing their adoption
- process inefficiencies in smart meter deployments, leading to higher costs
- poor customer outcomes in the transition to smart meters, damaging customers' experiences with retailers and the energy system
- a lack of access to the data provided by smart meters, constraining the benefits that smart meters offer.

The Review made a series of recommendations to address these issues, which are reflected in the rule change request and our draft determination.

Looking beyond the performance of the framework in the now, the Review also looked forward – to explore the future of metering services in a transitioning energy system.

Smart meters are the digital foundation of a modern, efficient, and connected NEM. As the energy transition progresses, households will become smarter and more autonomous over time, and will increasingly interact with the grid and energy markets. Smart meters are an important tool to facilitate that interaction, and support a cost-effective decarbonisation of the energy market.

The Review found that there would be significant benefits to energy consumers, and to the system overall, from more widespread adoption of smart meters. Many of the benefits, however, depend on achieving a much higher penetration of smart meters than that which currently exists. The Review found that the existing metering regulatory framework, left alone, would not deliver smart meters across the NEM fast enough to access these benefits and support the energy system's transition.

Given the clear case to get more smart meters on walls faster, the Review recommended a reform program to achieve universal smart meter penetration by 2030. This recommendation is reflected in the rule change request and our draft determination.

### 1.3 Some Review recommendations will be progressed outside of this rule change process

The Review made a total of 21 recommendations. Not all recommendations are included in the rule change request submitted by the proponents and some therefore will be progressed separate to this rule change process.

This includes the Commission's recommendations regarding real-time data access, which were not included in this rule change request. The Commission remains committed to its recommendations on real-time data access which formed an important part of the Review, and looks forward to a proponent submitting a rule change request on real-time data access.

We anticipate that our real-time data access recommendations will build upon the reforms included in this draft determination to deliver significant benefits to consumers. Real-time data access would give consumers more control and choice, foster the development of new and innovative services and product offerings for customers, and maximise the value of CER.

Figure 1.2: Some of the Review recommendations are not included in this rule change process

Review recommendations not captured within this draft determination			
A	Enabling access to real-time data	<ul style="list-style-type: none"> <li>empowers customer control and choice</li> <li>underpins innovation in products and services</li> <li>maximises the value of CER.</li> </ul>	To be progressed through a separate rule change request.
B	Support for customer site remediation	<ul style="list-style-type: none"> <li>potential regulatory change and customer financial support to remediate sites where necessary to enable a smart meter installation.</li> </ul>	To be considered by governments.

Source: AEMC

## 1.4 Our draft determination is shaped by the extensive consultation undertaken in the Review

Our draft determination reflects extensive feedback and input provided by a wide group of stakeholders over several rounds of engagement during the Review.

The Review was conducted across three years from December 2020 to August 2023, benefiting from significant support and input from stakeholders across the energy landscape, including consumer and industry representatives.

Industry widely agreed that the current approach to legacy meter replacement will not lead to smart meters being deployed fast enough to support the transition to the future energy system.

The proponents have also indicated their support for the Review recommendations and consider that they should be progressed as a matter of urgency. This is significant, noting the proponents are all different industry stakeholders, but have jointly submitted the rule change request.

The Commission decided to fast-track this rule change request, as it is consistent with relevant recommendations made by the Commission in the Review, and we consider that there was adequate consultation with the public during that Review on the relevant recommendations.

## 1.5 Cost-benefit analysis demonstrates the reform program has net benefits

The Commission undertook regulatory impact analysis to make its draft determination, which draws upon the cost-benefit analysis conducted by Oakley Greenwood for the Review.<sup>13</sup> We found that the draft rule would result in greater overall benefits than costs in the NEM regions, excluding Victoria and Tasmania (which already have acceleration programs in place).<sup>14</sup>

Key benefits include achieving significant economies of scale from installing meters by geographical area, enabling customers to take advantage of better tariffs, avoided manual meter reading costs, and faster restoration and more efficient identification of the location and source of power supply after unplanned outages.

13 Oakley Greenwood, *Costs and Benefits of Accelerating the Rollout of Smart Meters*, September 2022, [https://www.aemc.gov.au/sites/default/files/2023-08/oakley\\_greenwood\\_cba\\_report\\_-\\_september\\_2022.pdf](https://www.aemc.gov.au/sites/default/files/2023-08/oakley_greenwood_cba_report_-_september_2022.pdf); Oakley Greenwood, *Sensitivity Analysis of Higher Meter, Installation and Other Costs*, August 2023, [https://www.aemc.gov.au/sites/default/files/2023-08/emo0040\\_-\\_addendum\\_to\\_oakley\\_greenwood\\_cba\\_-\\_higher\\_meter\\_cost\\_sensitivity\\_-\\_august\\_2023.pdf](https://www.aemc.gov.au/sites/default/files/2023-08/emo0040_-_addendum_to_oakley_greenwood_cba_-_higher_meter_cost_sensitivity_-_august_2023.pdf).

14 The cost-benefit analysis conducted did not consider Victoria and Tasmania in its analysis. Victoria has previously completed a universal rollout of smart meters. Tasmania has also independently initiated an accelerated smart meter deployment program.

## 1.6 Our draft determination would support the transition to renewable energy and emissions reduction

The draft rule recognises that the energy landscape is in a period of unprecedented change. These changes are in response to developments in the market and in technology, changing community expectations, and the shift to a cleaner energy system.

Smart meters are critical infrastructure for transitioning the NEM to a renewable energy system and achieving a net zero emissions reduction target.

Operating the NEM is likely to become more complex and challenging with a higher penetration of variable renewable energy. Smart meter data is necessary for an orderly transition to net zero because it empowers stakeholders – consumers, network operators, market participants, and service providers – with the information they need to take full advantage of the benefits of CER.

The draft determination is integral to work currently being led by the Commission and other stakeholders on CER integration. This includes the Commission's progression of the *Unlocking CER benefits through flexible trading*<sup>15</sup> and *Integrating price-responsive resources into the NEM*<sup>16</sup> rule changes, and key elements from the Energy Security Board's *Consumer Energy Resources and the Transformation of the NEM* report.<sup>17</sup>

The draft determination is also significant noting Energy Ministers' commitment to develop a CER Roadmap and establish new a CER Taskforce. This Taskforce will progress CER reforms and further define and drive the CER integration actions needed, and the strategies developed by the Commonwealth, State and Territory jurisdictions to implement CER.<sup>18</sup>

15 AEMC, *Unlocking CER benefits through flexible trading*, <https://www.aemc.gov.au/rule-changes/unlocking-CER-benefits-through-flexible-trading>.

16 AEMC, *Integrating price-responsive resources into the NEM*, <https://www.aemc.gov.au/rule-changes/integrating-price-responsive-resources-nem>.

17 Energy Security Board, *Consumer Energy Resources and the Transformation of the NEM* report, 7 February 2024, <https://www.energy.gov.au/energy-and-climate-change-ministerial-council/energy-ministers-publications/consumer-energy-resources-and-transformation-of-nem>.

18 Energy and Climate Change Ministerial Council, Meeting Communiqué, 24 November 2023, [https://www.energy.gov.au/sites/default/files/2023-11/ECMC%20Communique\\_24%20Nov%202023.docx](https://www.energy.gov.au/sites/default/files/2023-11/ECMC%20Communique_24%20Nov%202023.docx).

## 2 The rule would contribute to the energy objectives

### 2.1 The Commission must act in the long-term interests of energy consumers

The Commission can only make a rule if it is satisfied that the rule will or is likely to contribute to the achievement of the relevant energy objectives.<sup>19</sup>

For this rule change, the relevant energy objectives are the NEO and NERO:

The NEO is:<sup>20</sup>

to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to—

- (a) price, quality, safety, reliability and security of supply of electricity; and
- (b) the reliability, safety and security of the national electricity system; and
- (c) the achievement of targets set by a participating jurisdiction—
  - (i) for reducing Australia’s greenhouse gas emissions; or
  - (ii) that are likely to contribute to reducing Australia’s greenhouse gas emissions.

The NERO is:<sup>21</sup>

to promote efficient investment in, and efficient operation and use of, energy services for the long term interests of consumers of energy with respect to—

- (a) price, safety, reliability and security of supply of energy; and
- (b) the achievement of targets set by a participating jurisdiction—
  - (i) for reducing Australia’s greenhouse gas emissions; or
  - (ii) that are likely to contribute to reducing Australia’s greenhouse gas emissions.

The targets statement, available on the AEMC website, lists the emissions reduction targets to be considered, as a minimum, in having regard to the NEO and NERO.<sup>22</sup>

### 2.2 We must also take the following factors into account to decide whether to make a change to the rules

#### 2.2.1 We have considered the consumer protections test for this rule change

In addition to applying the NERO, the Commission must, where relevant, satisfy itself that the rule is “compatible with the development and application of consumer protections for small customers, including (but not limited to) protections relating to hardship customers” (the consumer protections test).<sup>23</sup> Where the consumer protections test is relevant in making a rule, the Commission must be satisfied that both the NERO test and the consumer protections test

19 Section 88(1) of the NEL and section 236(1) of the NERL.

20 Section 7 of the NEL.

21 Section 13 of the NERL.

22 Section 32A(5) of the NEL and section 224A(5) of the NERL.

23 Section 236(2)(b) of the NERL.

have been met.<sup>24</sup> If the Commission is satisfied that one test, but not the other, has been met, the rule cannot be made (noting that there may be some overlap in the application of the two tests).

The Commission is satisfied that the draft rule meets the consumer protections test for the reasons set out in section 2.3 below.

### 2.2.2 We have considered how the rule would apply in the Northern Territory

The draft rule would apply in the Northern Territory, as it amends provisions in the NER Chapter 10, which does apply in the Northern Territory. However, these amendments would have no practical effect in the Northern Territory.

See Appendix C for more detail on the legal requirements for our decision.

## 2.3 How we have applied the legal framework to our decision

The Commission must consider how to improve the regulatory framework for metering services and enable an efficient and effective deployment of smart meters against the legal framework.

We identified the following criteria to assess whether the proposed rule change, no change to the rules (business-as-usual), or other viable, rule-based options are likely to better contribute to achieving the NEO and NERO:

- **Consumer outcomes:** do the proposed changes to the metering framework provide consumers earlier access to the benefits that smart meters offer? Do they improve consumer information and protections throughout the transition to smart meters?
- **Market efficiency:** do the proposed changes enable a more efficient deployment of smart meters than under the current framework? Do they reduce regulatory and practical barriers to speeding up deployment, and give stakeholders better access to smart meter data?
- **Innovation and flexibility:** do the proposed changes to give stakeholders earlier access to smart meter data support more innovative services and products for consumers, and more innovative management of the energy network?
- **Emissions reduction:** do the proposed changes support achieving government targets for reducing Australia's greenhouse gas emissions? Do they also align with broader reforms on CER integration?
- **Implementation considerations:** do the proposed changes align with industry capabilities and ensure universal smart meter deployment can be achieved by 2030?

These assessment criteria reflect the key potential impacts – costs and benefits – of the rule change request, for impacts within the scope of the NEO and NERO.

The Commission has undertaken regulatory impact analysis to evaluate the impacts of the various policy options against the assessment criteria. Appendix B outlines the methodology of the regulatory impact analysis.

The rest of this chapter explains why the draft rule best promotes the long-term interest of consumers when compared to other options and assessed against the criteria.

Relevant sections of the draft determination provide additional detail on how the objectives are achieved.

<sup>24</sup> That is, the legal tests set out on sections 236(1) and (2)(b) of the NERL.

### 2.3.1 A faster deployment of smart meters will improve outcomes for consumers

The draft rule improves outcomes for consumers by enabling a faster deployment of smart meters, which provides earlier access to the benefits that smart meters offer. This includes access to better information, better visibility of low-priced periods, and greater choice of retail offers.

The draft rule also includes measures to improve the customer experience during metering upgrades as well as new customer safeguards, such as:

- enhanced information requirements for customers before smart meter upgrades
- giving customers the right to request and receive a smart meter for any reason
- more coordinated processes to upgrade meters on a shared fuse and replace malfunctioning meters
- safeguards to protect consumers against upfront charges and unforeseen tariff adjustments in the transition to smart meters.

### 2.3.2 The proposed changes to the metering framework will enhance market efficiency

The draft rule supports improved market efficiency. An accelerated deployment of smart meters will lead to economies of scale and efficiency gains, which will in turn lower individual meter installation costs. This is supported by our proposed LMRP mechanism which facilitates an efficient deployment strategy. Oakley Greenwood's analysis shows that full deployment by 2030 creates lower costs overall for consumers.

The draft rule also support supports market efficiency by reducing barriers, regulatory burdens, transaction costs, and information asymmetry between consumers and market participants. For example:

- removing customer opt-out provisions for a new smart meter deployment and establishing new meter site remediation and site defect tracking processes, will make it easier to deploy smart meters
- reducing the number of customer notices ahead of smart meter upgrades, and improving the information they contain, reduces administrative burdens and costs, and enables greater flexibility, planning and coordination for industry stakeholders
- new arrangements which give DNSPs' better access to power quality data (PQD) help overcome the commercial barriers, including high costs, DNSPs face currently to access the data
- temporary exemptions for metering coordinators (MCs) from testing and inspecting legacy meters during the accelerated deployment allows industry to focus more resources on the accelerated deployment.

### 2.3.3 Smart meters support increased innovation and flexibility

The draft rule promotes innovation and flexibility by accelerating the deployment of smart meters. This in turn provides the data necessary for customers to make informed choices, and for retailers and service providers to develop and offer more innovative products.

A faster deployment of smart meters also enables DNSPs to manage their networks through more innovative methods. With increased visibility of PQD, DNSPs can develop new methods for getting more out of their existing assets, minimising new expenditure, and increasing CER hosting capacity.



#### **2.3.4 Smart meters help achieve emissions reductions targets and integrate CER across the NEM**

The draft rule contributes to emission reductions targets as smart meters support the integration of low or zero emissions technologies.

Smart meters also support increased integration of CER such as solar PV, battery energy storage systems, and EVs. Networks can use smart meter data to maximise solar PV hosting capacity and minimise EV augmentation expenditure requirements.

Smart meters facilitate a more flexible demand response in the wholesale market. In turn, smart meters will support the NEM to increasingly integrate variable renewable energy.

#### **2.3.5 The proposed changes can be implemented effectively**

The implementation approach in the draft rule aligns with industry capabilities, minimises disruptions, and maximises the potential for customers to realise benefits.

The draft rule also supports implementation considerations through establishing various processes and changes that reduce some of the practical barriers to smart meter installation.

The Commission's draft rule considers the impact on and variability of costs, the timing of benefits, and complexities in regulatory arrangements. Throughout the Review there was extensive consultation on whether a 2030 target is achievable. The Commission has had regard to the potential financial impacts for different industry participants across the electricity value chain and customers. The Commission is satisfied that the cost impacts of an accelerated deployment are likely to be relatively modest.

## 3 How our rule would operate

### 3.1 Accelerating the deployment of smart meters across the NEM

1

#### Accelerated deployment of smart meters

- opens new possibilities for innovative products and services, expanding customers' control of and choices around their energy use
- lower costs to customers of meter reads and installations
- provides for a modern, data-enabled energy system
- underpins the cost-effective decarbonisation of the energy market
- supports better integration of CER and a safer and more secure energy system.

Smart meters are an important tool to support households in getting the most out of the energy transition. Accelerating the deployment of smart meters across the NEM will allow customers to access the range of benefits that smart meters offer sooner, and will underpin the cost-effective decarbonisation of the energy market.

The draft rule:

- sets a clear target in the NER for the accelerated deployment of smart meters between 2025–2030
- establishes a new Legacy Meter Replacement Plan (LMRP) mechanism, which drives industry collaboration to deliver smart meters to all NEM customers by 2030
- introduces new obligations on retailers to meet the target and a compliance monitoring role for the AER.

#### 3.1.1 The draft rule would target the universal uptake of smart meters by 2030

##### The 2030 target would benefit customers and the broader energy system

The Review identified the benefits that accrue from an accelerated deployment of smart meters. Cost-benefit analysis demonstrated that such a program would deliver net benefits to NEM customers even when the benefits included are narrowed, and when costs are higher than expected.

There is a clear case to accelerate the deployment of smart meters in the NEM, as articulated in the Review. Our draft rule puts this ambition into action, with accelerated deployment of smart meters being one of the two core reforms in the draft rule.

##### The draft rule would introduce a reform program that targets a universal take up of smart meters by 2030

Under the draft rule, new regulatory arrangements will require retailers and MCs to replace all existing Type 5 and Type 6 metering installations ('legacy' meters) with a Type 4 ('smart' meter) meter by 30 June 2030.

As part of the Review, we considered the earliest feasible target date for achieving universal penetration of smart meters. We found that a 2030 target is feasible.<sup>25</sup> Oakley Greenwood's analysis showed delaying the target date for universal penetration beyond 2030 is likely to lead to a significant reduction in benefits that are not offset by the reduced capital costs.

25 AEMC, *Review of the regulatory framework for metering services*, Final Report, 30 August 2023 (Review final report), pp. 28–32.

We acknowledge that there are barriers that may prevent a 100 per cent smart meter uptake by 2030 in practice. For example, site remediation may be a barrier to smart meter installations, with some customers being unwilling or unable to pay required remediation costs. Site remediation is currently the responsibility of the customer and beyond the scope of the energy laws and rules. A customer cannot be compelled to remediate their site.

Noting these barriers, the Review recommended that governments consider financial support options to encourage remediation, particularly for vulnerable customers. This draft determination also includes proposed rule changes to encourage customer remediation, where possible (see section 3.5.4).

### **Independent cost-benefit analysis supports the need for an accelerated deployment program**

As part of the Review, we engaged Oakley Greenwood as independent economic advisors to undertake a cost-benefit analysis (CBA) for accelerating the deployment of smart meters across the NEM (excluding Victoria and Tasmania).<sup>26</sup> The assessment considered the economic costs and benefits of an accelerated deployment of smart meters targeting 2030, compared to the status quo of replacing legacy meters on a 'new and replacement' basis.

The CBA found that the program has net benefits overall, and for each jurisdiction. Results by jurisdiction (in Net Present Value terms, 2022 \$AUD) are as follows:

- NSW and the ACT = \$256 million
- Queensland = \$197 million
- South Australia = \$53.7 million

We conducted sensitivity testing of the results and found that:

- the net positive result remains even if only a very limited set of highly achievable 'non-contingent' benefits are included
- net benefits remain positive even under higher metering costs.

### **3.1.2 The draft rule would require industry to collaborate on planning and delivery**

#### **A new LMRP mechanism would coordinate industry to efficiently deliver against the 2030 target**

A significant amount of planning will be required to meet the 2030 target efficiently and at lowest cost to customers. The draft rule would introduce a new regulatory mechanism where DNSPs work with retailers, MCs, and other stakeholders to develop an LMRP showing which legacy meters will be replaced, and when.

This new regulatory mechanism would:

- deliver a faster, more efficient and less costly rollout of smart meters than is possible under the existing regulatory framework, whilst minimising regulatory burden on industry
- promote transparency, by requiring DNSPs to justify their LMRPs against a set of clearly defined principles and the LMRP objective
- promote cooperation and consultation across industry to deliver the deployment program in a way that best achieves the long-term interests of consumers
- provide sufficient flexibility to industry to work in ways that best suit their customer base and business needs

<sup>26</sup> Oakley Greenwood, *Costs and Benefits of Accelerating the Rollout of Smart Meters*, September 2022, [https://www.aemc.gov.au/sites/default/files/2023-08/oakley\\_greenwood\\_cba\\_report\\_-\\_september\\_2022.pdf](https://www.aemc.gov.au/sites/default/files/2023-08/oakley_greenwood_cba_report_-_september_2022.pdf); Oakley Greenwood, *Sensitivity Analysis of Higher Meter, Installation and Other Costs*, August 2023, [https://www.aemc.gov.au/sites/default/files/2023-08/emo0040\\_-\\_addendum\\_to\\_oakley\\_greenwood\\_cba\\_-\\_higher\\_meter\\_cost\\_sensitivity\\_-\\_august\\_2023.pdf](https://www.aemc.gov.au/sites/default/files/2023-08/emo0040_-_addendum_to_oakley_greenwood_cba_-_higher_meter_cost_sensitivity_-_august_2023.pdf).

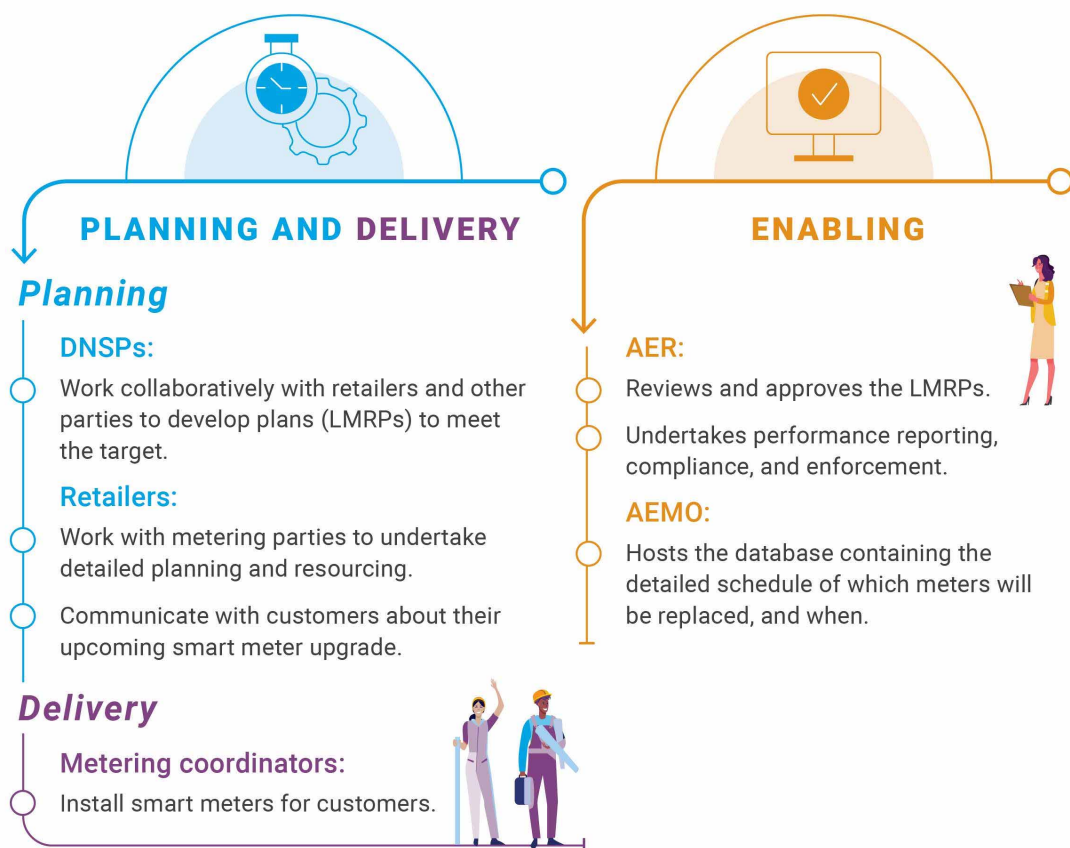
- give retailers and MCs certainty of where and when smart meters would need to be deployed over the acceleration period, allowing them to plan resource requirements.

Retailers and metering parties would have the option to replace meters ahead of the LMRP meter replacement schedules if they choose to.

### The draft rule would establish the new LMRP mechanism

The below figure outlines the roles of different stakeholders in planning, delivering, and enabling the LMRP process.

Figure 3.1: Stakeholder roles in the LMRP process



Source: AEMC

### The draft rule would require DNSPs to develop LMRPs

DNSPs would be required to develop LMRPs in accordance with the ‘LMRP objective’.

#### Box 2: LMRP objective

To require retailers and MCs to replace all existing Type 5 and Type 6 meters with a Type 4 meter by 30 June 2030, in a timely, cost-effective, fair, and safe way.

These LMRPs would be public facing documents that outline when legacy meters in different areas are due to be replaced with smart meters, from 2025–2030. They would be published on the

AER website, so that customers have visibility of the smart meter roll out, which enhances transparency and supports social licence.

These LMRPs would include:

- An outline of the smart meter rollout profile. This would show the postcodes or suburbs that would be scheduled for meter replacements in each year from 2025 to 2030, and the total number of meters to be replaced in each year.
- An explanation of how the LMRP objective and guiding principles have been applied (outlined further below), including supporting information and strategies that underpin the LMRPs.
- A description of the DNSPs' consultation processes to develop the LMRPs, including who was consulted and how, what was learned through this consultation, and how the feedback shaped the plan.

### **The LMRP objective and guiding principles promote transparency and flexibility**

The LMRP objective and guiding principles are designed to give DNSPs and affected parties the flexibility to develop LMRPs in a way that accommodates different jurisdictional circumstances, whilst still meeting the LMRP objective. The guiding principles would also give retailers certainty as to what factors DNSPs must consider when developing the LMRP.

**There are four guiding principles:**

#### **Box 3: LMRP principles**

1. **Approximately 15–25 per cent of legacy meters should be planned for replacement in each interim period.** An interim period is each financial year in the acceleration period, from 2025–2030. This principle provides clear guidance for DNSPs and affected parties when developing LMRPs, and ensures the replacement program is not back-ended. This would mitigate the risk that retailers do not have enough time to address unforeseen issues by the 2030 target.
2. **DNSPs should have regard to the overall efficiency of the LMRP, including costs and potential cost savings for affected market participants.** DNSPs should consider grouping installations by postcodes, zone substations, and/or meter reading routes to support coordination and delivery efficiencies.
3. **DNSPs should have regard to the impact of LMRPs on retailers and other affected stakeholders.** DNSPs would be required to consult with key stakeholders, identify relevant concerns with the draft LMRP, and address those concerns in the LMRP proposal to the AER. Stakeholders are expected to help shape the replacement profile to ensure it is achievable.
4. **DNSPs should have regard to appropriate and efficient workforce planning, including in regional areas.** DNSPs would be required to consider how the parties will utilise local work forces in a way that avoids moving installers every year or creating a local boom-bust cycle. Considering labour market conditions for electricians and the supply of metering components in the LMRPs would help retailers meet their obligations.

### **The draft rule would require DNSPs to consult on the LMRPs**

By no later than 30 September 2024, and prior to submitting their LMRP proposals to the AER, DNSPs would be required to:

- provide a draft of their LMRPs to affected retailers and MCs

- provide a schedule specifying the legacy meters and corresponding National Meter Identifiers (NMIs) to be replaced in each interim period under the LMRP (the LMRP meter replacement schedule) to retailers and MCs only
- invite feedback on the draft LMRP from affected stakeholders.

The DNSPs' LMRP proposals are due to be submitted to the AER by 31 January 2025.

To strengthen the consultation requirements, DNSPs would be required to demonstrate to the AER that they have met these requirements by including in the LMRP proposal:<sup>27</sup>

- an explanation of how the LMRP is consistent with the LMRP objective and principles
- a description of how retailers, metering parties and other relevant and affected stakeholders were engaged in developing the proposal, relevant concerns raised through that engagement, and how those concerns have been addressed.

This approach aims to support flexibility to encourage collaborative consultation in the development of the plan, whilst minimising regulatory burden on industry.

#### **Under the draft rule the AER would have a light-touch oversight role**

Following DNSPs' submission of LMRP proposals to the AER by 31 January 2025 (as noted above), the AER would be required to approve the LMRPs no later than 31 March 2025. This would allow the acceleration program to commence 1 July 2025.

In assessing the LMRPs, the AER would be required to consider whether DNSPs have met their requirements in developing the LMRPs. This includes whether the LMRPs meet the prescribed principles and objectives, include the required information, and have met consultation requirements. The AER would not be required to assess the merits of each DNSP's LMRP.

The AER would approve an LMRP if it is satisfied that the LMRP complies with the LMRP requirements. The draft rule outlines this process, including what occurs when an LMRP does not comply with the relevant requirements.<sup>28</sup>

Following approval, the AER would publish the LMRP on its website.

The Commission considers that this 'light-touch' regulatory approval process is appropriate and would minimise regulatory costs. We do not see significant value in the AER undertaking a more detailed assessment, for example by further scrutinising whether the LMRPs' proposed meter retirement scheduling is optimal.

Timely completion of the deployment is the most important objective, and we expect industry participants to collaboratively design a process that can deliver against that objective.

#### **The draft rule would require DNSPs to communicate the LMRP meter replacement schedules to retailers**

Under the draft rule, DNSPs would communicate to retailers the schedule of meters that they must replace under the LMRP.

DNSPs would communicate this information in accordance with the steps outlined below:<sup>29</sup>

1. During consultation on the draft LMRP, DNSPs must provide the LMRP meter replacement schedules to relevant stakeholders (who are allowed to access NMI standing data). We expect DNSPs to consult on how these meter replacement schedules will be provided. This

<sup>27</sup> Clauses 11.[XXX].2(b)(2) of the draft rule.

<sup>28</sup> Clause 11.[XXX].4 of the draft rule.

<sup>29</sup> Clauses 11.[XXX].3 and 11.[XXX].4 of the draft rule.

- information should be communicated in a consistent, standardised, and accessible format – preferably in the same format across all DNSPs.
2. Following AER approval of the LMRPs, DNSPs must provide meter replacement schedules to relevant stakeholders, including AEMO.
  3. By no later than 29 June 2025, DNSPs must record the LMRP meter replacement schedules in the Market Settlements and Transfer Solutions (MSATS) system, in accordance with relevant procedures.

#### Box 4: Market Settlements and Transfer Solutions (MSATS)

MSATS is an IT system that AEMO operates, and market participants use to record data that supports energy market settlement and retail competition. MSATS functions as the market’s metering ‘register’ and database. AEMO and market participants use it to fulfil their obligations under the NER.

The MSATS information noted above in step 3 would be available throughout the duration of the acceleration program. To enable this, by 30 May 2025, AEMO would be required to review and update MSATS and any associated procedures to specify the information that must be recorded by a DNSP in relation to an approved LMRP. We understand it is practically very difficult for this to occur sooner than May 2025.

The Commission considers that using MSATS to communicate LMRP meter replacement schedule information would minimise regulatory burden on industry. This approach leverages an existing system that can:

- be updated as frequently as needed
- provide real-time information to relevant market participants
- act as a ‘single source of truth’ regarding meter replacement schedules, housed in an environment that is already visible to all relevant parties whenever they need to see it.

Alternatives, such as DNSPs regularly issuing updates to relevant stakeholders via email or other means, would likely be more burdensome and costly, requiring regular manual handling.

A further benefit of using MSATS to communicate this information is that it helps to manage the impacts to the rollout of customer ‘churn’ between retailers. Without a seamless and low-cost way of updating LMRPs to reflect churn near to real-time, they would become progressively inaccurate over the duration of the five-year deployment period.<sup>30</sup>

Using MSATS, retailers and MCs would have on-demand access to any updates to their replacement requirements in near real-time. This requirement also supports the AER’s annual performance reporting and compliance considerations – providing accurate interim target information that retailers must report against.<sup>31</sup>

30 This captures customer churn for sites that are due to be replaced in a subsequent interim period, as distinct from meters due to be replaced within the current period. For the latter, the new retailer would be expected to replace the legacy meter by 2030, noting the challenges retailers may face to adjust their schedules within period. Retailers are expected to have incentives to replace customer sites ‘won’ within a period to the extent that they can still achieve geographical efficiencies, and have adequate time to properly notify the customers. Further, retailers would report their performance in managing within period customer churn to the AER (see section 3.1.3). Nevertheless, we are concerned some retailers may seek to delay meter replacements if they have the opportunity (for example, for ‘hard-to-do’ sites or customers who may be perceived as ‘lower value’). So, we have sought to minimise the impact of customer churn by creating a process for the interim targets to be updated at the start of each period.

31 In the Review final report, the Commission recommended requiring the NMI schedule information to be provided once by the DNSPs before the start of the acceleration program, which would then (statically) set the future interim targets.

The Commission has decided not to require DNSPs to provide further information to retailers and MCs to support installations, as contemplated in the Review.<sup>32</sup> We understand key metering information is already available within MSATS, and retailers and MCs can request additional supporting information through existing B2B processes.

### **The draft rule would require retailers to implement LMRPs**

Under the draft rule, retailers would be responsible for implementing the LMRPs, by arranging for meters to be upgraded in line with the schedules developed by the DNSPs. Retailers would appoint MCs, who would in turn visit customer sites to install smart meters.

Retailers would also be responsible for communicating with customers ahead of their meter upgrade, and providing them with important information regarding their smart meter. This is outlined in further detail later in this chapter.

The LMRPs would include yearly interim targets that retailers must make best endeavours to meet, and a final target of universal penetration by 2030. Retailers would be required to report on their annual performance to the AER. This is also outlined in further detail later in this chapter.

### **The draft rule would allow LMRPs to be revised under certain circumstances**

Over the five-year accelerated deployment period, there may be unforeseen circumstances that impact a retailer's ability to deliver meter installations in accordance with the LMRP. This might include circumstances such as unforeseeable field resource or meter equipment supply constraints, natural disasters, or other weather events.

The draft rule includes a process that would allow retailers to apply for amendments to the schedule of meters retired over the acceleration period, supporting the need to flexibly respond to unforeseen issues.<sup>33</sup>

To trigger this process, a retailer would put forward an amended version of the LMRP for the relevant DNSP's consideration. The DNSP may agree to amend an LMRP if it appears to the DNSP that the plan is affected by a material error, material change of circumstances, or 'event'.<sup>34</sup> The relevant DNSP and the AER must then re-apply the LMRP process (as outlined above).

## **3.1.3 The draft rule would introduce performance reporting and compliance obligations**

### **Reporting and compliance obligations will support the acceleration program**

*Performance reporting obligations would promote transparency and accountability*

Requiring retailers and metering parties to report on their performance against meeting the interim targets and 2030 goal would promote transparency and accountability, and support the timely deployment of smart meters. Performance reporting would also incentivise performance improvement and support the AER in its compliance monitoring and enforcement activities.

The AER may seek further information from retailers if, for example, a retailer's performance is an outlier and there are questions about the retailer's efforts to address customer concerns. This would create stronger incentives for retailers to address any issues preventing smart meter installation. Retailers could provide the AER with additional context if they are not meeting the interim targets, and assurance that they are on track to ultimately meet the 2030 target.

<sup>32</sup> AEMC, Review final report, p. 42.

<sup>33</sup> Clause 11.[XXX].5 of the draft rule.

<sup>34</sup> Clause 11.[XXX].5(a)(1)(2) of the draft rule.



Under the draft rule, the information provided to the AER is targeted, to minimise regulatory burden.

*Civil penalties would help incentivise achievement of the 2030 target*

We consider that financial incentives for retailers to meet the 2030 target are appropriate to support the timely deployment of smart meters. We also consider that such penalties are proportionate to the negative impact on consumers if retailers do not meet their final targets.

We do not consider such penalties are necessary for interim targets. Reputational and other incentives created by performance reporting, as well as the final 2030 target, provide sufficient incentives for retailers to meet interim targets.

**The draft rule would introduce new performance reporting and compliance obligations for retailers, and a monitoring and enforcement role for the AER**

*The draft rule would require retailers to report against their performance*

Under the draft rule, retailers would be required to report on their performance to the AER. This would be done under the current framework for retail market performance reports. The AER's annual reports would cover the previous financial year and are due to be published on or before 30 November each year.

Specifically, retailers would be required to report on their high-level performance against their LMRP meter replacement schedules.<sup>35</sup> These indicators or metrics are outlined in the draft rule.<sup>36</sup> Retailers would be required to explain their performance against the interim and final targets, and outline their plan to get back into compliance (if necessary).<sup>37</sup>

The AER must report on the retailers' performance annually under the draft rule, including retailers' compliance with the interim and final targets and progress against the LMRP objective.<sup>38</sup> The AER may provide commentary on the reasons for any material differences between retailer results. The AER may seek further information from the retailers if, for example, a retailer's performance is an outlier, and it appears to be non-compliant.

*The draft rule would introduce new civil penalties for non-compliance with the 2030 target*

Civil penalties would apply to retailers for non-compliance with the final 2030 target, but not the interim targets.

Where a legacy meter has been scheduled for replacement in an LMRP, the retailer must:

- use best endeavours to ensure it is replaced in accordance with the LMRP meter replacement schedule to meet the interim targets
- meet the final target of universal penetration of smart meters by 2030 – subject to the retailer being able to justify any failure to meet the target, based on a reasonable assessment of the circumstances.

35 Consistent with existing retailer reporting requirements, compliance with this new reporting requirement would be subject to civil penalties, to ensure retailers provide the data and information to the AER as is prescribed in the draft rule.

36 Clause 11.XXX.8 of the draft rule. The Commission has refined some of the performance indicators and reporting requirements compared to the Review recommendations and rule change request. We added indicators to create additional transparency around the impact of customer churn to clearly include a measure of: (a) within period churn to recognise retailer efforts to quickly turn those replacements around, and (b) the backlog of meters that will need to be replaced by 2030. We also removed performance indicators that may be seen as a pre-defined exception for retailers to not meet the interim and final targets.

37 The Commission considered whether to include indicators that pre-define exceptions to meeting the interim targets, such as customer refusal or site access issues. We found upfront exceptions could create negative incentives for retailers to meet their targets. Minor divergences from the LMRP meter replacement schedules for legitimate reasons should not make a material difference to the benefits of the acceleration program, so long as the retailer gets back on track and the final target is achieved by 2030. Further, introducing processes to record and track exceptions would create administrative burdens and complexity that are not proportionate to the benefits.

38 As part of the AER's retail market performance report required under section 284 of the NERL.

If a retailer is unable to replace a meter in accordance with the LMRP, or the meter is not functioning as required, it will be open to the retailer to report the reasons to the AER.

Where a small customer switches retailers during the final interim period (1 July 2029 – 30 June 2030), but before they receive a smart meter upgrade, the incoming retailer must ensure the legacy meter is replaced by the later of 30 June 2030, or six months after the small customer switches retailers.<sup>39</sup>

## 3.2 Enabling better access to power quality data

### 2 Access to power quality data

- DNSPs can better manage their networks to reduce network costs for customers
- saves energy, minimises network safety risks, and lifts hosting capacity.

Giving DNSPs better access to ‘basic’ PQD, free of direct cost, allows DNSPs to better understand the network and unlocks a range of benefits for networks, consumers, and the broader energy system.

The draft rule:

- defines ‘basic’ PQD
- allows DNSPs to access or receive ‘basic’ PQD
- imposes responsibilities and requirements on MCs and metering data providers (MDPs) to enable better access for DNSPs
- makes consequential amendments to facilitate the ‘basic’ PQD arrangements.

### 3.2.1 The draft rule would give DNSPs better access to ‘basic’ PQD to unlock a range of benefits for stakeholders

#### Access to ‘basic’ PQD benefits DNSPs, consumers, and the broader energy system

PQD refers to the characteristics of the power supply as measured by the meter. We consider ‘basic’ PQD to include measurements of voltage, current, and power factor. We consider ‘advanced’ PQD to include measurements in addition to those identified for ‘basic’ PQD.

For DNSPs, access to information about the customer’s electrical power supply will be increasingly important for the operation of the distribution system. Giving DNSPs better access to ‘basic’ PQD supports their understanding of the network, and allows DNSPs to:

- save energy by maximising CER hosting capacity
- reduce line losses
- minimise safety risks, such as through earlier detection of neutral integrity faults and voltage excursions at customer premises
- drive down costs within the distribution network by extracting the most value from the existing distribution network assets and optimising future investment decisions.

The proposed changes to the ‘basic’ PQD access and exchange arrangements would also promote better outcomes for consumers and the broader energy system by:

<sup>39</sup> Clause 11.XXX.7 of the draft rule.

- improving standardisation in the structure, types, sequencing, and frequency of ‘basic’ PQD provided across market participants
- reducing differences in exchange architectures or methods for ‘basic’ PQD access
- addressing a potential lack of competitive pricing where ‘basic’ PQD is required from a high percentage of sites.

### **The draft rule would provide DNSPs with better ‘basic’ PQD access**

DNSPs require access to ‘basic’ PQD to efficiently operate the distribution system. The Review identified several DNSP use cases that ‘basic’ PQD enables, such as detecting neutral integrity issues and energy and meter theft.<sup>40</sup> Most of the use cases identified also need ‘basic’ PQD from a large portion of meters.

Under current arrangements, metering parties hold and control access to PQD generally, and DNSPs can only receive PQD through commercial negotiation with metering parties. This means that metering parties can charge DNSPs prices well above the marginal cost to receive PQD. In these circumstances, DNSPs can have limited bargaining power to negotiate efficient prices for access to ‘basic’ PQD, leaving them as price-takers. This outcome can lead to higher than necessary costs for DNSPs for access to the data, which are ultimately passed onto customers.

The draft rule would introduce new arrangements to the metering framework to provide DNSPs access to ‘basic’ PQD from small customer meters on an ongoing basis, without undue delay or direct charge. This framework whereby ‘basic’ PQD is provided free of direct cost and access to ‘advanced’ PQD is negotiated on a commercial basis, is consistent with the approach from the Review, of which stakeholders were supportive.

The flexible design of the arrangements would allow AEMO to enable a ‘basic’ PQD service with a standardised exchange architecture and appropriate service levels. AEMO would enable the architecture and service levels through its processes and procedures (see section 3.2.2).

The new arrangements would:

- Establish a definition of ‘basic’ PQD, which provides the characteristics for ‘basic’ PQD. At a minimum this would include measurements of voltage (in volts), current (in amperes), and power factor (expressed as the ratio of the active power kW to the apparent power kVA or as a phase angle).<sup>41</sup>
- Impose responsibilities, requirements, and exemptions on MCs and MDPs to give local DNSPs better access to ‘basic’ PQD.<sup>42</sup>
- Incorporate the term PQD into the definition of ‘metering data services’ so that obligations on MDPs to provide metering data services applies to ‘basic’ PQD to the extent necessary.<sup>43</sup>
- Allow local DNSPs to access or receive ‘basic’ PQD.<sup>44</sup>

The draft rule would make consequential amendments to support these arrangements, such as:

- refining the requirements on MCs, MDPs, and AEMO<sup>45</sup>
- clarifying the information to be included in AEMO’s metrology and service level procedures<sup>46</sup>

40 AEMC, Review final report, Table E.1 in Appendix E.3.2.

41 Chapter 10 of the NER.

42 Clauses 7.3.1(a)(2) and 7.15.5(b) of the NER and 7.10.3(a1) and 7.3.1(a1) of the draft rule.

43 Chapter 10 of the NER.

44 Clause 7.15.5(c2) of the draft rule.

45 Clauses 7.1.1(g), 7.3.1(a)(3), 7.10.1(a)(6), 7.10.1(a)(8), 7.10.3(b) of the NER and clauses 7.10.1(a)(1A), 7.10.1(a)(4AA), 7.10.2(e1), and 7.15.4(b1) of the draft rule.

46 Clauses 7.16.3(c)(6)(i), 7.16.6(c)(2), 7.16.6(c)(3), 7.16.6(c)(4) of the NER and clauses 7.16.6(c)(9) and 7.16.6(c)(10) of the draft rule.

- defining the confidential nature of ‘basic’ PQD.<sup>47</sup>

### 3.2.2 Additional work is required to implement the ‘basic’ PQD arrangements

AEMO will lead work to implement the ‘basic’ PQD service and determine the exchange framework and service levels for ‘basic’ PQD.<sup>48</sup> Implementation would involve updates to AEMO’s processes and procedures, which would be conducted in consultation with stakeholders.<sup>49</sup>

We consider that AEMO should leverage the existing framework to align the delivery, operation, and conformance management of ‘basic’ PQD to that of the existing metering data delivery service. To achieve this, AEMO should consider the findings and principles from the Review.<sup>50</sup>

### 3.2.3 We recommend a new civil penalty to support ‘basic’ PQD compliance

We recommend a new civil penalty for instances where MDPs do not provide ‘basic’ PQD to DNSPs or share ‘basic’ PQD with unauthorised third parties. The penalty would:

1. Protect consumer data. ‘Basic’ PQD is data provided by consumers and becomes identifiable consumer data when provided with the customer’s NMI. The penalty would deter unauthorised disclosure of ‘basic’ PQD to third parties.
2. Encourage MDPs to comply with their obligation to provide ‘basic’ PQD to DNSPs. Under the proposed ‘basic’ PQD arrangements, MDPs would give ‘basic’ PQD to DNSPs free of direct charge. The penalty would incentivise MDPs to comply with their obligation, noting that there may not be enough of a financial incentive for them to comply otherwise.
3. Align with the civil penalty requiring MDPs to provide metering data and relevant NMI Standing Data to certain persons only.<sup>51</sup>

We consider this penalty necessary to successfully implement the new ‘basic’ PQD arrangements.

## 3.3 Providing customer safeguards

### 3 New customer safeguards

- protect customers from potential upfront charges and exit fees for new meters
- builds social licence for the smart meter acceleration program.

Customer safeguards are critical in protecting customers from potential cost risks and in building and maintaining social licence for the smart meter acceleration program. Without social licence, consumers may resist changes which could risk the program’s benefits.

The draft rules:

- prohibit retailers from charging small customers any upfront costs or exit fees that relate to replacing a type 5 or 6 metering installation identified in an LMRP (this prohibition does not apply to new connections, or meter replacements initiated at the customer’s request)

47 Clause 7.15.1(a) of the NER and clause 7.15.1(c) of the draft rule.

48 AEMC, Review final report, p. 111 (Box 2).

49 Ibid, pp. 112-113.

50 Ibid, Appendix E.

51 Clause 7.10.3(a) of the NER.

- require retailers to provide their customers at least 30 business days' notice when transitioning them to a different pricing structure during the LMRP period as a result of a change in meter type, as well as information on how to understand and manage the change.

### 3.3.1 The draft rule would prohibit retailers from imposing any upfront charges for new smart meters

#### Prohibiting upfront charges would mitigate social licence risks

The smart meter acceleration program is expected to lead to significant net benefits for consumers. However, the timing of the benefits of smart meters will not necessarily match when the investment costs are incurred. This is because the program brings forward future investments, resulting in short-term cost impacts, while the benefits accrue over the longer term.

Upfront customer charges for smart meter deployments could create social licence risks and impact the overall success of the acceleration program.<sup>52</sup> Customers could refuse site access or be less willing to remediate any defects if they incur upfront smart meter costs. Any upfront charges applied inconsistently to individual customers may also be perceived as unfair, noting that all customers share the benefits of a smart energy system.

Explicitly prohibiting upfront costs (including exit fees) for smart meter deployments under an LMRP would help mitigate these risks and support the accelerated deployment program.

#### The draft rule would prohibit any upfront charges or exit fees for the replacement of a legacy meter during the LMRP period

Currently, customers do not typically incur up-front costs associated with meter upgrades. Retailers generally pay annualised charges to MCs, which includes the capital and installation costs of meters. This industry practice covers most, if not all, of the total meter costs — smoothing retailer payments to MCs over time.

Although retailers do not typically pass on upfront costs to customers, they may change their pricing policies in the future, noting retailers are not prevented from doing so under the current regulatory framework. This could even occur when a customer has not requested a new meter.

Under the draft rule, retailers would be prohibited from imposing any upfront charges or exit fees on small customers, when the meter upgrade relates to the replacement of a legacy meter identified in an LMRP during the LMRP period. This excludes new connections and meter replacements that were initiated at the customer's request.

This protection would apply to small customers whose meters are replaced under an LMRP, or meters that retailers choose to replace ahead of their scheduled replacement date in an LMRP but during the LMRP period.

This rule change would not apply under other types of smart meter deployments such as new connections, customer-initiated deployments, or deployments resulting from the small customer installing new equipment at the site (such as solar PV or a battery).

This protection would cease to apply from 31 December 2030. The regulatory burden of this rule change would be low- or no-cost, noting that this approach is consistent with current practice.

<sup>52</sup> Social licence in the context of the Review refers to the informal permissions granted by consumers for institutions to make investment decisions on their behalf.

### 3.3.2 The draft rule would enhance notification requirements ahead of any changes to retail pricing structures

#### Greater access to pricing information would benefit customers

Under an accelerated deployment, customers may be moved to different pricing structures by their retailers. This can create the potential for negative customer experiences if customers are not appropriately informed of the pricing structure changes and what it may mean for their energy costs. For example, customers may not understand how their usage patterns impact their electricity bill under different pricing structures. This would likely create broader social licence risks for the acceleration program.

Consumers will benefit from earlier and better-quality information ahead of changes to retail pricing structures. This will provide customers with more time to:<sup>53</sup>

- churn if they find a better offer
- consider how to adjust their usage, if they are migrated to a time-of-use tariff
- make investments in household appliances that allow them to better manage their usage.

#### The draft rule would require retailers to provide more notice and information ahead of any changes to retail pricing structures

Under the NERR, retailers must notify customers regarding any tariff variations that affect them. The notice must be issued to the customer at least five business days before the variations apply and must include certain information.<sup>54</sup> Under the network Tariff Structure Statement (TSS) process DNSP tariff assignment policies typically include a 12-month transition period. However, retailers are not required to and do not communicate the network tariff transition period to customers.<sup>5556</sup>

Depending on the timing of the tariff reassignment by the DNSP within the customer's billing cycle, customers can sometimes be placed onto a different pricing structure without notification or consent. If this occurs, a retailer must notify the customer as soon as practicable but no later than the customer's next bill.

Under the draft rule, following a smart meter deployment during the LMRP period, retailers would undertake a range of notification actions ahead of any changes to retail pricing structures. These are outlined below:

- The retailer must issue a notice at least 30 business days before any variation in the tariff is applied to the customer.
  - This 30-business day notification period would apply to changes to retailer pricing structures (for example, a time-of-use tariff), as distinct from pricing levels (for example, prices going up or down due to changes in wholesale prices).
  - This safeguard would not apply for a change to a retail customer's pricing structure that is not related to their meter replacement, or that happens outside of the LMRP period.

53 For example, customers could choose to change their usage or behaviour to take advantage of lower tariff periods in the middle of the day (where available).

54 Rule 46 of the NERR.

55 Rule 6.18 of the NER.

56 It is up to retailers to decide whether or not to reflect network tariff structures in their offers. Retailers pay network charges to DNSPs. Under the current framework, retailers have discretion on how to recover these costs and their other costs as part of their overall retail charges to consumers. Moreover, retailers are free to manage network price signals to customers how they choose as part of their market offers.

- The retailer must specify that the customer can request an estimate of what their historical bill would have been under the varied tariff compared to the bill they received under the existing tariff (to the extent that the customer’s smart meter data is available).
- The retailer must provide supporting (generic) information to the customer on how to:
  - understand and monitor their usage (such as apps, web portals, or in-home displays)
  - manage their usage to be rewarded for responding to price signals under the new tariff structure (such as ways to shift consumption).

These safeguards would apply during the LMRP period for any tariff changes that have resulted from a change in meter type, and would cease to apply from 31 December 2030.

### 3.4 Improving the customer experience in metering upgrades

#### 4 Improving the customer experience

- helps maintain social license for the acceleration program
- ensures that customers can access the full suite of benefits that smart meters provide.

Supporting a positive customer experience in the acceleration program helps maintain social licence for the reforms and ensures that customers can access the full suite of benefits that smart meters provide.

The draft rule would:

- expand the smart meter information retailers must provide to customers prior to any upgrades
- enable customers to request a smart meter from their retailer for any reason, and require retailers to install a smart meter on receipt of such a request
- improve the meter malfunctions replacement framework by:
  - setting different timelines of 15 business days for individual meter malfunctions and 70 business days for family failure malfunctions identified through sample testing
  - improving the malfunctions exemptions process currently administered by AEMO, in its application to small customer metering installations.

#### 3.4.1 The draft rule would enhance information provided to customers before a meter upgrade

##### More information would inform and empower customers

In the context of an accelerated smart meter deployment, additional information would help customers better understand:

- their rights and responsibilities
- the importance of metering upgrades
- the benefits that smart meters offer, such as greater control of energy usage.

More information would also empower customers to make informed decisions throughout the accelerated deployment program.

##### The draft rule would require retailers to provide customers with additional information before a smart meter upgrade

The draft rule would require retailers to provide customers with a retailer information notice no more than 60 business days and no fewer than four business days before a proposed metering

installation date. The notice would be issued to customers via their preferred method of communication.<sup>57</sup>

The notice would include the information in Box 8, some of which is already required under the current rules.<sup>58</sup> Retailers would not be required to include customer-specific or bespoke information. Most of the information should apply to the retailer's broad customer base.

Retailers would issue the notice before all types of smart meter deployments, other than new connections. For example, customers who request a meter upgrade outside of the scheduled accelerated deployment program would receive a notice.

**Box 8: Information that retailers must include in their notice to customers**

- The reasons for the proposed meter deployment (for example, meter failure, customer request, or new meter deployment as defined in the NERR, rule 3).
- An indicative timeline for when the customer would receive the smart meter (this can be a date range).
- How the customer can access their smart meter data.
- The customer's rights and responsibilities regarding the meter installation (including remediation work).
- Any upfront charges the customer will incur under their retail contract as a result of the new meter deployment.
- Any changes to the consumer's retail contract resulting from the meter installation, including tariff changes (if applicable).
- A summary of the services available to the customer as a result of obtaining a smart meter (including how customers can benefit from smart meters).
- Who the customer should contact to resolve issues, including dispute resolution options.
- The retailer's contact details.
- Contact details of interpreter services in community languages.

**3.4.2 The draft rule would empower customers to request and receive a smart meter for any reason**

**Expanding customer rights supports a better customer experience and more choice**

An explicit provision granting customers the right to request and receive a smart meter for any reason would:

- support greater customer choice in product offerings, such as better access to energy usage data
- improve customer experience by enabling customers to take advantage of tariff options
- empower customers to receive a smart meter should they wish to receive one, regardless of whether their current meter is functional.

**The draft rule would require retailers to install a smart meter for customers upon request**

57 Rule 59A of the NERR.

58 The following information is currently required under rule 59A of the NERR: the expected date and time on which the retailer proposes to replace the customer's meter; any upfront charges the customer will incur under their retail contract as a result of the new meter deployment; the retailer's contact details and contact details of interpreter services in community languages.



Under the current NERR, there is no explicit direction to retailers to install a smart meter for customer requests not associated with a connection upgrade or a solar PV installation.

The draft rule would give customers the right to request and receive a smart meter for any reason, including where they have a functioning meter or do not have CER.<sup>59</sup> Retailers would be required to fulfill any customer-initiated request within the existing installation timeline requirements in the NER.<sup>60</sup> This means that retailers would not be able to defer a customer-requested smart meter installation to the meter’s scheduled replacement date under the LMRP if this is later than the installation timeline requirements under the NER.

### 3.4.3 The draft rule would improve the framework for replacing malfunctioning meters

#### A better malfunctioning meter framework would support faster replacements

Improving the framework to replace malfunctioning meters would reduce delays in meter replacements that could otherwise directly impact customer bills. A better framework would also support a more efficient allocation of resources and reduce administrative burden for market participants.

#### The draft rule would make a distinction between different types of malfunctions and makes changes to the malfunctions exemption process

Under the draft rule, there would be two separately defined categories of meter malfunctions, with different replacement timeframes.<sup>61</sup>

**Table 3.1: Replacement timeframes for different malfunctions types**

Malfunction category	Replacement timeframe
Individually identified (individual failures)	15 business days
Identified through statistical testing (family failures)	70 business days

This differs from current arrangements where all types of malfunctioning meters must be replaced within 15 business days, or within 30 business days if the meter replacement involves interruption supply to another customer (a shared fuse arrangement). Under the draft determination, if an MC finds that a malfunctioning meter is on a shared fuse, the MC would follow the process and timelines outlined in the proposed Shared Fusing Meter Replacement Procedure (per section 3.5.3).

#### The draft rule clarifies the malfunctions exemption process

Under current arrangements, where an MC cannot repair or replace the malfunctioning meter within the required time frames, they may apply to AEMO for an exemption. Information provided by AEMO states that as of April 2023, around 300,000 meters had been granted exemptions under AEMO’s exemption framework, corresponding to approximately 4.4 per cent of NEM customers.

The draft determination would create a more clearly defined exemption process to support more timely replacements. When applying for an exemption, MCs would be required to provide AEMO with a rectification plan for malfunctions.<sup>62</sup> The draft rule would also likely require AEMO to make changes to its procedure for malfunction exemptions. When updating its procedures, we expect

59 Non-CER customers are customers which do not own devices such as solar PV, battery energy storage systems, or electric vehicles.

60 Clauses 7.8.10A to 7.8.10C of the NER.

61 Clause 7.8.10(2) of the NER.

62 Clause 7.8.10(c) of the NER.

AEMO to consider the size of any family failure (where applicable), as well as whether any previous exemption have been granted.

### **The changes proposed to the malfunctions replacement process interact with other changes in the draft determination**

The draft determination would clarify that MCs must still replace malfunctioning meters in accordance with time frame requirements under the NER, and not defer replacements to scheduled time frames under any LMRP.<sup>63</sup>

## 3.5 Reducing barriers to installing smart meters and improving industry coordination

### 5 Reducing installation barriers

- supports delivery efficiencies, and therefore cost savings, in the accelerated deployment of smart meters.

Reducing barriers and improving industry coordination will support delivery efficiencies, and therefore cost savings, in the accelerated deployment of smart meters.

The draft rule would:

- remove the option for customers to opt-out of a new meter deployment (as defined in the NERR, rule 3)
- reduce the number of notices that retailers send to customers before a new meter deployment from two to one
- establish a process for DNSPs, retailers and metering parties to install meters in shared fusing scenarios, such as multi-occupancy sites
- enable a process for retailers to encourage customers to remediate, as well as to track customer site defects.

### 3.5.1 The draft rule would remove customer opt-out provisions, help achieve the 2030 target and would not require customers to remediate site defects

#### **The proposed opt-out changes would deliver a range of benefits**

Removing customers' ability to opt-out of a smart meter upgrade would:

- reduce complexities in planning and executing the deployment of smart meters, including under LMRPs
- support the implementation of the proposed Shared Fusing Meter Replacement Procedure described later in this Chapter, which relies largely on no customer opt-out
- achieve consistencies in customers' opt-out rights across different retail contracts.

Removing customer opt-out rights could also mitigate the risk of customers indirectly incurring metering upgrade costs without access to the benefits.

#### **The draft rule would remove opt-out provisions included in standard retail contracts**

63 Clause 7.8.10(e) of the NER.

Under current arrangements, customers can opt out of a new meter deployment up to seven business days before the intended meter installation date. Retailers are exempt from complying with these opt-out provisions if they are authorised to deploy a new meter under the terms of their customer market retail contract. This authorisation is not included in standard retail contracts.<sup>64</sup>

The draft rule would remove this provision in the NERR, which means customers on standard retail contracts would not be able to opt out of a new meter deployment.

#### **Removing opt-out provisions would not mean that customers must remediate site defects**

The Commission acknowledges that some customers may wish to opt out of a smart meter deployment to avoid any associated site remediation costs.

In the Review the Commission recommended that governments consider financial support options to encourage remediation, particularly for vulnerable customers.

Site remediation is currently the responsibility of the customer and beyond the scope of the energy laws and rules. A customer cannot be compelled to remediate their site.

This would not change through a rule to remove opt-out provisions. Customers would retain the choice as to whether they remediate any site defects.

### **3.5.2 The draft rule would reduce the number of retailer notices issued to customers before a meter upgrade**

#### **Streamlining notification requirements would improve customer experience and promote efficiency**

A more streamlined notification process before a smart meter installation would:

- reduce the potential for customer confusion about the smart meter installation process
- support a more efficient smart meter installation process.

#### **The draft rule would reduce the number of notices a retailer must provide**

The draft rule would reduce the number of notices a retailer provides a customer prior to installing a new meter from two notices to one. This notice requirement is consistent with the smart meter information notice requirements in section 3.4.1. Retailers must provide customers with this single notice in writing or electronically.<sup>65</sup>

### **3.5.3 The draft rule would introduce a coordinated approach to meter upgrades in shared fuse scenarios**

#### **A coordinated approach to shared fuse meter replacements would support more efficient replacements and a better customer experience**

Metering replacements in shared fuse scenarios, such as some apartment blocks, can often be complex for all parties involved, including DNSPs, retailers, metering parties, and customers.

Under the current framework, when a shared fuse is encountered, retailers can only interrupt supply to their own customers. On a shared fuse, customers will likely have different retailers. This means a DNSP often needs to be engaged to carry out a planned interruption for the customers of the other retailers.

<sup>64</sup> Rule 59A(8) of the NERR.

<sup>65</sup> Rule 59A of the NERR.

Stakeholders have highlighted that this process has a range of negative impacts for both industry participants and customers. These impacts include increased costs due to multiple site visits, and unexpected planned outages for customers.<sup>66</sup>

A coordinated approach to shared fuse upgrades would be more efficient and improve the customer experience. Specifically, a more coordinated approach would:

- enable multiple meter replacements simultaneously, supporting the acceleration program
- reduce the number of interruptions of supply for a group of customers on a shared fuse (a Temporary Isolation of Group Supply (TIGS))
- reduce delays in meter replacement and the number of site visits required by metering providers (MPs) and DNSPs
- minimise the costs of meter replacement by reducing the need for multiple MP and DNSP visits.

**The draft rule would establish a Shared Fusing Meter Replacement Procedure (Procedure) for meter upgrades on a shared fuse**

Under the draft rule’s proposed Procedure, a metering upgrade for one or more customers on a shared fuse would trigger the upgrade for all customers – a ‘one in all in’ approach under which all meters on the shared fuse are upgraded at the same time. The Procedure would be an ongoing provision and apply to all sites that do not have defects, site access issues, or site safety issues preventing installation.<sup>67</sup>

**There are five key steps under the Procedure**

1. **Discovery of shared fusing:** An MP discovers meters on a shared fuse. When this happens it must contact the retailer that authorised the site visit and trigger the Procedure. These metering parties are referred to as the ‘Original MC’ under the Procedure.<sup>68</sup>
2. **Raising a temporary isolation request:** Within five business days the retailer must inform the DNSP of the shared fuse and raise a request for a TIGS, as per current arrangements.
3. **DNSP visit and notification to retailers:** Within 20 business days of being notified by the retailer, the DNSP must:<sup>69</sup>
  - a. Visit the site and identify all affected NMIs on the shared fuse
  - b. Set a date and time for a supply outage. In setting the duration of the outage, the DNSP should consider the length of time reasonably required to install the new meters
  - c. Issue a notice to the retailers of the respective NMIs. The notice must include:<sup>70</sup>
    - i. the details of the Original MC, which enables the retailer to appoint them as their MC for the site, should the retailer wish to do so
    - ii. the date and time of the scheduled outage, which must be between 25 and 45 business days after the notice is issued.
4. **Appointment of MCs:** Within 10 business days of receiving a notification from the DNSP, retailers must appoint an MC (the Original MC or one of their choosing) and raise a service

66 AEMC, Review directions paper, 16 September 2021, p. 95.

67 Clause 7.8.10D of the draft rule.

68 Clause 7.8.10D of the draft rule.

69 Clause 7.8.10D(c) of the draft rule.

70 Clause 7.8.10D(c)(2) of the draft rule.

order for meter replacement(s). The date specified in the service order request must align with the date for the scheduled outage specified in the DNSP's notification.<sup>71</sup>

5. **Meter replacement:** On the date and time prescribed in the notice and service order request, the DNSP undertakes the outage and the metering party or parties visit the site and installs the new meters.

**The AEMC expects that the AER would allocate the cost of TIGS across impacted retailers on a pro-rata basis**

We expect that the AER would require DNSPs to recover the cost of TIGS from all impacted retailers installing meters in the same TIGS event. This approach would strengthen the effectiveness of the Procedure as it incentivises all retailers on the same fuse to coordinate their upgrades at the same time.

Retailers that do not organise a meter replacement during the TIGS event would need to raise a separate TIGS request to the DNSP, which would attract additional costs for those retailers. We consider that the AER has sufficient flexibility under the NER to give effect to the cost recovery of TIGS in this way.<sup>72</sup>

**3.5.4 The draft rule would establish a process to encourage customers to remediate and allow retailers to track site defects**

**A site defect notification and tracking processes would support the efficient deployment of more smart meters**

Site defects currently present a major barrier to smart meter installations. A formal remediation notice process with prompt reminders from retailers would encourage more customers who are willing and have the financial means to remediate. This would in turn enable the installation of more smart meters.

Establishing a formal defects-tracking process would provide a consistent source of information for industry on-site defects and increase deployment efficiencies through fewer wasted site visits.

**The draft rule would encourage site remediation and enable better tracking of site defects**

There are currently no clearly defined processes that market participants must follow when a meter upgrade is not possible due to a site defect.

The draft rule would establish a customer notification and industry record-keeping process, which would be triggered when an MP encounters a defect on a site visit. The process would be a new provision in the NERR and an ongoing arrangement beyond the acceleration period.<sup>73</sup> It would also apply to all types of meter deployments.

**MCs would identify and be responsible for recording site defects and retailers would be responsible for notifying customers**

**1. The MP discovers a defect with a site:**

- The MP must leave a defect notice with a customer outlining the site defect preventing a metering upgrade.
- The MC must:<sup>74</sup>
  - notify the retailer of the site defect

<sup>71</sup> Clause 7.8.10D(e) of the draft rule.

<sup>72</sup> For example, through regulatory determinations.

<sup>73</sup> Rule 59AAA of the draft rule.

<sup>74</sup> Rule 59AAA(1)(a)(b) of the draft rule.

- record the defect in MSATS to minimise future wasted site visits
- Within five business days of being notified of a site defect, the retailer must:
  - send a notice to the customer informing them of the site defect and requesting the customer remediate the site in preparation for a smart meter installation
  - record the date the first notice is issued in MSATS.
- 2. **If the retailer has not received confirmation from the customer that the site defect has been rectified within 40 business days of issuing the first notice:**<sup>75</sup>
  - The retailer must:
    - send a follow-up notice to the customer no less than 40 business days and no more than 45 business days after issuing the first notice to the customer
    - record the date the second notice is issued in MSATS.
  - For cases where the customer switches retailers, recording the notice issue dates would inform the incoming retailer of the remaining steps in the process and their obligations.<sup>76</sup>
- 3. **The retailer must then use reasonable endeavours to confirm with the customer whether the site defect has been rectified within 40 business days of issuing the second notice:**<sup>77</sup>
  - The retailer must:
    - use reasonable endeavours to confirm with the customer whether the site has been rectified
    - record the status of site remediation (successful or unsuccessful) in MSATS.
  - If the customer remediates their site and notifies the retailer, the retailer must progress the upgrade and replace the meter within the relevant timeframe under the NER.<sup>78</sup>
  - If the customer confirms with the retailer the site defect has not been rectified, or if the retailer is not able to contact the customer, the retailer is not required to install the meter until they are notified that the site defect has been rectified.

The draft rule would require that the MSATS Procedures include the site defect information requirements above.

**The draft rule establishes a process that accounts for scenarios where a customer changes retailer**

Where a customer changes their retailer part-way through the notification process, the incoming retailer would be required to complete the remaining steps of the two-stage notification process. This limits duplicate notices and supports a better customer experience.

### 3.6 Creating a fit-for-purpose testing and inspection regime

6

Improved meter testing & inspections

- helps minimise costs for industry and customers
- supports a 2030 universal smart meter deployment target.

A fit for purpose meter testing and inspection framework will help minimise metering costs for

<sup>75</sup> Rule 59AAA(1)(c) of the draft rule.

<sup>76</sup> Rule 59AAA(2) of the draft rule.

<sup>77</sup> Rule 59AAA(1)(d)(e)(f) of the draft rule.

<sup>78</sup> Clause 7.8.10A, 7.8.10B, 7.8.10C or 7.8.10D of the NERR.

industry and consumers and support a 2030 universal accelerated deployment target.

The draft rule:

- exempts MCs from testing and inspecting legacy meters during the LMRP period.
- clarifies the testing and inspection requirements for meters by:
  - refining how the testing requirements apply
  - requiring MCs to inspect smart meters in line with an asset management strategy (AMS) approved by AEMO
  - requiring AEMO to develop, maintain, and publish guidelines on the AMS submission and approval process within six months of the final rule being made.

### 3.6.1 The draft rule would tailor testing and inspection requirements for legacy meters during the LMRP period

#### The draft rule would temporarily exempt legacy meters from testing and inspection, reducing costs

Under the proposed LMRP process outlined in Chapter 3.1, legacy meters would be progressively replaced with smart meters across the NEM between 2025 and 2030. Temporarily exempting MCs from testing and inspecting these legacy meters avoids unnecessary costs for maintaining meters that are soon to be replaced.

The temporary nature of the exemption mitigates the risk of any ongoing customer bill impacts from any inaccuracies and impairments of legacy meters if they are not replaced during the LMRP period.

#### The draft rule would temporarily exempt MCs from testing and inspecting legacy meters

Under current arrangements, Schedule 7.6 of the NER sets out the default level of testing and inspection for each meter category in terms of a maximum period between tests and inspections. MCs can also outline an alternative testing and inspecting practice for meters in an AMS, subject to AEMO's approval.<sup>79</sup>

The draft rule would exempt MCs from testing and inspecting legacy meters during the LMRP period. The testing and inspection requirements for legacy meters would re-apply after the LMRP period ends.<sup>80</sup>

### 3.6.2 The draft rule would clarify meter testing and inspection requirements

#### Clearer meter testing and inspection requirements would reduce metering costs

The Review identified that current meter testing and inspections requirements are unclear and can give rise to different interpretations, which creates uncertainty. The lack of clarity on the requirements can ultimately lead to onerous and inefficient testing and inspection outcomes. These inefficiencies can have cost impacts for energy customers, who ultimately meet the costs of metering services.

Clear meter testing and inspection requirements would help achieve the full benefits of a faster deployment. The proposed rule change would:

<sup>79</sup> See 'Maximum Period Between Tests' in Table S7.6.1.2 and 'Period Between Inspections' in Table S7.6.1.3 in Clause S7.6.1 of the NER.

<sup>80</sup> See under 'Maximum Period Between Tests' in Table S7.6.1.2 and 'Period Between Inspections' in Table S7.6.1.3 in Clause S7.6.1 of the NER.

- promote more efficient testing and inspection practices
- enable a more cost-effective approach to meter inspection
- support confidence in the accuracy of NEM data
- provide flexibility in a changing NEM, with fit for purpose guidelines that can be updated by AEMO in response to changing factors.

New AMS guidelines would give MCs more clarity on what is included in an AMS, and the AMS submission and approval process. Additionally, using guidelines rather than prescriptive requirements ensures that inspection standards remain fit for purpose in changing circumstances. For example, the *Unlocking CER benefits through flexible trading* rule change proposes to introduce a new category of minor energy flow meters.<sup>81</sup> These meters would likely need different or more flexible testing and inspection requirements.

### **The draft rule would clarify testing requirements and require MCs to inspect meters in line with an approved AMS**

The current testing arrangements require that meter testing and inspection accord with an approved AMS.<sup>82</sup> The draft rule would clarify that these testing requirements only apply to the testing, and not inspection, of meters.<sup>83</sup>

The inspection requirements for legacy and smart meters are not clear as to whether they apply to sample-based meter testing or if MCs should submit an alternative AMS where MCs conduct sample-based testing.<sup>84</sup> To eliminate this ambiguity, the draft rule requires MCs to inspect legacy and smart meters in accordance with an AEMO-approved AMS.<sup>85</sup>

### **The draft rule would require AEMO to develop, maintain, and publish new AMS guidelines**

The draft rule would require AEMO to develop, maintain, and publish new guidelines regarding how an AMS should be developed by MCs and approved by AEMO.<sup>86</sup>

Under the draft rule, the AMS guidelines would describe:

- the information MCs must include in an AMS and that AEMO would make available during the AMS approval process
- the process for submitting an AMS to AEMO for approval and the relevant assessment time frames
- AEMO's AMS approval criteria.<sup>87</sup>

The initial AMS guidelines must be published six months after the final rule is made.<sup>88</sup> This guideline should be developed in accordance with the Rules consultation procedures in the NER.<sup>89</sup> AEMO could amend the AMS Guidelines from time to time.<sup>90</sup> AEMO can make minor or administrative amendments without complying with the Rules consultation procedures.<sup>91</sup>

81 AEMC, *Unlocking CER benefits through flexible trading*, <https://www.aemc.gov.au/rule-changes/unlocking-CER-benefits-through-flexible-trading>.

82 See 'Whole current meter' description in Table S7.6.1.2 in Clause S7.6.1 of the NER.

83 See 'Whole current meter' description in Table S7.6.1.2 in Clause S7.6.1 of the NER.

84 See 'Metering installation equipment inspection' description in Table S7.6.1.3 in Clause S7.6.1 of the NER.

85 See 'Metering installation equipment inspection' description in Table S7.6.1.3 in Clause S7.6.1 of the NER. Note: If there is an LMRP in place for a legacy meter, MCs would be temporarily exempt from testing and inspection legacy meters under the draft rule (see section 3.6.1).

86 Clause S7.6.1(g) of the draft rule.

87 Clauses S7.6.1(h)(1)-(3) of the draft rule.

88 Clause 11.[XXX].13 of the draft rule.

89 Clause S7.6.1(g) of the draft rule.

90 Clause S7.6.1(i) of the draft rule.

91 Clause S7.6.1(j) of the draft rule.



### **The draft rule would introduce a testing and inspection objective and associated principles**

To support AEMO in developing the AMS guidelines, the draft rule would introduce a testing and inspection objective and associated high-level principles.<sup>92</sup>

A clear objective would reduce ambiguity in the testing and inspection requirements by making it easier to discern whether a testing and inspection strategy meets the intent of Schedule 7.6. Currently, the NER only provides a list of checks that inspection 'may include'.<sup>93</sup>

High-level principles would demonstrate how the AMS guidelines promote efficiency and allow flexibility and innovation in testing and inspection practices. The principles could also address MCs' concerns about overly specific testing and inspection requirements, which hinder metering competition.

The draft rule would also define key terms such as AMS, AMS guidelines, legacy meter, and LMRP which are necessary to support the operation of the testing and inspection amendments.<sup>94</sup>

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92 Clauses S7.6.1(k), S7.6.1(l)(1)(i)-(iii) and S7.6.1(l)(2) of the draft rule.

93 Clause S7.6.2(f) of the NER.

94 Chapter 10 of the NER.

## A Rule making process

A fast-track rule change request includes the following stages:

- a proponent submits a rule change request
- the Commission initiates the rule change process
- the Commission publishes a draft determination and draft rule (if relevant)
  - stakeholders lodge submissions on the draft determination and engage through other channels to make their views known to the AEMC project team
- the Commission publishes a final determination and final rule (if relevant).

You can find more information on the rule change process on our website.<sup>95</sup>

### A.1 Intellihub, SA Power Networks and Alinta Energy submitted a rule change request to enable the accelerated deployment of smart meters and unlock their benefits

The proposal seeks to implement the Review recommendations to enable a faster, more efficient, and more effective deployment of smart meters across the NEM, and to unlock their benefits for all stakeholders, particularly consumers. Specifically, the rule change request seeks to:

- achieve universal deployment of smart meters across the NEM
- reduce barriers to installing smart meters and improve industry coordination
- improve the customer experience and customer safeguards in the transition to smart meters
- enable better access to PQD from smart meters
- create a fit for purpose meter testing and inspection regime.

### A.2 The proposal identifies several inefficiencies in the existing metering regulatory framework

The proposal states that smart meters are a key enabler of the transition of the energy system in that their data is necessary for a faster transition to net zero. It also states that the data and services smart meters provide may enable more affordable electricity services and improved system security and safety.

The proposal suggests that without changes to the existing metering regulatory framework, NEM customers may not receive smart meters until the late 2030s, or later.

The proposal identifies issues with the current framework governing metering, including:

- the deployment of smart meters has been too slow
- information provided to customers in the smart meter transition has been too limited
- there are the barriers and costs in the metering installation process that should be removed
- access arrangements for the PQD from smart meters are not fit for purpose
- unclear meter testing and inspection requirements impose unnecessary costs.

<sup>95</sup> See our website for more information on the rule change process: <https://www.aemc.gov.au/our-work/changing-energy-rules>

### A.3 The proposal would address these inefficiencies to improve the metering regulatory framework

The proposal suggests amendments to the NER and NERR to improve the metering regulatory framework to facilitate the accelerated deployment of smart meters (see Table A.1).

**Table A.1: Summary of proposed amendments**

Proposed Amendment	Details
<b>Achieve universal smart meter deployment</b>	<ul style="list-style-type: none"> <li>• Sets a target and creates a mechanism to replace legacy meters with smart meters across the NEM by 2030, through a new LMRP mechanism.</li> </ul>
<b>Reduce barriers to installing smart meters and improve industry coordination</b>	<ul style="list-style-type: none"> <li>• Implements a ‘one-in-all-in’ meter installation process for multi-occupancy scenarios with shared-fusing.</li> <li>• Creates a process for managing site defects, removing the option for customers to opt-out of the smart meter deployment.</li> <li>• Reduces the number of notices for customers before new meter deployment.</li> <li>• Improves the meter malfunctions framework.</li> </ul>
<b>Improve the customer experience and safeguards</b>	<ul style="list-style-type: none"> <li>• Requires additional information to be included in notices to customers about the deployment and associated tariff changes.</li> <li>• Allows customers to request smart meters from retailers for any reason.</li> </ul>
<b>Enable better access to PQD</b>	<ul style="list-style-type: none"> <li>• Introduces arrangements to enable DNSPs to better access to PQD without cost or delay, and on an ongoing basis.</li> </ul>
<b>Create a fit for purpose testing and inspection regime</b>	<ul style="list-style-type: none"> <li>• Exempts MCs from the testing and inspection of legacy meters if an AMS has not been approved.</li> <li>• Clarifies meter testing and inspection requirements.</li> <li>• Requires AEMO to develop AMS guidelines.</li> </ul>

Source: Rule Change Request submitted by Intellihub, SA Power Networks, and Alinta Energy.

### A.4 The process to date

On 14 March 2024, the Commission published a notice advising of its intention to initiate the rule making process in respect of the rule change request.<sup>96</sup> The Commission decided to fast-track this rule change request. This is because it concluded that the rule change request is consistent with

<sup>96</sup> This notice was published under section 95 of the NEL and section 251 of the NERL.

relevant recommendations made by the Commission in the Review and adequate consultation with the public was undertaken during that review on the relevant recommendations.<sup>97</sup>

Accordingly, the Commission did not publish a consultation paper upon initiation of the rule change process and there has been no formal consultation carried out in this rule change process to date. We note that the issues raised in the rule change request were assessed with extensive consultation throughout the Review.

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<sup>97</sup> The decision to fast-track the rule change request was made under section 96A(1)(b) of the NEL and section 253(1)(b) of the NERL.

## B Regulatory impact analysis

The Commission has undertaken regulatory impact analysis to make its draft determination. This analysis draws on the cost-benefit analysis that the Commission undertook in the Review.<sup>98</sup> It also accounts for recent emissions amendments to the NEO and NERO, which came into effect after the Review concluded.<sup>99</sup>

As part of the Review, the AEMC engaged independent consultants Oakley Greenwood to assess the economic costs and benefits of the accelerated deployment of smart meters.<sup>100</sup>

### Box 11: Independent cost-benefit analysis by Oakley Greenwood

Oakley Greenwood's cost benefit analysis of the accelerated deployment of smart meters showed that the accelerated deployment would have significant net benefits compared to the current 'new and replacement' metering framework. Most stakeholders considered the cost-benefit analysis to be robust and agreed it provided a strong basis for the 2030 target included in this draft determination.

For the final report of the Review, the Commission engaged Oakley Greenwood to undertake further sensitivity analysis for potentially higher metering costs than those considered in the initial cost-benefit analysis. Oakley Greenwood found that the net benefits of acceleration remained positive, although smaller, in the higher cost scenario.

For more on the Commission's assessment of the costs and benefits of each policy option, see the Review's final report.

### B.1 Our regulatory impact analysis methodology

#### B.1.1 We considered a range of policy options

The cost-benefit assessment compared a range of viable policy options that are within the AEMC's statutory powers. Oakley Greenwood modelled the costs and benefits of the following options:<sup>101</sup>

- business-as-usual—that is, no changes to the NER and NERR
- accelerated deployment reaching 100 per cent smart meters by 2030
- accelerated deployment reaching 100 per cent smart meters by 2032.

#### B.1.2 We assessed the benefits and costs of each policy option

The draft determination is to make a rule for accelerated deployment targeting universal uptake of smart meters by 2030. The Commission is satisfied this is in the long-term interests of consumers, for the reasons set out in the Review and below.<sup>102</sup>

98 AEMC, Review final report.

99 Amendments to the national energy objectives took effect on 21 September 2023.

100 Oakley Greenwood, *Costs and Benefits of Accelerating the Rollout of Smart Meters*, September 2022, [https://www.aemc.gov.au/sites/default/files/2023-08/oakley\\_greenwood\\_cba\\_report\\_-\\_september\\_2022.pdf](https://www.aemc.gov.au/sites/default/files/2023-08/oakley_greenwood_cba_report_-_september_2022.pdf); Oakley Greenwood, *Sensitivity Analysis of Higher Meter, Installation and Other Costs*, August 2023, [https://www.aemc.gov.au/sites/default/files/2023-08/emo0040\\_-\\_addendum\\_to\\_oakley\\_greenwood\\_cba\\_-\\_higher\\_meter\\_cost\\_sensitivity\\_-\\_august\\_2023.pdf](https://www.aemc.gov.au/sites/default/files/2023-08/emo0040_-_addendum_to_oakley_greenwood_cba_-_higher_meter_cost_sensitivity_-_august_2023.pdf).

101 AEMC, Review final report, p. 163.

102 Ibid, p. 164.

In making its draft determination, the Commission relied on qualitative and quantitative methodologies applied in the Review to assess each policy option. The depth of analysis was commensurate with the potential impacts.<sup>103</sup>

In the cost-benefit analysis for the Review, Oakley Greenwood only included those benefits for which quantitative modelling was feasible and proportionate to the potential impacts. However, the Commission considered a broader range of costs and benefits in the Review as a whole. These broader costs and benefits have informed our draft determination.<sup>104</sup>

Leveraging the outputs of the quantitative cost-benefit assessment, the Commission identified impacts on different stakeholders – in particular, consumers – and considered the costs and benefits for each.<sup>105</sup>

### **B.1.3 We tested the sensitivity of cost-benefit results to higher metering costs**

Following the Review’s draft report, the Commission engaged Oakley Greenwood to undertake sensitivity analysis of the impacts of higher metering costs than those initially modelled.<sup>106</sup>

The Commission considered that it would be prudent to test a scenario where metering costs were significantly higher than those assumed in the Review’s draft report, noting that metering cost assumptions are key inputs into the model. Multiple sources of information can be used to estimate the costs of smart metering, and the actual costs are set by retailer-MC contracts which vary with time, location, and the businesses involved.<sup>107</sup>

Oakley Greenwood’s sensitivity analysis showed that the net benefits of acceleration are still positive, albeit reduced, in a higher metering cost scenario. Even if the ‘contingent benefits’ (tariff impacts and quicker restoration) are omitted, the net benefits remain positive or neutral for all states considered.<sup>108</sup>

### **B.1.4 Our cost-benefit analysis accounted for the NEO and NERO**

The AEMC used Oakley Greenwood’s cost-benefit analysis to support our assessment of the rule change against the following criteria:

- improve consumer outcomes
- support market efficiency
- promote innovation and flexibility
- support emissions reduction
- address implementation considerations.

These assessment criteria reflect the key potential impacts – costs and benefits – of the rule change request, for impacts within the scope of the NEO and NERO.

For more on the assessment framework for this rule change, see Chapter 2.

103 Ibid.

104 Ibid.

105 Ibid

106 Ibid, p. 168.

107 Ibid.

108 Oakley Greenwood, *Sensitivity Analysis of Higher Meter, Installation and Other Costs*, August 2023, [https://www.aemc.gov.au/sites/default/files/2023-08/emo0040\\_-\\_addendum\\_to\\_oakley\\_greenwood\\_cba\\_-\\_higher\\_meter\\_cost\\_sensitivity\\_-\\_august\\_2023.pdf](https://www.aemc.gov.au/sites/default/files/2023-08/emo0040_-_addendum_to_oakley_greenwood_cba_-_higher_meter_cost_sensitivity_-_august_2023.pdf).

### **B.1.5 We also accounted for recent changes to the NEO and NERO which require the AEMC to consider greenhouse gas emissions**

In September 2023, the national energy laws were amended to incorporate emissions reduction into the national energy objectives under the Emissions Act.<sup>109</sup> This change brings jurisdictional emissions reduction targets (or other jurisdictional targets that would contribute to emissions reduction) within the scope of the national energy framework.<sup>110</sup> It means emissions reduction is now an explicit and relevant consideration in market bodies' decision-making, such as the AEMC's regulatory impact analysis for rule changes.

The Commission expects the accelerated deployment of smart meters will support emissions reduction in the electricity sector, for the reasons discussed below. Consequently, we are satisfied the acceleration of smart meters remains in the long-term interest of consumers under the updated NEO and NERO.

Smart meters support the integration of zero or low emissions technologies. Behind the meter, smart meters support increased reliance on CER such as solar PV, battery energy storage systems and electric vehicles. In the wholesale market, smart meters facilitate more flexible demand response. This supports increased reliance on variable renewable generation.

A further, minor, emissions consideration in favour of accelerated deployment is the reduction in transport emissions from site visits to read/inspect accumulation meters due to the accelerated deployment of remotely-read smart meters.

<sup>109</sup> The amendments took effect on 21 September 2023.

<sup>110</sup> Under the updated NEL and NERL, the AEMC is required to maintain and update a targets statement that contains a list of all emissions reduction targets set by jurisdictions for reducing Australia's greenhouse gas emissions and targets that are likely to contribute to reducing emissions. The targets statement is available at <https://www.aemc.gov.au/regulation/targets-statement-emissions>.

## C Legal requirements to make a rule

This appendix sets out the relevant legal requirements under the NEL and NERL for the Commission to make a draft rule determination.

### C.1 Draft rule determination and draft rule

In accordance with section 99 of the NEL and 256 of the NERL, the Commission has made this draft rule determination in relation to the rule proposed by Intellihub, SA Power Networks and Alinta Energy.

The Commission's reasons for making this draft rule determination are set out in Chapter 2.

A copy of the draft rule is attached to and published with this draft determination. Its key features are described in Appendix D.

### C.2 Power to make the rules

The Commission is satisfied that the draft rules fall within the subject matter about which the Commission may make rules.

The draft rules fall within:

- section 34(1)(a)(iii), the activities of persons (including Registered participants) participating in the national electricity market or involved in the operation of the national electricity system
- section 34(1)(aa), facilitating and supporting the provision of services to retail customers
- section 237(1)(a)(i) of the NERL as it relates to the provision of energy services to customers, including customer retail services and customer connection services
- section 237(1)(a)(ii) of the NERL as it relates to the activities of persons involved in the sale and supply of energy to customers.

### C.3 Commission's considerations

In assessing the rule change request the Commission considered:

- its powers under the NEL and NERL to make the draft rules
- the rule change request
- the Commission's analysis as to the ways in which the draft rules will or are likely to contribute to the achievement of the NEO and NERO
- the application of the draft rules to the Northern Territory
- the extent to which the draft rules are compatible with the development and application of consumer protections for small customers.

There is no relevant Ministerial Council on Energy (MCE) statement of policy principles for this rule change request.<sup>111</sup>

<sup>111</sup> Under s. 33 of the NEL and s. 73 of the NGL the AEMC must have regard to any relevant MCE statement of policy principles in making a rule. The MCE is referenced in the AEMC's governing legislation and is a legally enduring body comprising the Federal, State and Territory Ministers responsible for energy. On 1 July 2011, the MCE was amalgamated with the Ministerial Council on Mineral and Petroleum Resources. In December 2013, it became known as the Council of Australian Government (COAG) Energy Council. In May 2020, the Energy National Cabinet Reform Committee and the Energy Ministers' Meeting were established to replace the former COAG Energy Council.



## C.4 Making electricity rules in the Northern Territory

The NER, as amended from time to time, apply in the Northern Territory, subject to modifications set out in regulations made under the Northern Territory legislation adopting the NEL.<sup>112</sup> Under those regulations, only certain parts of the NER have been adopted in the Northern Territory.

As the draft rules relates to parts of the NER that apply in the Northern Territory, the Commission is required to assess Northern Territory application issues, described below.

### Test for scope of “national electricity system” in the NEO

Under the NT Act, the Commission must regard the reference in the NEO to the “national electricity system” as a reference to whichever of the following the Commission considers appropriate in the circumstances having regard to the nature, scope or operation of the proposed rule:<sup>113</sup>

1. The national electricity system
2. One or more, or all, of the local electricity systems<sup>114</sup>
3. All of the electricity systems referred to above.

### Test for differential rule

Under the NT Act, the Commission may make a differential rule if it is satisfied that, having regard to any relevant MCE statement of policy principles, a differential rule will, or is likely to, better contribute to the achievement of the NEO than a uniform rule.<sup>115</sup> A differential rule is a rule that:

- varies in its term as between:
  - the national electricity systems, and
  - one or more, or all, of the local electricity systems, or
- does not have effect with respect to one or more of those systems

but is not a jurisdictional derogation, participant derogation or rule that has effect with respect to an adoptive jurisdiction for the purpose of s. 91(8) of the NEL.

A uniform rule is a rule that does not vary in its terms between the national electricity system and one or more, or all, of the local electricity systems, and has effect with respect to all of those systems.<sup>116</sup>

In developing the draft rules, the Commission has considered the application to the Northern Territory according to the following questions:

- Should the NEO test include the Northern Territory electricity systems? Yes. The Commission considers that the NEO test should include the Northern Territory electricity systems given that this rule will apply in the Northern Territory (even though it will have no practical effect).
- Should the rule be different in the Northern Territory? No. The Commission’s draft rules are a uniform rule because the Commission does not consider it appropriate for the draft rules to be different in the Northern Territory.

<sup>112</sup> These regulations under the NT Act are the National Electricity (Northern Territory) (National Uniform Legislation) (Modifications) Regulations 2016

<sup>113</sup> Clause 14A of Schedule 1 to the NT Act, inserting section 88(2a) into the NEL as it applies in the Northern Territory.

<sup>114</sup> These are specified Northern Territory systems, listed in schedule 2 of the NT Act.

<sup>115</sup> Clause 14B of Schedule 1 to the NT Act, inserting section 88AA into the NEL as it applies in the Northern Territory.

<sup>116</sup> Clause 14 of Schedule 1 to the NT Act, inserting the definitions of “differential Rule” and “uniform Rule” into section 87 of the NEL as it applies in the Northern Territory.

## C.5 Civil penalty provisions and conduct provisions

The Commission cannot create new civil penalty provisions or conduct provisions. However, it may recommend to the Energy Ministers' Meeting that new or existing provisions of the NER or NERR be classified as civil penalty provisions or conduct provisions.

The NEL and NERL set out a three-tier penalty structure for civil penalty provisions in the NEL, the NER, the NERL and the NERR.<sup>117</sup> A Decision Matrix and Concepts Table, approved by Energy Ministers, provide a decision-making framework that the Commission applies, in consultation with the AER, when assessing whether to recommend that provisions of the NER or NERR should be classified as civil penalty provisions, and if so, under which tier.<sup>118</sup>

The draft rules include three new provisions in the NER, which the Commission proposes to recommend to the Energy Ministers' Meeting be classified as civil penalty provisions, as set out below.

**Table C.1: NER civil penalty provision recommendations**

Clause	Description of clause	Proposed classification	Reason
7.8.10D	This clause requires retailers, within 10 business days of receiving a Shared Fusing Meter Replacement Notice from the LNSP, to appoint a MC to replace the relevant metering installations on the Shared Fusing Meter Replacement Date.	Tier 2	Failure by retailers to appoint MCs to replace meters on the Shared Fusing Meter Replacement Date will lead to additional supply outages for customers and would lead to additional costs being incurred, which would be passed on to consumers.  This Tiering is also consistent with other similar CPPs in Chapter 7 of the NER.
7.10.3(a1)	This clause requires Metering Data Providers to provide power quality data from small customer metering installations to the persons referred to in clause 7.15.5(c2) and procedures authorised by AEMO under Chapter 7.	Tier 2	Failure to provide this information to the appropriate parties would negatively impact the energy system, given this information would enhance the management of the distribution network.  This Tiering is also consistent with the corresponding obligation on Metering Data Providers to provide metering data and NMI standing data.

<sup>117</sup> Further information is available at <https://www.aemc.gov.au/regulation/energy-rules/civil-penalty-tools>.

<sup>118</sup> The Decision Matrix and Concepts Table is available at: [https://web.archive.org/au/awa/20210603104757mp\\_/https://energyministers.gov.au/sites/prod.energycouncil/files/publications/documents/Final%20-%20Civil%20Penalties%20Decision%20Matrix%20and%20Concepts%20Table\\_Jan%202021.pdf](https://web.archive.org/au/awa/20210603104757mp_/https://energyministers.gov.au/sites/prod.energycouncil/files/publications/documents/Final%20-%20Civil%20Penalties%20Decision%20Matrix%20and%20Concepts%20Table_Jan%202021.pdf).

Clause	Description of clause	Proposed classification	Reason
11.[XXX].7	<p>This clause requires retailers to:</p> <p>(a) ensure that all Legacy Meters at connection points for which it is the financially responsible Market Participant at the Replacement Deadline are replaced no later than the Replacement Deadline, unless the Affected Retailer has a reasonable explanation for failing to meet the Replacement Deadline</p> <p>(b) Where a small customer switches retailers during the final Interim Period but before a Legacy Meter at the small customer’s connection point is replaced, ensure the Legacy Meter is replaced by the later of:</p> <ol style="list-style-type: none"> <li>1. the Replacement Deadline; or</li> <li>2. six months after the small customer switches retailers.</li> </ol>	Tier 1	<p>Failure by retailers to ensure that legacy meters are replaced by the end of the acceleration period could result in customers not have access to services and offers that customers with smart meters do. Further, it would impact the success of other reforms, which rely on the deployment of smart meters, including access to power quality data to enable DNSPs to better manage their networks.</p>

Where the draft rules amend provisions that are currently classified as civil penalty provisions, the Commission does not propose to recommend to the Energy Ministers’ Meeting any changes to the classification of those provisions.

Where the draft rules remove provisions that are currently classified as civil penalty provisions, the Commission proposes to recommend to the Energy Ministers’ Meeting that these provisions cease to be classified as civil penalty provisions.

## D Summary of the draft rules

This Appendix outlines the amendments to the NER and the NERR that would be made by the draft rules.

### D.1 Commencement of the draft rules

The draft rules would have the following commencement dates:

- Electricity rule:
  - 25 July 2024:
    - Schedule 3: This transitional schedule includes the Legacy Meter Replacement Plan framework and other provisions to enable the AER and AEMO to amend and publish, where they consider it necessary or desirable, procedures, guidelines and other documents to take into account the electricity rule.
  - 22 January 2025:
    - Schedule 1: This schedule includes amendments to the metering installation malfunction framework, including the Shared fusing replacement procedure, and the testing and inspection framework.
    - The commencement date recognises the implementation work that stakeholders would need to complete to comply with the changes. It would also allow AEMO to implement any changes to its processes and systems in line with any amendments it has made to relevant documents.
  - 26 June 2025:
    - Schedule 2: This schedule includes amendments to the rules regarding PQD.
    - The commencement date recognises the stakeholder implementation work required for the PQD changes and the benefits DNSPs, consumers and the broader energy market may obtain from PQD.
- Retail rule:
  - 25 July 2024:
    - Schedule 1: This schedule includes broader amendments to the NERR, including changes to customer notices, enabling small customers to request a meter for any reason and the removal of opt-out provisions.
  - 26 June 2025:
    - Schedule 2: This schedule includes amendments to the NERR to establish the Site defect notice procedure.
    - Schedule 3: This transitional schedule includes amendments to implement the tariffs and charges safeguards.

### D.2 NER key concepts

The draft rule includes several changes to the NER, which can be broadly grouped as follows:

1. Introducing a process for the roll out of smart meters by 2030, by providing for the development and implementation of LMRPs. DNSPs would be required to develop, through consultation with affected stakeholders, plans for the replacement of all Type 5 and 6 metering installations (or legacy meters). Retailers would be responsible for arranging for the replacement of legacy meters in accordance with those plans.

2. Introducing a streamlined replacement process for meters impacted by shared fusing.
3. Improving the repair process for malfunctioning meters in clause 7.8.10 and the associated exemptions procedures. The amended process will link to the Shared fusing meter replacement procedures and also improve processes and time frames for repair.
4. Amending the requirements for meter testing and inspections under asset management strategies developed by MCs. AEMO will be required to develop Asset Management Strategy Guidelines to facilitate the development and implementation of asset management strategies.
5. Facilitating the collection and delivery of PQD from smart meters, which is data regarding the characteristics of the power supply as measured by a meter (including voltage, current and power factor). This will be made available to DNSPs to support network planning.

Changes are required to Chapter 7, Chapter 10 and Chapter 11 of the NER. These changes are discussed in more detail in A.3 below.

## D.3 Draft NER amendments by chapter

### D.3.1 Chapter 7

Relevantly for the draft rule, Chapter 7 includes requirements for the testing and inspection, replacement, and repair of metering installations, as well as a regime for the collection and handling of data associated with metering installations.

The draft rule will amend and supplement the existing provisions, to achieve the objectives set out at paragraphs 2 to 5 above. The key changes are detailed in the table below.

**Table D.1: List of changes to Chapter 7**

	Provision	Proposed amendment
<b>Power quality data</b>		
1	Clause 7.3.1	Clause 7.3.1 sets out the responsibilities of an MC. It would be amended to expand those responsibilities to the collection, processing and delivery (to relevant people) of PQD, as well as managing the security of and access to PQD (per cl 7.3.1(a)(2) and (3)).  The MC would be exempted from those responsibilities in relation to metering installations not technically capable of supporting the collection and remote communication of PQD (new paragraph (a1)).
2	Clause 7.10.1	Clause 7.10.1 deals with Metering Data Services. It would be amended to include reference to PQD, where required, to enable the collection, delivery, validation and substitution (to the extent required) and protection of PQD (by introducing new sub-paragraphs (a)(1A) and (a)(4AA) and amending sub-paragraphs (a)(6) and (a)(8).
3	Clause 7.10.2	Clause 7.10.2 deals with data management and storage. Paragraph (e1) would be amended to provide that, if an MDP becomes aware that incorrect PQD is provided to a person, then it must provide corrected PQD to that person.
4	Clause 7.10.3	Clause 7.10.3 deals with the provision of metering data to certain people. New paragraph (a1) would be inserted to extend to the provision of PQD to the people referred to in the new clause

	Provision	Proposed amendment
		7.15.5(c2) (described below at row 7) and paragraph (b) would be amended to extend restrictions on the provision of data to include PQD.
5	Clause 7.15.1	Clause 7.15.1 deals with the confidentiality of relevant data. This clause would be extended to include reference to PQD (by amending paragraph (a) and inserting new paragraph (c)).
6	Clause 7.15.4	Clause 7.15.4 provides for additional security controls in respect of small customer metering installations. This clause would be extended (new paragraph (b1)) to provide that an MC must ensure that PQD is only given to a person and for a purpose that is permitted under the NER.
7	Clause 7.15.5	<p>Clause 7.15.5 provides for access to energy data. This clause would be expanded to provide Local Network Service Providers (LNSPs) and AEMO with a right to receive PQD in respect of a small customer metering installation (new paragraph (c2)).</p> <p>It would also be amended to ensure that PQD is accessed in a way that ensures congestion does not occur (cl 7.15.5(b)).</p>
8	Clause 7.16.3	Clause 7.16.3 sets out the requirements of the metrology procedure. This clause would be amended to include reference to the substitution of PQD, to the extent required (cl 7.16.3(a)(6)(i)).
9	Clause 7.16.6	Clause 7.16.6 deals with the service level procedures. This clause would be amended to include reference to the requirements regarding the delivery of, appropriate service levels for and processes and procedures for sharing PQD (via amendments to sub-paragraphs (c)(2), (c)(3) and (c)(4), and the inclusion of new sub-paragraphs (c)(9) and (c)(10)).
<b>Metering installation malfunction processes and shared fusing metering replacement procedure</b>		
10	Clause 7.8.10	<p>Clause 7.8.10 deals with metering installation malfunctions.</p> <p>The timeframes for repair of a metering installation at a small customers premises (set out in cl 7.8.10(a)(2)) would be amended to have different timeframes for individually identified malfunctions and family failures (which are new definitions to be inserted into Chapter 10, as described below).</p> <p>The clause would also be amended to remove the extension of time for repair where a meter has shared fusing; instead, where there is shared fusing, the Shared Fusing Meter Replacement Procedures (described below) will apply.</p> <p>The process for obtaining exemptions from the repair timeframes will also be amended. Currently a Metering Coordinator must provide a plan for rectification of the metering installation once it has been granted an exemption. Under the draft rule, the plan will need to be provided at the time of making the application.</p>
11	Clauses 7.8.10A, 7.8.10B and 7.8.10C	Clauses 7.8.10A, 7.8.10B and 7.8.10C deal with the timeframes for the replacement of meters in certain circumstances.

	Provision	Proposed amendment
		Paragraph (c1) of each of these clauses would each be amended so that rather than the current timeframes for where there is shared fusing, the Shared Fusing Meter Replacement Procedures (described below at row 15) will apply.
12	New cl 7.8.10D	<p>A new cl 7.8.10D would be inserted to introduce the Shared Fusing Meter Replacement Process.</p> <p>Under the new process, where a Metering Coordinator becomes aware that repairing, installing or replacing a metering installation requires interrupting supply to other small customers, this will trigger a process for replacement of all the affected meters. Once the Metering Coordinator becomes aware of the shared fusing, it must notify the relevant retailer. The retailer must in turn notify the LNSP, who must then identify each NMI that will require interruption of supply. The LNSP must then issue a notice to each relevant retailer specifying a date for replacement of all the affected meters. The retailers must then appoint MCs and arrange for the replacement of the meters on the designated date.</p>
<b>Testing and inspection</b>		
13	Clause S7.6.1	<p>Clause S7.6.1 deals with inspection and testing requirements for metering installations.</p> <p>Clause S7.6.1 would be amended to include an Asset Management Strategy Objective, which provides that the objective of an asset management strategy is to ensure MCs have a testing and inspection strategy in place to reliably test meter accuracy and detect meter condition faults in a reasonable period, having regard to the costs and benefits to consumers.</p> <p>It would also be amended to require AEMO to develop Asset Management Strategy Guidelines that provide guidance to MCs on the development of their asset management strategies. The amendments would also provide AEMO with the factors it must take into consideration in developing or amending the Asset Management Strategy Guidelines.</p> <p>Minor amendments to cl S7.6.1(c) will also be made, to implement the new definition of asset management strategies (which is to be inserted into Chapter 10, as described below).</p>
14	Clauses S7.1.2 and S7.6.2	Clauses S7.1.2(b)(6) and S7.6.2 would be amended to include reference to asset management strategies (which is a new definition to be inserted into Chapter 10, as described below).
15	Tables S7.6.1.2 and S7.6.1.3	Each of tables S7.6.1.2 and S7.6.1.3 would be amended to require testing and inspections to be undertaken in accordance with an asset management strategy unless covered by a Legacy Meter Replacement Plan.

### D.3.2 Chapter 10

A number of new definitions would be added to Chapter 10, and some existing definitions amended, to facilitate the above changes to Chapter 7. These are set out in the table below.

**Table D.2: List of amendments to Chapter 10**

	Definition	Proposed amendment
1	asset management strategy	A new definition of “asset management strategy” will be included. The definition will be tied to the approval of a strategy under cl S7.6.1.
2	Asset Management Strategy Guidelines	A new definition of “Asset Management Strategy Guidelines” will be included. The definition will be tied to the description and requirements for the Asset Management Strategy Guidelines under cl S7.6.1(g).
3	family failure	A new definition of “family failure” will be included and will provide that “family failure” is a type of metering installation malfunction that is identified through sample or statistical testing conducted pursuant to an asset management strategy.
4	individually identified malfunction	A new definition of “individually identified malfunction” will be included and will provide that an “individually identified malfunction” is a type of metering installation malfunction that that is not identified through sample or statistical testing conducted pursuant to an asset management strategy.
5	legacy meter	A new definition of “legacy meter” will be included and will be defined by reference to the transitional provisions in Chapter 11, which will in turn define legacy meter as all Type 5 and 6 metering installations in operation at 1 July 2025.
6	Legacy Meter Replacement Plan or LMRP	A new definition of “Legacy Meter Replacement Plan” will be included and will be defined by reference to the transitional provisions in Chapter 11.
7	metering data services	The definition would be amended to include reference to PQD.
8	power quality data	A new definition of “power quality data” will be included and will refer to the characteristics of power supply as measured by the meter (and will include voltage, current and power factor).
9	Shared Fusing Meter Replacement Process	This new term will be added and be defined by reference to the new cl 7.8.10D.

### D.3.3 Chapter 11

Chapter 11 would be amended to include a new transitional provision, clause [11.XXX], that will introduce a process for the acceleration of the rollout of smart meters.

The draft rule includes an “LMRP Objective”, which requires that all legacy meters (being Type 5 and 6 metering installations in operation on 1 July 2025) be replaced with Type 4 meters between



1 July 2025 and 30 June 2030 (the LMRP Period). The LMRP Objective will be supported by requiring the development and implementation of LMRPs.

Local Network Service Providers will be responsible for the development of the LMRPs, and retailers will be responsible for the replacement of the legacy meters covered by an LMRP. Civil penalties will apply if a retailer fails to replace all legacy meters for which it is responsible by the end of the LMRP Period.

### **Development, consultation and approval of the LMRP**

LMRPs will be developed by Local Network Service Providers and will cover the replacement of all legacy meters at connection points on the Local Network Service Provider's distribution network. LMRPs will include a description of the replacement program, including the total number of legacy meters to be replaced in each year of the LMRP Period (described as Interim Targets), and a summary of the process for the development of the LMRP, including how the LNSP engaged with stakeholders and addressed their concerns (clause [11.XXX.2(b)]).

In developing an LMRP, a LNSP will be required to have regard to the "LMRP principles", which include:

- that for each Interim Period, the target for replacement of legacy meters should be around 15-25 per cent
- the overall efficiency of the LMRP
- the impact of the LMRP on retailers impacted by the LMRP (described as Affected Retailers) and other affected stakeholders
- appropriate and efficient workforce planning.

By 30 September 2024, the LNSP must provide a copy of a draft LMRP to Affected Retailers and MCs, as well as a schedule specifying the legacy meters and corresponding NMIs to be replaced in each Interim Period, and must invite feedback on the draft LMRP (clause [11.XXX.3]).

Following consultation, the LNSP must submit the LMRP to the AER for approval. The AER will be required to approve an LMRP where it meets the "LMRP Requirements", being the requirements set out in new clauses [11.XXX.2 and 11.XXX.3]. If the AER does not approve the LMRP, then the LNSP will be required to resubmit the LMRP in a form that complies with the LMRP Requirements and addresses any defects identified by the AER.

Once the LMRP has been approved, the AER must publish a copy, and the LNSP must notify Affected Retailers and MCs, provide them with a copy of the schedule specifying the legacy meters and corresponding NMIs to be replaced in each Interim Period, and record the details of the LMRP in MSATS.

### **Amendment of an LMRP**

An LMRP may only be amended where it is affected by a "Material Change" or "Material Error" which, broadly, means a change in circumstances (that was not reasonably foreseeable) or an error which would materially adversely affect the Affected Retailers ability to comply with the LMRP.

The amendment process, at a high level, requires that an Affected Retailer make an amendment application to the LNSP, setting out the Material Change or Material Error and the reasons why a failure to amend the LMRP is likely to materially adversely affect the Affected Retailer's ability to comply with it. Following receipt of an application, the LNSP may (at its discretion), amend the LMRP and, in doing so, may either accept amendments proposed by the Affected Retailer or may propose and consult on its own amendments in accordance with the consultation procedure

described above (clause [11.XXX.3]). The amended LMRP must then be submitted to the AER for approval following the same process as outlined above.

### **Interim Targets**

The new provision will include that, the day immediately prior to commencement of each Interim Period, the LNSP must make an Interim Target available in MSATS to each Affected Retailer. The Interim Target must identify the connection point and corresponding NMI for each legacy meter to be replaced in the Interim Period by the Affected Retailer. The Affected Retailer must use its best endeavours to meet the Interim Target.

### **Replacement Deadline**

A retailer must ensure that all legacy meters for which it is responsible on 30 June 2030 (the Replacement Deadline) are replaced by that date, unless the Affected Retailer has a reasonable explanation for failing to meet the deadline. Failure to meet this deadline will be a civil penalty provision.

However, where a small customer switches retailers during the final Interim Period (i.e., between 1 July 2029 and 30 June 2030), then the incoming retailer will be given a six-month grace period in which to replace the meter.

### **Reporting requirements**

The draft rule includes reporting requirements for Affected Retailers and the AER.

Affected Retailers will be required to report to the AER on their compliance with the LMRP for each Interim Period. At a high level, the reporting requirements include how many legacy meters the Affected Retailer replaced in the Interim Period and the percentage of the Interim Target that was achieved, details regarding the replacement of meters where the customer switched retailers, how many legacy meters the Affected Retailer will need to replace in the future Interim Periods, and an explanation of its progress against the Interim Targets.

There will be additional reporting requirements for the final Interim Period. For the final Interim Period, Affected Retailers will have to include in their reporting: the total number of legacy meters that the Affected Retailer replaced over the LMRP Period; whether the Affected Retailer has complied with the obligation to meet the Replacement Deadline and reasons for any non-compliance; and the Affected Retailer's plans to replace any legacy meters that had not yet been replaced.

Affected Retailers will also need to provide a final report before 31 March 2031 which includes, among other things, whether the Affected Retailer replaces all relevant legacy meters by the Replacement Deadline and, if any were not replaced, the number that were not replaced and the reasons why.

The AER will be required, as part of its annual retail market performance report under s 284 of the NERL, to report on Affected Retailers' compliance with Interim Targets and progress against the LMRP Objective, and to report, as part of its FY31 reporting, on compliance with the replacement deadline and whether the LMRP Objective has been met.

### **Other amendments**

The draft rule also includes:

- a prohibition on retailers charging upfront costs or exit fees to new small customers for the replacement of legacy meters that are replaced pursuant to an LMRP. The prohibition would apply until 31 December 2030

- a deeming provision that renders certain information under the new provision to be NMI Standing Data during the LMRP Period
- a requirement for AEMO to update the Market Settlement and Transfer Solution Procedures to facilitate the collection and input of information regarding site defects and information regarding legacy meters to be replaced under an LMRP
- provision for general updates by the AER, AEMO and the IEC to make any amendments to procedures, guidelines and other documents that are required to take into account the draft rule.

## D.4 NERR key concepts

The draft rule also includes changes to the NERR, which can be broadly grouped as follows:

- facilitating the acceleration of the rollout of smart meters by removing a small customer’s rights to opt out of receiving a smart meter
- expanding the circumstances in which a notice must be given regarding replacement of a meter, and amending the information required to be provided under those notices
- introducing notice requirements in relation to site defects and in relation to tariff changes where a meter is replaced pursuant to a LMRP.

The key NERR changes are summarised in the table below.

## D.5 Draft NERR amendments

**Table D.3: Amendments to the NERR**

	Provision	Proposed amendment
1	Rules 59A and 59C	<p>Rule 59A deals with notices to small customers on deployment of new electricity meters and includes details regarding a small customer’s right to opt out of a meter replacement.</p> <p>The rule would be amended to remove the customer right to opt out of having their meter replaced (requiring amendments to r 59A(1), (3), (4), (5), (6), (7), (8) and (9)).</p> <p>To ensure appropriate notice is given for a replacement under a LMRP, r 59A(2) would be amended to expand the circumstances in which a notice must be given to include where a meter is replaced with a Type 4 or 4A meter (including where the replacement does not constitute a “new meter deployment”, which is the language currently used in the provision).</p> <p>The notice requirements under r 59A will also be streamlined. The number of notices required to be issued will be reduced from two to one (requiring amendments to r 59A(2) and (3)), and the timeframe for issuance will be between 4 and 60 business days before the meter is due to be replaced (r 59(2)).</p> <p>The information required to be provided under the notice (r 59A(3)) will also be amended to remove the current requirements regarding opt out rights and to include:</p> <ul style="list-style-type: none"> <li>• reasons why the meter is being replaced</li> </ul>

	Provision	Proposed amendment
		<ul style="list-style-type: none"> <li>a summary of services available as a result of having a Type 4 meter</li> <li>dispute resolution options and relevant contact details</li> <li>the customer’s rights and responsibilities regarding the new meter</li> <li>how the customer can access data from the meter</li> <li>any changes to the contract as a result of the meter replacement.</li> </ul> <p>A minor amendment to r 59C(3) is also required, to reflect the reduction from two notices to one under r 59A.</p>
2	New rule 59AA	<p>A new r 59AA will be included that will:</p> <ul style="list-style-type: none"> <li>allow a small customer who has a meter other than a Type 4 meter, to request their meter be replaced with a Type 4 meter</li> <li>require a retailer to replace the customer’s meter with a Type 4 meter in accordance with the relevant provisions of the NER.</li> </ul>
3	New rule 59AAA	<p>A new rule 59AAA will be included that introduces notice requirements where a site defect is identified. Broadly, the provision will require that where a metering coordinator cannot install a meter because of a site defect, it must notify the relevant retailer who in turn notify the small customer and request the rectification of the defect.</p> <p>If the defect is not rectified within 40 business days, the retailer must send the small customer another notice. 40 business days after issuing the second notice, the retailer must seek confirmation of whether the defect has been rectified and, if so, must progress the installation in accordance with the requirements of the NER. If the defect has not been rectified, or the retailer cannot confirm, then the retailer is not required to complete the installation.</p>
4	Schedule 3	<p>Schedule 3 contains the savings and transitional rules for the NERR. The draft rule includes a new part to be included in Schedule 3 which will require retailers to provide a notice to customers regarding any change in tariffs arising from a meter replacement. This will only apply during the smart meter rollout acceleration period (from 1 July 2025 and 31 December 2030).</p>

## Abbreviations and defined terms

AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AMS	Asset management strategy
CBA	Cost-benefit analysis
CER	Consumer energy resources
Commission	See AEMC
DNSP	Distribution network service provider
EV	Electric vehicle
FRMP	Financially responsible market participant
LMRP	Legacy Meter Replacement Plan
LNSP	Local Network Service Provider
MC	Metering coordinator
MCE	Ministerial Council on Energy
MDP	Metering data provider
MFIN	Meter Fault and Issue Notification
MP	Metering provider
MSATS	Market Settlement and Transfer Solutions
NEL	National Electricity Law
NEM	National Energy Market
NEO	National Electricity Objective
NER	National Electricity Rules
NERL	National Energy Retail Law
NERO	National Energy Retail Objective
NERR	National Energy Retail Rules
NGL	National Gas Law
NGO	National Gas Objective
NGR	National Gas Rules
NMI	National Meter Identifier
NT Act	<i>National Electricity (Northern Territory) (National Uniform Legislation) Act 2015</i>
Proponents	The individual / organisation who submitted the rule change request to the Commission
PQD	Power quality data
PV	Photovoltaic
Review	Review of the regulatory framework for metering services
TIGS	Temporary Isolation of Group Supply