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John Pierce
Chairman
Australian Energy Market Commission
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SYDNEY SOUTH NSW 1235

Dear Mr Pierce

Submission on expanding competition in metering

Please find attached our submission regarding the Australian Energy Market Commission's consultation paper on the National Electricity Amendment (Expanding Competition in Metering and Related Services) Rule 2014.

We would be pleased to provide further assistance to the Commission on this important area of reform. If you would like to discuss any aspect of our submission please contact Craig Madden, Director, Network Regulation, on (03) 9290 1443.

Yours sincerely



Andrew Reeves
Chairman
Australian Energy Regulator



Rule changes—expanding competition in metering

AER Submission to AEMC Consultation Paper

May 2014

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1 Summary

The Australian Energy Regulator’s substantive positions in response to the rule changes proposed by the Standing Council on Energy and Resources (SCER) (now the COAG Energy Council) and to the Australian Energy Market Commission’s (AEMC) consultation paper are set out below.

<p>Removing exclusivity</p>	<ul style="list-style-type: none"> ▪ Any accredited party can be a Metering Coordinator. This provides the most open field for competition in metering and related demand management services, and maximises customer choice should they wish to exercise that right. However: <ul style="list-style-type: none"> ▪ The merits of allowing third parties to become Metering Coordinators independently of retailers should be explored more fully and weighed against the costs that could arise in terms of increased market/consumer complexities (discussed below). ▪ Distribution businesses should be ring fenced if wanting to compete with others for the Metering Coordinator role. Amendments to our ring-fencing guidelines will be needed.
	<ul style="list-style-type: none"> ▪ There are likely to be merits in allowing non-Victorian regulated distributors to maintain their current Responsible Person / Metering Coordinator roles but only for regulated meters already installed. ▪ To facilitate the transition to competition we support: <ul style="list-style-type: none"> ▪ unbundling regulated metering from Distribution Use of System (DUoS) charges by reclassifying these as Alternative Control Services—customers don’t continue to pay metering charges if no longer receiving regulated metering services. ▪ an explicit AER role in determining exit fees from regulated assets. We should maintain discretion on how these are determined and whether caps should be set—providing flexibility for us to develop our approach, in consultation with consumers and industry. ▪ For Victorian regulated distributors, support maintaining their exclusivity on the Responsible Person / Metering Coordinator role for the duration of the Advanced Metering Infrastructure (AMI) mandate. Extending exclusivity for these meters (until customers replace them) could be simple to implement but negate / defer benefits from competition and would inhibit consumer choice.
	<ul style="list-style-type: none"> ▪ Regulated distributors should pay for services enabled by advanced meters on an equal access basis. They should not own meter assets or be the Metering Coordinator (this should only be via their ring-fenced businesses). This best balances the need for regulated distributors to obtain possible network management benefits, while not inhibiting competition in metering services.
<p>Market relationships & complexities</p>	<ul style="list-style-type: none"> ▪ Customers on standing or default retail contracts should use their retailer’s choice of Metering Coordinator. Customers willing to exercise choice and source/contract their own Metering Coordinator should go onto a market retail contract. This is akin to current Retail Law and Rules arrangements that distinguish between standing (default) offers, and market offers as products of choice.
	<ul style="list-style-type: none"> ▪ To mitigate potential barriers to customer switching and clarify arrangements where Metering Coordinators or retailers fail, some minimum requirements might be considered for relationships between retailers and Metering Coordinators.
	<ul style="list-style-type: none"> ▪ Existing Retail Law and Rules arrangements appear a sufficient model to protect consumers in their interactions with Metering Coordinators, should they choose to exercise this option, but an appropriate dispute resolution framework may be required. ▪ This model also appears appropriate where consumer consent or information is required when parties seek to upgrade a customer’s meter. In these situations, explicit informed consent should be given where upgrades lead to changes in charges or services agreed in a contract, and/or changes in a customer’s ability to use its energy.
	<ul style="list-style-type: none"> ▪ We caution against requiring retailers to specify metering charges in bills without further consideration of what form these charges may take, given the practical difficulties of its implementation and unclear benefits to consumers.

2 Introduction

The AER welcomes the opportunity to respond to the AEMC's consultation paper. This rule change seeks to facilitate greater commercial investment and competition in the technologies and related roles that can enable greater responsiveness and efficiency of consumption decisions in the National Electricity Market. In reviewing the proposal, we considered the AEMC's assessment framework—supporting innovation and efficient investments to maximise overall market efficiency and encourage consumer participation and choice as to services matching their preferences.

Advanced meters can be a key platform to enable more time varying tariffs, information access and demand control and other services for consumers.¹ Innovations in and effectiveness of these technologies could depend on the parties seeking to provide services around these. To date, most metering services for residential/business consumers have involved basic tasks of installing/maintaining assets and manually relaying basic consumption data to reconcile market systems. As tariffs evolve, so too might the technologies that enable local generation and storage options, integrate meters with consumer devices or display systems, and the services that parties might seek to provide in this space.

Given this potential market evolution, it is important that the supply or provision of such services to consumers should not be restricted to any one person, such as regulated businesses, under the umbrella of the current regulated (chapter 6) model in the NER. Therefore the AEMC must be cautious not to prejudice the form that competition should or might take. Such an outcome will likely inhibit technological evolution and roll out. We support competition where it is feasible and can generate efficiency gains to consumers and the market. Broadly, these principles would be supported by:

- Decoupling the Metering Coordinator role from that of any party and avoiding exclusivity on any meter type—allowing competitive (unregulated) businesses to compete for this role and directly contract with customers. The exception is for meters already installed by regulated non-Victorian distributors, where exclusivity as a transitional measure will unlikely impact broader competition. However, to ensure the arrangements are as efficient as possible, the AEMC should explore the significance of the Metering Coordinator role, circumstances where third parties might independently seek this role and how competition in this role could maximise consumer choice, innovation and efficient investment.
- Limiting regulated distributor investments in potentially competitive metering assets while still permitting their competitive negotiation of, and payment for, access to network efficiency benefits from services provided by advanced meters.² This best balances the need for neutrality in competitive markets while facilitating efficient network operation. Unbundling of regulated metering charges and commensurate exit fees can help facilitate a transition to a competitive model.

The benefits of competition and choice need evaluation against the potential market and consumer complexities that could emerge around how different parties interact/contract with each other in the market. In addressing these issues, we caution against overly prescriptive regulation on matters of commercial negotiation, applying minimum requirements only where these can lower transaction costs. For example:

- Leaving relationships between Metering Coordinators and Retailers to commercial negotiation—but with regard to some minimum requirements to facilitate customer switching and clarify arrangements where retailers or Metering Coordinators go out of business.
- Leaving customer contracting, where they have actively chosen to seek their own Metering Coordinator, to be governed by general Retail Law/Rules and Australian Consumer Law frameworks—but, with recourse to an appropriate dispute resolution framework.
- Not prescribing how retailers inform customers of their metering charges—but merely requiring them to do so if requested.

¹ Not all load control is dependent on meters. Devices can be installed on consumer premises to interact with appliances, independently of meters.

² An example could be paying to access to the ability to directly control consumer loads in various ways during peak times, helping to negate/defer the need for network expenditure.

3 Removing exclusivity

The AEMC's consultation paper seeks comment on a broad range of issues proposed in this rule change. These include where any aspects of exclusivity in the provision of metering and related services might currently exist, where it should be removed or maintained, either under or in a transition to an overall model of competition.

3.1 Competition in MC role

The most significant of these exclusivity positions appears to be with regard to who can take on the role of a Metering Coordinator, the responsibilities of whom relate to those of the current Responsible Person.³ SCER proposes to decouple this role from that of any particular party (i.e. not solely linked to the role of retailer or regulated distributor) such that any accredited party, including a retailer, a ring-fenced distributor, or a third party could compete to take on this role. We support this framework, but some aspects of the detailed workings of this model need to be explored further, as noted below.

SCER's proposal allows third parties to perform this role via a retailer or through a direct relationship with a customer. The holding of the Metering Coordinator role appears to enable parties to be better placed to bundle together other services for consumers, including demand/energy management services. This is because the Metering Coordinator would own the meter. While it is difficult and problematic to try and predict the form that competition should take, we support SCER's proposal for the following reasons:

- It appears to represent the approach least reliant on pre-judgements on the form that competition should take, providing the most open field for competition as to who can be a Metering Coordinator and maximising customer choice—should they wish to exercise it. The latter point is important, in that customers will not be forced into direct contracting outside of their retailer. Nevertheless, they will have that option.
- Current NER arrangements permit companies to compete to provide specific aspects of metering services, including installation/maintenance of assets or management of data. However, the NER appears to significantly limit the ability of third parties to take on this role and offer services independently of retailers or distributors and contract directly with customers.

While the removal of exclusivity in the metering coordinator role could maximise consumer choice and not inhibit innovative forms of competition, we recommend that the AEMC explore the following:

- Clarification on the exact significance of the Metering Coordinator role—that is, the extent to which holders of this role would be better placed to offer other services to consumers such as demand/energy management. As noted above, bundling of energy management services could be an area of potential market interest.
- Broad circumstances where third parties might seek to directly contract with customers and if offering services via this role will lead to more efficient outcomes and choices for consumers than if third parties could only offer these services through a retailer.
- While SCER's proposal appears to have the Metering Coordinator owning the meter, consideration is needed on whether a customer might actually own the meter or at least have the option of doing so. This will influence meter churn. Meter portability in the face of retailer switching ought to be considered, if customers want this option.

³ This role is set out in section 7.2.1 of the NER.

3.2 Transitioning from regulated activities

While competition appears a desirable model to encourage efficient investment in metering services (as agreed by SCER), these services can provide important benefits to regulated network businesses. These businesses have exclusively provided, maintained and owned the majority of meters installed on residential and business premises (i.e. type 6—accumulation and type 5—manually read interval meters). Decisions are therefore needed on both how these regulated businesses should interact in a competitive market in future, but more importantly and in the interim, what, if any, arrangements need to be put in place with regard to regulated assets already installed and sunk.

To maximise consumer choice and not inhibit competition we suggest removing exclusivity where competition is possible, but maintaining exclusivity in select circumstances where competition is unlikely to emerge or unlikely to be affected. For instance:

Regulated distributor involvement:

- Only allow distributors to compete to take on the role of Metering Coordinator if they have ring fenced these activities from regulated activities. Allowing regulated businesses who are guaranteed recovery of costs to compete with unregulated businesses could inhibit competition.
- To support this framework, we will need to amend the ring fencing guidelines that we currently administer.⁴ These were inherited from jurisdictional regulators and need to be updated. Generally, these call for separations between regulated and unregulated activities—a distinction that this rule change explicitly makes. However, their language differs and their focus is linked to old jurisdictional requirements and concerns evident in the early days of the NEM's establishment such as separation between generation and transmission/distribution and retail.

Transitional arrangements for non-Victorian distributors:

- As a transitional measure maintain regulated distributor exclusivity for meters that at the time this rule change commences, are already installed and regulated by us (types 5 and 6 meters). For such meters, on balance there are unlikely to be gains from introducing competition in meter coordination, noting that maintaining exclusivity here would:
 - Unlikely affect competition for customers who want to purchase more advanced forms of meters from competitive providers—providing exit fees are commensurate and there are not any other barriers to customers removing these meters.⁵
 - Provide a guarantee that the overall approach to meter costing will not change—we would maintain regulatory oversight of prices. This maintains the status quo for distributors and consumers—so as not to represent an ex-post change in regulation.
 - While this approach could present some barriers for consumers seeking to install upgrades onto these meters (as opposed to like-for-like replacement of them), this might be an unlikely scenario, particularly for accumulation meters which cannot be easily/cheaply upgraded.
- This position does not extend to exclusivity over new versions of types 5 and 6 meters (i.e. still basic accumulation or interval meters without real time functionality) installed

⁴ These jurisdictional ring fencing guidelines were developed prior to the transfer of functions to the AER and have been deemed to have been prepared by us. These remain in force subject to any replacement/amendment by guidelines developed under the National Electricity Law and Rules—this has not yet occurred.

⁵ These fees could be minimal or non-existent where the meter asset has been fully depreciated.

after this rule change commences. Maintaining exclusivity in this regard could inhibit or delay customer interest in the market for advanced metering.

Recovering sunk assets of regulated distributors

- To facilitate competition and customer interest in advanced metering, we support SCER's proposal to unbundle regulated metering charges from the general Distribution Use of System (DUoS) charges shared across all customers. We have already signalled our intention to unbundle these charges by reclassifying them from Standard Control into Alternative Control services.⁶ This allows customers to be directly charged for these services, and avoids the customer continuing to pay metering charges where they remove existing regulated meters to opt for advanced and unregulated meters.
- Unbundling may also require exit fees payable to regulated distributors to be determined. This is to avoid stranding of their existing assets, to the extent that these are not fully depreciated at the time a customer wants to remove an existing regulated meter in favour of competitive provision or if this is not otherwise recovered. Exit fees will be required only for the existing stock of regulated meters. As we recommend above, new meters should be unregulated, in which case they would be outside the scope of regulated exit fees. We strongly support SCER's proposal for the AER to have explicit responsibility in determining exit fees from regulated meters, an activity we already undertake now.⁷ However we recommend that:
 - We maintain the full discretion we currently have on both how to determine these fees and whether they should be capped. However, any NER specification of exit fee criteria should be kept at the broad principles level currently proposed by SCER. Maintaining our discretion provides flexibility to adapt our approach in consultation with consumers and industry. We are conscious of the need for exit fees to be efficient and cost reflective. We are also aware of the need to consider how the treatment of exit fees could affect customers wanting to switch to more advanced metering and competition in these services. There are various options here, including having high ongoing metering costs with low exit fees or vice versa, and the options of directly allocating fees to customers or smearing these across the customer base. We intend to examine and develop our approach in consultation. This would ideally be through a guideline that could provide our approach on a nationally consistent basis. For upcoming revenue determinations for NSW/ACT these issues will need to be considered in finalising our service classification and other decisions as part of those determinations.
 - The AEMC further consider the potential applicability under a contestable model of the existing NER provision requiring retailers and distributors to negotiate with regard to exit fees.⁸ Currently the interpretation and application of this provision is unclear, as it applies to regulated meters, when we currently already determine such fees.

Transitional arrangements for Victorian distributors

- These distributors currently have a State government mandate to roll out advanced meters.⁹ Consistent with this mandate and related regulatory requirements set out in the NER, for our upcoming revenue determination, we will have to classify these services as regulated alternative control services, even though these type 4 meters would normally be classified as

⁶ This has been set out in our recent Framework and Approach papers for NSW/ACT, Qld and SA.

⁷ To date we have only made an exit fee determination in relation to the South Australia distribution network. AER, *Final Decision – South Australia Distribution Determination 2010-15*, May 2010.

⁸ Clause 7.3A(g) of the NER.

⁹ We understand this mandate expires in 2016. Victorian AMI OIC, Amendment, Clause 3.1(e), 25 November 2008.

being unregulated. These provisions also require this regulated service classification to be maintained for the duration of the upcoming regulatory period.¹⁰ The costs and benefits of different options for the treatment of these meters at the mandate's end need evaluating. Any decision to remove exclusivity at the mandate's end would still need to address the NER provisions that prescribe the regulated service classification.

- An option for meters installed under the mandate could be to maintain regulated distributor exclusivity on the Responsible Person/Metering Coordinator until a customer elects to replace one of these with a meter sourced from a competitive provider. This would be a simple option in that it would avoid possibly needing to decide transfer arrangements for meters installed under the mandate.¹¹ While this option could be simple, it would present some concerns:
 - These are advanced meters capable of providing innovative services for customers, in contrast to the accumulation or manual interval meters prevalent in other jurisdictions.
 - Maintaining exclusivity beyond the time of this mandate would at the very least delay the emergence of competition and consumer choice in services on meters most likely to generate such interest. Customers would be limited to the offers of regulated distributors, clearly against the intent of SCER's rule change.

3.3 Network management and competition

Advanced meters with their capability for two-way communication can, while benefitting consumers, also provide functions to potentially derive efficiencies for regulated distributors. These include network operation functions (e.g. accessing fault detection information, enabling remote disconnect or reconnect) or enabling signals to control customer loads. In some cases, use of these might help negate or delay the need for building more network poles and wires and could be efficient for the distributor. This raises a paradox whereby an activity undertaken by a regulated business could be efficient for the business and consistent with NER arrangements, while at the same time, at least some of these services could be subject to competition.¹² To resolve this paradox and not place parties in favourable positions that may inhibit competition in services that could be contestable and likely to drive greater efficiency and innovation, we support:

- SCER's proposal that no regulated distribution business should be allowed to take on the role of Metering Coordinator and install and own meter assets, either as part of a demand management business case or more broadly. This avoids putting customers in a situation where they would be inhibited from exercising choice on who provides their metering services and be limited to the service offerings of regulated distributors.
- SCER's proposal that regulated businesses be permitted to negotiate and pay for services/functions enabled by advanced meters. Any such payments could be recoverable via regulated revenues. We consider this approach best balances the need for an even playing field to promote competition and maximise consumer choice, while providing regulated distributors with access to important functions that are integral to the efficient operation of their networks and their network investment decisions.

¹⁰ Section 11.17.6 of the NER – AMI Order in Council

¹¹ For example, if at a set time no Victorian regulated distributor can be a Metering Coordinator, consideration would be needed as to who takes on the current meter, how it is transferred from the regulated business and how to conceive of exit fees. In this situation a regulated exit fee might not be applicable as these relate only to regulated services. Exit fees from meters installed under the Victorian mandate are determined by us, applying criteria set in clause 7.2 of the Victorian Order in Council for the Advanced Meter Infrastructure program.

¹² These NER arrangements are in relation to an assessment under the regulatory investment test or the capital and operating expenditure factors against which revenue proposals are assessed by us under chapter 6.

In our view, the consideration of the treatment of metering assets and services in this rule change serves as a useful pilot case for the regulatory treatment of other new/innovative demand-side services/activities that appear to be developing in the NEM. These could include activities and assets such as distributed generation or energy storage devices.¹³ The common trait these examples share with metering is the need to balance an apparent potential for competition with the ability for regulated distributors to access functions, services and assets that could allow more efficient network management. The complexity arises because effective competition could be inhibited by allowing regulated distributors to offer services in markets where unregulated firms might also be seeking to offer services. Regulated businesses have guaranteed cost recovery, and are in a position as procurers of services—for example, sourcing what is to be built on the network as an alternative to network augmentation. Consideration is therefore required on how these businesses might perform in this position, in a way that does not bias in favour of their own entity. The regulatory regime under Chapter 6 of the NER, being predominantly focussed toward controlling monopoly revenues, is not particularly well suited to complexities that relate more to achieving competitive neutrality in markets.¹⁴

We intend to further explore the broader application of the model that we support here for metering—with competition driving provision of assets and access to services (where efficient to do so), but regulated distributors allowed to negotiate and recover via regulated revenues, costs for accessing these services where efficient. These issues would ideally be examined on a nationally consistent basis. For the purpose of upcoming revenue determinations for NSW/ACT, these will need to be considered as part of our service classifications.

Existing load control regulated assets

Finally, the AEMC indicates its intention to also consider the treatment of existing load control assets and capabilities that regulated distributors have installed on customer premises with their permission. We recognise that in many cases, such services can be provided separately and even without the need for access to the meter, and could help reduce consumption during peak times and negate or delay the need for network expenditure. For these existing services we suggest that:

- Capabilities for such services be maintained where meters might be installed by unregulated Metering Coordinators. Underpinning this is an assumption that regulated distributors have existing negotiated agreements with and permission from customers for load controlling.
- Consideration might be needed on the extent to which such existing negotiated agreements might also delay customer interest in seeking say a more advanced meter from a competitive provider that might have built-in load control capabilities.

In our upcoming regulatory determinations we intend to explore these issues in the context of service classifications. The aim will be to balance the need for regulated distributors to access load control capabilities from devices they have already installed, while not inhibiting competition from load control provided by other businesses or from advanced meters that could have built-in load control capabilities. A possible approach, indicated in our recent Framework and Approach paper for Queensland distribution businesses, would be to:

¹³ We note that occasionally, governments have explicitly prohibited regulated distributor involvement. Examples include prohibiting ownership of embedded generation, or allowing ownership but prohibiting revenue to be derived from use of these assets in the wholesale market, or prohibiting ownership of metering assets as per this rule change.

¹⁴ This regime does provide some tools geared toward neutrality. An example includes requiring a public regulatory investment test for augmentations over a threshold, allowing third parties to also offer potentially efficient options and have them considered on an equal basis with options that might be identified by regulated distributors. This only applies to network augmentations over a certain cost threshold.

- Unbundle the cost of the load control device (asset and maintenance) from DUOS and reclassify them from Standard Control into Alternative Control Services—directly allocating these costs to individual customers that access these services. Individual customer benefits from allowing appliances to be directly controlled at peak times could include access to a more favourable network tariff, or a rebate from a regulated distributor.
- In recognition that such services (in addition to generating benefits for individual customers) could potentially benefit the distribution network by way of lower demand at peak times (benefitting all customers), we would allow any efficient rebates proposed by regulated DNSPs to be recovered via Standard Control regulated charges.¹⁵
- This approach could be akin to SCER's proposal allowing distributors to pay to access advanced meter services. Also allowing recovery of the cost of the asset currently installed, and doing so in an unbundled fashion would be akin to unbundling the existing metering stock of regulated business and maintaining their exclusivity over these meters already installed. The approach to proposals for new load control devices would need to be considered by us, similarly to other demand management services as alluded to above.

¹⁵ We are aware that some such services have to date been provided in response to a rebate to entice a customer to have their load controlled.

4 Market relationships and complexities

The gains expected from a fully contestable approach to metering services that maximises consumer choice, need to be evaluated against potential market and consumer complexities. These complexities relate particularly to situations where Metering Coordinators might seek to provide services independently of retailers, where customers might seek to exercise choice and directly contract with a Metering Coordinator and how the latter negotiate with retailers to enable this choice. We broadly caution against overly prescriptive regulation on these matters, with recourse to minimum provisions that might facilitate and lower transaction costs in competitive interactions.

4.1 Market interactions

Financially Responsible Market Participants (i.e. retailers) will likely need to enter into contracts to govern how they interact with Metering Coordinators. This is relevant where say a customer decides to appoint its own Meter Coordinator that the retailer then needs to deal with. For such situations, we support SCER's proposal that assignment of a Metering Coordinator should be subject of commercial arrangements. However, we suggest there might be reasons for some form of minimum requirements outside of the core price and service aspects, as follows:

- Requirements to mitigate any barriers from parties having differing negotiation power. For example, retailers might present barriers to customers seeking their own Metering Coordinator given that they too might seek to take on or maintain this role. This rule change could examine provisions in Chapter 6.B of the NER, which deal with similar issues in distributor and retailer relationships.
- Recourse to the dispute resolution framework in Chapter 8 of the NER.
- Terms to clarify procedures where a retailer or Meter Coordinator fails.

Where Metering Coordinators fail, we support SCER's proposal for retailers to arrange another Metering Coordinator or ensure that the customer quickly appoints another. For such situations, clarification is needed as to whether the failed Metering Coordinator would be allowed to remove the meter for which it was the owner.

Where a retailer fails, changes to the National Retail Law might need to be examined, as follows:

- Basic terminology changes to reflect the Metering Coordinator role.
- The AEMC should consider if it would be problematic for Retailers of Last Resort (ROLR) to manage the acquisition of customers of a failed retailer where significant numbers of those customers have customised metering. This prospect should be tested with default RoLRs. It may be necessary to include provisions in the Retail Law to ensure the workability of competitive metering arrangements in a RoLR event.

4.2 Consumer interactions

For consumer protections, the relevant issues relate to their abilities to exercise choice and which arrangements govern the process by which they might seek to enter into contracts with third parties. On these issues we consider the following:

- SCER's proposed model ensures that any potential complexities for consumers from choice, only emerge if they actively choose to seek out their own Metering Coordinator rather than opt

for a default option of its retailer having this role. This places the imperative of resolving complexities upon companies seeking to attract consumers away from the default option.

- SCER's model has standard retail contracts with clauses that retailers arrange metering services on their behalf, and requires consumers to go onto market retail contracts and a separate contract with a Metering Coordinator where it seeks to exercise this choice. This model is appropriate and akin to that under existing Retail Law/Rules arrangements whereby a standard retail contract is a default offer and a market retail contract is a form of product of choice, subject to requirements for explicit informed consent.
- Following this rationale, suggests that existing Retail Law/Rules arrangements might be an appropriate model for the oversight of consumer contracting, negating the need for additional prescriptive protections to be devised. These existing arrangements include recourse to minimum terms and conditions, marketing and disclosure rules, and explicit informed consent arrangements. Consumers would also have recourse to the broader Australian Consumer Law. We suggest that an additional consideration might be to how to manage disputes between consumers and third party Metering Coordinators, given that the current energy ombudsman schemes would not appear to apply to such parties.
- This existing Retail Law/Rules model could also be applied to govern situations where a party (e.g. a retailer, DNSP, third party) might seek to upgrade a customer's existing meter. On meter replacements, while supporting SCER's proposal for consent to be sought where there is a change to the charges or services set out in a customer's contract, we suggest consent should be extended to situations where there are changes to how a customer can use its energy. For example, if a party seeks to directly control a customer's load, or send ripple controls, then a customer's explicit informed consent should be sought.

4.3 Other requirements

The AEMC intends to consider whether/how retailers might be required to inform customers of metering charges. We note the potential for transparency on metering charges to facilitate choice. However, we suggest that rather than require retailers to specify metering charges in retail bills, retailers should be required to inform customers or third parties (seeking to provide services to these customers), of relevant existing metering charges on request.¹⁶ We are unconvinced that requiring retailers to list these charges on retail bills is likely to generate significant benefits, it is more likely to lead to greater consumer confusion, and would be difficult to practically implement, as follows:

- Bill listing probably assumes that competition will only be for meter asset and servicing costs, whereas in future companies might compete more for the services enabled by meters.
- It is unclear how it could be implemented in practice in an informative way for consumers. Of relevance to metering is not just the ongoing costs but the remaining life and costs of the asset itself—indicating the exit fee that a competitive Metering Coordinator might charge a customer wanting to remove this meter and install another. It is unclear how such information would be presented in an easily understandable form
- Decisions on how to pass on metering charges to customers will be matters for competitive businesses to decide—for example, whether to charge low ongoing costs and a high exit fee, or vice versa. With the potential for such decisions to vary, it is unclear how customers might be able to make like-for-like comparisons of metering charges.

¹⁶ For example, this could be a retail price with or without Meter Coordinator charges—either via the retailer or those arising from a customer appointed third party meter coordinator.