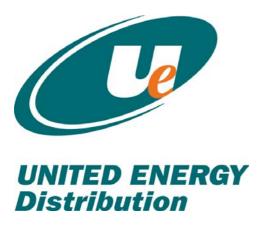
Submission to the Essential Services Commission

Re: Regulatory Review – Smart Meters Issues Paper



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24 May 2010



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1 Introduction

United Energy Distribution (UED) appreciates the opportunity to provide comments on the Regulatory Review – Smart Meters, Issues Paper which was issued in late April. The forum discussions on the paper provided a useful breadth of views.

UED considers that care should be taken to balance the interests and protection of consumers with practical regulation where it is needed. The smart meters are not yet operating in the market as smart meters. We suggest that distributors, retailers and customers will learn more about the meters and services as time goes by. Over regulating now may serve to increase costs without sufficient benefits.

The key issue for resolution is the ability to move forward in accordance with the industry agreed operating model for network billing. Without this issue being resolved, the roll out of smart meters will be delayed. UED is persuing interim commercial agreements with retailers to negate any impact on working capital transfer in the short term. UED strongly urge the Essential Service Commission (ESC) to determine the most practical method to allow the industry to move to monthly network billing and deliver the benefits to customers.

We note that the mandating of time of use (ToU) tariffs have been delayed to enable Government to assess the customer impacts. This allows retailers to differentiate themselves in a competitive market regarding information on bills such as the form of the graphs, register reads etc. The ability for retailers to provide this data in a flexible manner allows them to change or improve their bills in an unconstrained manner.

2 **UED Response**

2.1 Guiding Principles

The ESC is not proposing an overhaul of regulatory instruments. The review seeks to take account of the operation of smart meters in the Victorian market. ESC has reviewed all the current regulations against the following guiding principles –

 the regulatory amendments will not limit or constrain the innovation that is available from smart meters and will continue to facilitate competition in the Victorian energy retail market



- the regulatory framework assists customers to benefit from smart meters, by ensuring that consumption and pricing information is transparent, timely and useful
- customers, particularly vulnerable customers, will continue to be protected by the regulatory framework

the financial costs of supporting new systems and processes are properly allocated between retailers and distributors, where appropriate.

Issue for comment

Are there other guiding principles to which the Commission should give consideration in this review?

Response

The ESC should consider the efficiency of the price signal passed to customers to improve energy conservation and the use of peak demand energy.

2.2 Vulnerable Customers

The Issues Paper recognises the current regulatory framework and the implementation of financial hardship programs, combined with regulatory obligations to provide instalment plans and other assistance to ensure that low income and vulnerable customers have an energy safety net.

Issue for comment

Are there enhancements to the current regulations which are necessary for vulnerable customers arising from the implementation of smart meters?

Response

No comment.



2.3 Information and Informed Consent

2.3.1 Reviewing the bill

2.3.1.1 Verifying the accuracy of the bill

The regulation currently requires that a retail bill must show the electricity consumption in each period that a tariff applies and if the meter is an accumulation meter, the previous and current meter readings must be on the bill. If the retail bill is based on readings from an interval meter, it is not mandatory to show the current and previous read.

The paper looks at two aspects of verifying a bill. Firstly by consumption at each tariff rate and also by the total accumulated consumption on the bill.

The Issues Paper recognises that industry protocols do not require this total accumulated meter read data to be provided to retailers, but meter data providers can obtain the raw meter reads and could pass these onto retailers.

The paper considers a number of options;

- the total accumulated consumption reading as at the bill date
- the total accumulated consumption reading as at the bill date and at the previous bill date (this would resemble the "current" and "previous" reading)
- the total consumption for the billing period is added to the "previous" total accumulated usage, which customers could compare with their reading from the smart meter.

Issues for comment

Will the proposed approach to including the consumption by tariff segment, total consumption and tariffs for the billing period ensure customers maintain their ability to confirm the accuracy of the bill?

What are the implications for cost, feasibility and information value to customers of the options for the meter's total accumulated consumption on the bill?

Response

UED support consumption by retail tariff segment on a customer's retail bill.



Providing the total accumulated meter register read and placing it on a bill may have the following issues:

- Where the meter data is estimated or substituted and is included in the data forming the retail tariff segment consumption on the current retail bill, there will be a mismatch between the billed consumption and the previous and current total accumulated register reads; and
- Meter register reads may be programmed to match the energy data in the meter. Meter constants are later applied to the raw energy data in the data processing steps. The total accumulated meter register read, will not reflect the meter data or consumption on the retail bill. This would apply to up to 4000 customers in UED's distribution area.

The total accumulated meter register read is read by the meter data provider and the Advanced Metering Infrastructure (AMI) service levels require the register read to be provided to retailers in the meter data file format. This register read is not validated or checked according to any National Electricity Market (NEM) meter data requirements. In addition, the data has no standing in terms of the financial transactions. That is, it is not used for wholesale settlement when there is more detailed and valuable interval data available, nor is it used in billing network charges to retailers. Trade measurement would suggest that the financial transaction is based on the actual measurement, in the case of an interval meter, this should be the interval data.

All options provide a current total accumulated register reading in some form. Whilst it may be some days before a customer receives their bill, the customer would be able to gain some comfort that the current reading on the bill is lower and close to the reading they are able to take on their meters visual display. This is no different than retail bills based on accumulated data today, that provide comfort to the customer that the meter serial numbers match and the current read is close to what is on their visual display.

The second or third options of providing the current and previous total accumulated register reading may create doubt in the customers mind where the data is used to verify the internal accuracy of the individual retail bill or across retail billing periods. There is no requirement that total accumulated register meter readings must equal the sum of all the half hour intervals. The NEM data processing requirements focus on the validity and integrity of the interval data, not the register reads. If customers are seeking comfort that they have the correct bill, have used about that amount of electricity then the verification must be back to the visual display on the meter. Providing the current total accumulated meter register reading allows the customer to independently verify the meter register amount when they receive a retail bill.



The third option may give customers more comfort, at least the total of the consumption by the individual retail tariffs matches the difference between the current and previous meter read. This option has the benefit that the bill is internally consistent, for the specific bill and may result in less customer queries.

With the third option, does the next retail bill start with the actual previous meter read (from the visual display) or does it start with the calculated previous meter read? In this scenario where customers compare retail bills where the closing read from one bill is not the opening read for the next bill, this would raise doubts about the validity of the data.

If any of the three options above were progressed, a coordinated customer education campaign would need to be undertaken so that customers fully understand the data they are reviewing.

Alternative options such as customer access to the actual energy data (via a portal) could be considered better use of limited funds for a growing number of computer and internet literate customers.

2.3.2 Estimated and substituted data on bills

Currently retailers are required to indicate on a customer's bill when the bill is entirely estimated. Where several intervals on a bill are estimated, the bill is not required to be shown as an estimated bill.

The Issues Paper recognises that the likelihood of estimates on a bill should be minimal for smart meters. Consumers consider that the practice of estimates should be abolished, or at least reviewed given the small risk that an estimate may occur at a time of high retail tariff rates.

Options for requiring that customers are advised that their bills are estimated could include:

- Only when the bill is wholly an estimate, as currently required under regulation;
- · Where there is a combination of estimates and actual readings; and
- Determining a materiality threshold, such as only where 2% or more of the interval data is estimated.



Issue for comment

Comments are sought on when customers should be advised that their bill is estimated.

Comments are also sought on whether there should be some default tariff arrangements impacting distributors, retailers and customers when bills are estimated.

Response

2.3.2.1 Estimation and substitution algorithms are widely used in the NEM and open to review

Estimation and substitution algorithms have been developed for the NEM and contained in the National Metrology Procedure, Part B. These data practices are used to ensure the validity and integrity of data used in the market for wholesale settlement. Distributors are also required to use the settlement ready data for network billing. Retailers use the same metering data to bill consumers.

The NEM requires meter data providers to be accredited and regularly audited to ensure that these standard methodologies are adhered to. Australian Energy Market Operator (AEMO) also monitor the level of actual metering data used for settlements on an ongoing basis.

To the extent that these algorithms can be improved then industry should be open to cost effective improved accuracy. If the accuracy of these algorithms were improved any reduction in consumption for one customer should not be unduly adverse for another customer.

2.3.2.2 Estimates and substitutes will always be required

UED is concerned with the ESC statement:



'We believe it is too early to decide that estimates should not be allowed at all in billing because the capability of the meters and systems are not yet fully understood or implemented. 1 '

Estimates and substitutes will always be required. The number of half hour periods that may be estimated or substituted is likely to be low. The coincidence of high retail tariffs and estimated or substituted data will be low also.

The need to estimate or substitute may arise if any of the following occurred:

- Meter tampering or meter bypass;
- · Meter or communications failure; and
- Storm damage and communication lines down.

Where the meter or communication interface is faulty or damaged, equipment may need to be replaced. This could result in a few days of estimated or substituted data in a retail billing period. If there was not unhindered and safe access to repair faulty equipment, the amount of substituted data would increase.

Data may need to be estimated where the communications has failed or lines are down. In this circumstance the metering data is still able to be collected once the failure has been rectified. In this case the estimated data will be replaced with actual metering data.

Where data has been estimated, the meter will be re-read remotely. Most communication issues are self healing within two days. If data is unable to be collected remotely then a field visit will result to collect the data and rectify the metering or communication fault.

UED is concerned with the footnote attached to this statement also. The distributor's or retailer's metering data service provider must be providing data by 6 am daily to retailers and distributors by 1 Jan 2012 for all Advanced Meter Infrastructure (AMI) meters. It is incorrect to suggest that

Until end 2013, under a derogation to the National Electricity Rules (Chapter 9.9B), Victorian smart meters are classified as type 5 or type 6 which means data need only be delivered to the market quarterly.



data need only be delivered to the market quarterly, particularly beyond 1 January 2012. It would be prudent for the industry to seek to meet these requirements earlier than the 1 January 2012 requirement to test that all players in the market have capability as the volume of AMI meters and interval data grows significantly from 2011 onwards. It is our understanding that all industry players prefer that interval data capability is gradually built up vs an overnight move to interval capability on 31 December 2011.

UED will be providing retailers with daily meter reads from the end of May 2010. Daily delivery should give ample time for retailers and distributors to ensure quality data is available for billing. In addition, daily delivery of data allows the retailer to better manage the situation where estimates/substitute arrive close to the retail billing window. Currently retailers would produce a bill on this substituted data and then cancel and re-bill when the actual readings arrived. With remote reading and daily delivery, retailers have the opportunity to delay their bill production for a number of days until actual reads arrive.

The AMI Order in Council (OIC) service level obligations below are an indication that data quality is expected to improve over a number of days.

S	Service	Definition	Minimum Service Level
F	Routine Read – Remote	From 1 January 2012 and for all meters. Availability to market participants of the interval metering data for a day for each collected channel. Availability to market participants of the total accumulated energy for each collected channel.	 no less than 95% being actual data from meters, (with the remainder substituted), to be available by 6am the following day; no less than 99% of actual data within 24 hours of the time in previous point; and no less than 99.9% of actual data within ten business days from the day the consumption occurred.

If there is a need to advise customers when their bill is based on some estimated data, we suggest that it be based on a threshold percentage of half hours that are estimated divided by the total numbers of half hours within the retail billing period eg 15 or 20%. If the number of estimates in the billing data exceeds this amount then the retailer must advise the



customer of the percentages of estimated data in the bill. If any data even one or two half hour periods are estimated or substituted, the retailers could advise the customer that a small amount of data has been estimated or substituted.

The outcome on this issue needs to be linked with the outcome of having the meter register on the customer's bill. If both register reads – current and previous are required on a retailer's bill to the customer then the threshold for estimated reads may need to be much lower.

2.3.2.3 Unhindered and safe meter access is still required

UED is concerned that the Issues Paper suggests that bills are unlikely to be estimated as there will no longer be any reading issues due to no access and hence missed reads should be eliminated. This implies that meter access was only required to undertake meter reads.

This is not the case, many of the above issues will require access to the meter to rectify the metering or communication failure or tampering. Access to the meter is also required to check metering data, test the meter in accordance with the Rules etc.

Initial meter problem identification will occur remotely and then could result in a field visit. This may mean that a meter may not be remotely read for three to five days before the issue is corrected.

The setting of any threshold should take into account that problems may occur and not be able to be fixed remotely, weekends could mean that further days elapse before the meter fault is rectified. Depending on the nature of the problem and the timing of the retail bill, this could result in an estimate in one retail bill that is revised on the next bill.

2.3.2.4 Default tariff application is impractical

Any change of retail tariff application if a critical peak or peak retail tariff is based on estimated data to some other default tariff is up to the retailer to assess with the customer.

Distributors bill on about the 10th business of the month, we expect that any estimated data in the final days within a billing period may be able to be replaced with actual data (or substituted data) by the time the bill is issued. The distributors network bill has delayed preparation and hence has a higher likelihood of being on a better dataset. UED does not support the



distributors ability to bill retailers on the relevant tariff rate for the half hour should be impacted.

IT systems allow one tariff structure to be applied to a National Meter Identifier (NMI) or customer level. IT systems do not allow other tariffs to be reassigned for specific half hour periods, that is systems do not have the optionality of having multiply network tariffs apply within the same day.

2.3.2.5 Substitutes

Retail bills would only be based on substitutes if there was a meter failure. The incidence of substituted data should be quite low.

The options for the use of substitutes could include;

- When the bill is based on any substituted data, as currently required under regulation
- Where the bill is based wholly on substitutes
- Only where 2% or more of the interval data is substituted.

Issue for comment

The proposal is to retain the current requirement that customers be notified that any part of a bill is based on substituted data.

Response

Our comments in the sections above on estimation, apply equally in the case of substituted data.

2.3.3 Managing daily consumption and costs

2.3.3.1 Customer billing cycle

The Issues Paper recognises:

- That customer's energy costs may be driven more by peak period energy consumption than overall energy consumption;
- Customers will require a clear understanding of when various prices apply and regular feedback regarding their usage in each pricing period. While some tools could be made available to customers, the default tool for most customers is the retail bill.



 The current regulatory framework requires customers explicit informed consent to vary the billing cycle to say monthly where the customers is on a standing or deemed offer contract.

If retailers were to move to monthly billing, the Paper suggests that there would be a three-fold increase in bill processing and associated service costs. These may be offset by reduced working capital and costs associated with managing bad debt.

Issues for comment

The current regulations for explicit informed consent may be seen to be acting as a barrier to customers accessing more timely information upon which they could better manage their costs. Views are sought on:

- Whether an 'opt-out' approach to monthly billing for deemed or standing offer customers is appropriate?
- What are the implications for the costs and timing of the current collection cycle if customers move to monthly billing?
- How should any changes to the customers' current billing cycles be implemented?

Response

The Issues Paper notes that some submissions to the ESC's open letter support more frequent billing and timely information to customers. In addition the Issues Paper notes that Ontario pricing study indicated that customers considered monthly billing essential for effectively managing their electricity costs. UED supports this view. Vulnerable and low income customers who find it difficult to pay may appreciate more regular retail billing as this would assist with effective budgeting for an essential service.

More frequent billing, such as monthly billing, would allow earlier price signals to customers. Providing a price signal to customers about summer peak period energy usage in a retail bill issued to them in May will not allow a timely response from the customer.

Whilst internet, web portal, in home display or some other means of communicating with customers will likely be deployed over time, at least in the early years the retail bill will be the instrumental piece of price signal and demand response information for the customer.

The modelling in the NEM, National Transmission Statement suggests that the wholesale price of electricity will double over the next decade as a



result of carbon emissions intensity. The cost of the delivery of increasing peak summer demand on transmission and distribution networks and the cost in the general economy as some form of carbon price is built in will result in even further retail electricity bill increases to customers. The ability to provide price signals and generate a demand response will be key in the future. It is important that customers receive this information more frequently than quarterly.

UED is supportive of a move to monthly billing as the default arrangement with customers being able to opt out of monthly billing, subject to the customer having reasonable payment terms. UED recommend that the Energy Retail Code is amended to enable monthly billing as the default.

2.3.3.2 Graphical Information on the Bill

Retailers are currently required to provide graphs of the past 12 months of consumption by billing period and a year on year comparison of current billing consumption. The Issues Paper notes that this simplistic approach may not be appropriate for Time of Use (TOU) or dynamic tariff arrangements. The Issues Paper notes that without further regulation that the customers may continue to receive the simplistic quarterly bill graphical information.

Issues for comment

The proposal is to require retailers to provide customers with a graph similar to that used by EnergyAustralia or Ontario Energy Board when time-of-use tariffs are introduced for customers with smart meters.

What are the implications for incremental costs or barriers to innovation of this approach?

Given the customer feedback from overseas pricing pilots, and the potential move to monthly billing, mandating daily periods may also be beneficial for customers. Comments are invited on this approach.

Response

UED is supportive of more information being provided to customers in the proposed graphical format to provide customers with TOU usage (where applicable) information across the year. Any further regulation (if it is required) should not be prescriptive, or constrain innovation.

There may be some transitional issues in this approach eg moving from a quarterly retail bill which had a single consumption for the 90 day period to



a monthly retail bill with TOU or dynamic pricing. Retailers should be provided with flexibility on how to present these graphs through this period.

2.3.3.3 Unbundling tariffs and charges on the bills

The Issues Paper notes that network, meter and retail charges are generally bundled in a retail tariff to customers. It is only recently that one Victorian retailer has unbundled metering charges.

The Paper explains that customers are most impacted by costs associated with growing network peak demands and generation and should see and be charged directly for these costs.

Issues for comment

Greater transparency through information to customers is a prerequisite for customers to benefit from the introduction of smart metering and unbundling could be considered to deliver part of this information. However, some key questions are:

- Would customers gain any information from unbundling of the distribution charges if the retailer does not base its tariff on the distributor's tariff structure?
- Would it be helpful or not for customers to have some charges unbundled, but not others?
- Does unbundling of network charges and tariff alignment have the potential to reduce retailer flexibility in tariff offerings?
- What are the costs, benefits and feasibility of greater unbundling?
 Should regulation go beyond requiring the unbundling of retailer and distribution cost sub-components of wholesale and metering costs?

Response

The Issues Paper is not clear on the level of unbundling eg – retail standing charges, energy charges, retail charges, network (transmission and distribution charges together or separate) and metering charges. The level of unbundling could significantly increase the complexity and length of the bill and may be confusing to customers. This could particularly be the case where the peak and summer periods for the distributor's network tariffs may not be reflected in the retail tariff structure.



Distributors do not see the customer's retail bill and would be unable to manage or answer any questions from a customer on their retail bill. The customer relationship to date has been managed by retailers, retailers bundle and represent distributor network tariffs as a matter of differentiation of their products in the market. The different billing periods of distributor's and retailer and different tariff structures may make this approach impractical.

We recognise that greater transparency may be of benefit to some customers. If unbundling became a regulatory obligation then the bills would increase in length and distributor's network or metering charges need to be on a pass through basis. Consideration would need to be given to the distributors billing the retailer before the retailer represents their network charges to the customers, in this way, network tariffs and demand charges can be accurately represented.

We suggest that it may be prudent to move forward cautiously. It may be prudent to introduce AMI meters and a consumption based bill as opposed to making a larger number of changes at the same time. Information transfer to customers may be of benefit if the customers are not in information overload.

There may be benefit in reviewing the move to TOU retail tariffs about six to twelve months after implementation. This could be considered in light of the customer's needs for further levels of detailed information in order for customers to be empowered to provide a response to retail pricing signals or not. Additional information could be provided by this unbundling approach or the use of alternative data access methods to gain the greater detail.

2.3.3.4 Notification of variations to tariffs

The Issues Paper notes that customer's explicit informed consent is required to change a retail tariff in a market contract. The customer's agreement is not required in a standing offer contract. However, the paper notes that it should not be assumed that it was the intention of the regulation to allow structural tariff changes to a TOU tariff structure without the agreement of customers.

The ESC considers the Energy Retail Code should not require customers to shift from flat rate or two rate tariffs to TOU, and customers should not receive this type of notifications at the same time their bill increases.

The ESC can amend the Energy Retail Code for market contracts and the ESC understands that Department of Primary Industry (DPI) is also doing



the same for in respect of notification of tariff variations for customers on standing contracts.

Issues for comment

The Commission considers that any changes to the regulation on the notification of tariff variations should wait for the outcomes of the Victorian Government's deliberations, so that there is consistency between customers on market contracts and those on standing contracts.

Nevertheless, interested parties may wish to submit their comments in regard to this matter

Response

The ESC's approach for the moment seems appropriate.

UED note that network tariff rates and tariff structures are reviewed by the Australian Energy Regulator (AER). In addition tariff reassignment is based on these tariff submissions and may occur at the time of a network or connection characteristic change or to support photovoltaic feed in arrangements. The current regulatory framework allows distributors to reassign network tariffs under certain conditions and requires notification to customers.

Retailer are able to provide a retail tariff based on our network tariff structure or some other structure which may better match to the retailers cost drivers of wholesale energy as opposed to our network driver of supporting increasing peak demand.

Any regulatory arrangement needs to be operationally practical and reflect that other drivers may require a timely change of network tariff.

2.3.4 Access to historical billing data

The current regulations oblige retailers to use best endeavours to provide historical billing data held by the retailer to customers within 10 business days.

The ESC considers that the existing regulations should be able to satisfy the customers ad hoc billing needs. The ESC interpretation is that the retailer would provide consumption data for each tariff aggregated for each billing period.



Issue for comment

Will the regulation of the provision of billing level data continue to meet the needs of customers to allow them to reconstruct their historical bills in a smart metering environment for ad-hoc or occasional purposes?

Response

Historical retail billing data is best provided by the retailer to the customer. Retailers are best placed to provide the retail billing information according to the customers chosen retail offering, including extra deals or offerings etc. The retailer also collects and maintains some confidential customer information in order to verify that the customer that they are providing the billing data to is the correct customer for the account.

2.3.5 Access to Metering Data

The Issues Paper recognises that customer access to meter data may be able to be achieved in a number of ways:

- By in home displays; and
- Use of the internet (portals).

The Paper considers that metering data has always been confidential, however with interval data, the additional information on when the customers is home and consuming energy becomes available. The paper considers that providing this data to customer via regular email, unsecure communications medium etc may not be sufficient.

Secure access could be provided locally, however the use of industry standards for such access may not be useful/simple for customers. The Paper notes that it is early days to regulate in this area given the lack of industry arrangements around the Home Area Network (HAN). Secure web based or encrypted email could be used to provide customers access at a relatively low incremental cost.



Issues for comment

The Commission considers that there is a need for regulation to require customer access to metering data that will be available on a daily basis through secure communication methods capable of protecting customer privacy.

Comments are sought on:

- whether distributors as well as retailers should be obliged to provide metering data sets to customers
- how distributors or retailers can provide interval data from smart meters securely to customers
- · how would the cost of such a service be assessed?

What other information and information sharing issues should be considered by the Commission in reviewing the regulations?

Response

Retailers receive validated metering data on a regular basis and are able to verify a customer for a particular premise before the data is provided in the customers chosen format.

If distributors have this obligation then they would need to be able to verify the customer as the correct customer for the premise and would need to hold some confidential customer data in order to make this assessment. We could consider holding this data in future or could consider alternative technology solutions where the data key is provide strictly to the premise. UED would be concerned if these obligations inferred that we were provided accurate customer records and meet all privacy obligations. Recent experience in industry has shown that this could be problematic.

Once the industry has developed the Business to Business processes, then retailers can request the data key be provided to a certain NMI so that an in home display could access the metering data. This approach is consistent with the National Electricity Rules (NER) 7.7 where the retailer organises access to metering data on behalf of the customer. We would presume that when the customer leaves the retailer at the premise, or the retailer churns away from the premise that there will also be processes in place to stop the access until the next request.



There is a risk that where access is provided to an In home display or via a web portal or other means that the next customer who moves in, may inadvertently or purposefully also gain access to the previous customers metering data. Industry needs to carefully consider practical and cost efficient methods of protecting customer's privacy in these retailer or customer churn situations.

UED suggests that it is early days in this area and no further regulation should be contemplated at this stage.

2.3.6 Shopping around for a better offer

The Issues Paper recognises that smart meters allow networks and retailers to develop a wide range of tariff structures which may become virtually impossible for customers to evaluate offers between retailers.

The ESC considers that there are a number of options to facilitate the customer's ability to compare retail offers;

- Require retailers to offer retail market offers with tariff structures that are the same as the network tariff structure i.e. to have at least one offer with the exact same tariff structure;
- Require retailers to provide indicative charges for a standard set of customers profiles to assist customers choose between two complex retail offers; or
- Requiring retailers to display the average price per day to understand how their costs are trending.

Issues for comment

Comments are sought on these, or alternative, options for ensuring customers are able to compare competing retail offers when time-of-use tariffs and more complex tariffs are introduced.

Response

Retail competition has been in operation for almost a decade, and has been found by the AEMC to be effective. UED suggest that retailers be allowed to innovate and be unconstrained in their offerings. If tariff comparisons were required for fixed levels of consumption, these could be misleading if the customers load profile across the day were significantly different from that used in the calculations.



2.4 Remote disconnection and reconnection

2.4.1 Prompt reconnection and disconnection service

The Issues Paper notes that current reconnection and disconnections involve a field visit. However the smart meter specification requires that 99% of reconnections are able to be performed in one hour.

Issues for comment

Should the regulation require the distributors to disconnect and reconnect premises more quickly if the smart meter functions are available?.

Response

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The Issues Paper has confused the performance requirement of the metering infrastructure and communications with the service level requirement. The performance level of the infrastructure is the meter to communication management system, it does not cover the transactional request from the retailer via the industry hub to the respective distributor.

The service level requirements are a licence obligation on retailers and distributors and provide for the following²:

'4.2.1 De-energisation

Where the metering installation has the capability to perform a remote de-energisation and subject to safety considerations, the Distribution Network Service Provider (DNSP) must use best endeavours to perform the de-energisation remotely, except where a Financially Respondent Market Participant (FRMP) requests an alternate de-energisation method.

http://www.new.dpi.vic.gov.au/energy/projects-research-and-development/smart-meters/advanced-metering-infrastructure-minimum-ami-service-levels-specification-vic-



4.2.2 Re-energisation

Where the metering installation has the capability to perform a remote re-energisation and subject to safety considerations, the DNSP must use best endeavours to perform the re-energisation remotely.'

UED is currently seeking the safety regulator's approval to use this meter functionality.

UED consider that the licence requirement is sufficient. The service level recognises that the metering installation needs to have the capability i.e. be operating as smart meter, not be a transformer connected customer with an AMI meter, not be a smart meter that has had a fuse pull or physical disconnection for some reason. It also recognises safety, approval by the safety regulator, that the task should not be performed for registered life support customers or sensitive load customers etc.

UED suggests that no further regulation is required on the distributors. The retailer is able to request remote de-energisation or re-energisation or a field visit to physically disconnect based on the customer or their electricians request and the distributor is required to proceed with the service order accordingly. If it is unsafe to remotely de-energise or re-energise then a field visit will be required. Similarly if the communications interface is unavailable, services requested remotely may need to be undertaken with a field visit.

Where a service is requested remotely such as re-energisation and there is load on the meter at the time of remote re-energisation, the meter will automatically cut the electricity supply above a certain threshold. This is a safety mechanism to ensure that an iron or electric hot plate has not been left on that is unattended. There may be a portion of remote re-energisations requested that require a field visit, this experience will be gained over time.

2.4.2 Customer protection under disconnection

The Issues Paper recognises that disconnection is performed manually, there is an opportunity for the technician to ascertain whether the premises are the correct premises and whether someone will be continuing to occupy the premises. None of these checks are possible with remote disconnection.

The Issues Paper considers some options;



- Ensuring that a customer on site is not already a new occupier when carrying out a disconnection.
- Ensuring that there is not a corresponding reconnection request when programming a disconnection.
- Undertaking service visits if the customer is a life-support customer.

The ESC intends to require retailers to advise customers that their disconnection may occur remotely. St Vincent de Paul's proposal advocates that the retailers make two attempts to advise the customer in the 24 hour period prior to disconnection.

Issues for comment

What steps could be taken by the distributors and/or the retailers to ensure that the wrong customer is not disconnected with smart meters?

Should retailers take additional steps prior to disconnecting all customers, as well as noting on the disconnection warning that the disconnection may be carried out remotely?

Response

UED is supportive of the practical approach of requiring that where retailers are sending disconnection warnings for non payment that customers are made aware that the disconnection could occur remotely.

No further regulation should be necessary as customers should be aware that they have a smart meter as they have received an information pack from their distributor on the meter exchange and would have a different look on their retail bill which is based on interval data. The customer would also have been advised that disconnection could occur remotely in the retailer's notification letter. These indicators to the customer that their metering has changed should be sufficient, additional layers of requirements would add to cost and may be of little benefit.

UED understand that retailers' customer communication scripting is being enhanced to ensure appropriate information is provided by the customer to the retailers who request the de-energisation.

Retailers are able to confirm the customer/address relationship before raising service orders for remote disconnection. The process should be unchanged in terms of the level of errors from current. Any that did slip through may also be remotely reconnected promptly.



Remote capability should provide that disconnections and reconnections can proceed without the time limit established on the manual process i.e. no disconnect if reconnect within five days. This prompts move in customers to seek a contract/service by contacting a retailer.

2.4.3 Information to new customers after remote disconnection

The Issues Paper states:

Currently, if retailers request vacant premises to be disconnected, distributors are required to leave a document at the premises providing the following information:

- to whom the occupant must address any request to connect the supply address;
- what the occupant's options are for entering into a contract for the sale of electricity with a retailer; and
- a list of current retailers.3

It is not practical to leave this information at site where remote disconnection occurs.

The ESC considers that some information needs to be accessible for customers who move in and find the property disconnected. The ESC considers that a sticker could be placed in the meter box providing the customer with a call centre number, this could be done at the time of a smart meter exchange or when a meter is manually read.

Further the ESC considers that the cost is offset by the savings in the disconnection process by not visiting the site.

³ Distribution Code clause 9.1.13



Issue for comment

Under remote disconnection should the Commission require that information be provided by a sticker placed in the meter box?

What other options are available for ensuring new occupants know how to go about finding a retailer and getting reconnected?

Response

UED do not support providing a sticker in the meter box given that the roll out has already commenced. If the sticker placed in the meter box approach were adopted, it would take some time to agree whether the AER, ESC or DPI provided the call centre number. Over the next few years the AER will be managing retailer authorisation or licensing processes and not the ESC. Arranging a responsible party for a call centre, call centre number, appropriate stickers could take some months and require a revisit to around 20% of customers. This would be a substantial extra cost.

Retail competition has been in operation for a decade and reviewed by the AEMC to be effective. Any customer moving into a premise will have had a retailer at their old premise and an old or final bill, customers will know at least one retailer's name. Where a customer purchases a property, the electricity bill is part of the necessary documentation.

2.4.4 Safety considerations

The Issues Paper states:

'The Commission notes that the remote reconnection of customers' premises after disconnection has safety implications which must, under the Electricity Safety Act, be considered in relation to the distributor's general duties to keep the public safe. ESV is currently developing protocols that will be regulated within the framework of the Electricity Safety Management Schemes. These must be submitted by the distributors by December 2010 and then approved by ESV.'



Issue for comment

The regulatory proposals set out above do not appear to be impacted by these developments. However the Commission welcomes comments on this view.

Response

UED re-iterates its earlier comments that the service level obligations on distributors recognise the involvement of the ESV in assessing the safe use of the remote connection and disconnection. We do not consider that any further regulation of distributors is required.

2.5 Frequency of network billing of retailers by distributors

The retailers and distributors jointly developed the industry operating model via a number of working groups. This operating model (Victorian AMI Process Model v1.0) was formally agreed at the Industry Steering Committee in April 2009 by retailers, distributors, DPI and regulators. Distributors have proceeded developing systems in good faith.

The Issues Paper states;

Chapter 15 of the AMI Process Model seems to suggest that an amendment to UoSAs was thought unnecessary:

'The transition to daily delivered interval meter data under the current Use of System Agreement will result in networks calculating Network Charges on a monthly basis for all NMIs rather than based on manual reading events as they occur.'

The monthly network bill has been an agreed position since April 2009 in the operating model and there has been no agreement to alter the operating model process position. At the time there were also no issues raised regarding the UOSA as customers who transfer from a manual read cycle to a remotely read interval meter have always moved to monthly network billing, this has been the acceptable operating practice under the UOSA for the last decade. There is no concept of a read cycle for a remotely read interval meter where data is collected or acquired from the meter by polling the meter on a regular basis.

If there is no longer agreement that the UOSA does not need to change, then it should be amended to reflect the operating model/position adopted in industry to date.



We note that the ESC sought responses from industry last October and this is the first documentation on the matter by the ESC. UED and Jemena (JEN) have had a clear Go Live date in the industry for some time now, end May 2010. This issue is now pressing, the issues cannot be put off to July 2010.

The Issues Paper states:

'They (retailers) claim that there will be an adverse cash flow impact because of the mismatch between receipts from customers and outgoings to distributors. As a result retailers' working capital requirements will be increased and the costs could be expected to be passed on to customers in the form of higher retail prices. '

Issue for comment

The Use of System Agreements are amended to provide for monthly network billing of customers with smart meters, but in the period until 1 January 2012 (or some other agreed future date) the payment terms for such network bills be extended if the retailer is billing the customer quarterly. UoSAs currently provide that retailers must pay network bills within 14 days. This would be extended to a number of days that produced an equivalent outcome to their current level and pattern of payments.

Under this amendment, distributors could implement their new billing systems, generate monthly network bills and all of the distributors' objectives in the AMI Process Model would be attained. For retailers, while data and bills would begin to flow to them more frequently, there would be no acceleration of their payments to distributors, no mismatch between receipts from customers and outgoings to distributors, and therefore no increased working capital required. Distributors' working capital positions would be unchanged from their present state, rather than being "immaterially" advantaged.

Comments are invited on whether such a solution is supported, whether it can be achieved by negotiation, or whether the Commission should amend default UoSAs to bring about this outcome.

Response

UED appreciate the ESC's support for monthly billing. UED also supports in the period until 1 January 2012 with extended payment terms to provide an equivalent outcome for retailers where the retailer is billing the customer quarterly. We expect that any customer not on a quarterly read cycle is billed monthly with 10 business day payment terms as is currently the case.



UED and retailers are working constructively together on the extended payment terms and extended dispute periods. This issue is of a significant concern to UED and the ability to Go Live with AMI systems in the next few weeks. We will be making every endeavour to make a commercial agreement with retailers. However this agreement can only be interim and is not viable for the longer term.

The ESC note that any new connections since the start of the agreement are not bound to quarterly read cycles and may be changed. The ESC also suggest that there be no mismatch between the retailers collection from customers and the retailers outgoings to distributors.

According to ESC reports, retailers enjoy about 100,000 customers in Victoria on payment plans where customers may provide fortnightly or monthly instalments despite the fact that their meter is read on a quarterly basis. With higher wholesale energy costs being an inevitable part of the future in a carbon constrained economy, retailers have the opportunity to seek to increase the number of customers on monthly billing or on instalment plans. These are commercial decision of the retailers. UED does not consider it practical to tie network payment terms into these types of retailer-customer arrangements which will vary over time and by each retailers strategic approach. Distributors are not aware of which retailers are promoting, or not, instalment plans or more frequent billing. In any case, distributors should be seeking to provide fair and consistent payment terms to all retailers.

2.6 Any Other Items?

Issue for comment

Comments are invited on any matters which are not addressed elsewhere in this paper but which interested parties consider require attention now, or in the next stage of the review.

UED has provided limited drafting comments in the ESC table below.

Appendix A

Summary Review of Regulatory Instruments

Appendix A sets out all the regulations which the Commission considers should be amended now or in the medium term, on which interested parties are invited to comment

ENERGY RETAIL CODE						
REGULATION UNDER REVIEW						
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment		

PART 2 – BILLS					
ISSUING BILLS					
3.1 Billing cycles	A retailer must issue a bill to customers on a standing contract: (a) in the case of an electricity contract, at least every three months; (b) in the case of a gas contract, at least every two months; and (c) in the case of a dual fuel contract, at least as often as the retailer and the customer have agreed, with the customer's explicit informed consent. Billing cycles can be negotiated in market contracts, with explicit informed consent.	Key issue for review. Consider needs to be considered independently to the network monthly billing issue.	OE – considers there is a strong link between network monthly billing and customer monthly billing which may not be able to be resolved in a timely manner. Generally supports customers' monthly billing so they can access benefits Allan Driver – changes should be clearly communicated and enable consent (opt-in or opt-out?). Customers must be able to access date on a "30-minute basis for daily/weekly/monthly periods" Consideration given to in-home devices SVDP - there should be a minimum three months billing cycle for customers on dynamic pricing		
			contracts. Furthermore, billing cycles longer than three months may increase the occurrence of payment difficulties due to the bill volatility customers on dynamic pricing contracts will be exposed to. EWOV -negotiated payment plans		

ENERGY RETAIL CODE REGULATION UNDER REVIEW						
			instalments, so a monthly billing cycle could make budgeting easier for some customers and encourage retailers to identify customers experiencing payment difficulties earlier Red Energy - the requirement for EIC should be removed for market and standing offers. Debt cycle obligations need review in line with the shorter bill cycle.			
			Simply Energy - ;inked with network monthly billing and whether customers can be moved to monthly billing without explicit informed consent			
			CUAC – any changes to billing cycles should consider the consent requirements, implications for collection cycles and hardship provisions			
CONTENTS OF A	BILL					
4.2 Information on a bill	Information which must be on the bill, including' (c) the period covered by the bill;	This clause, including all sub-clauses, is a key issue for the review	D Foskey – customers or authorised agents should be able to download info from RB/DB websites, including tariffs, consumption and overall price.			
			Allan Driver – information should			

ENERGY RETAIL CODE REGULATION UNDER REVIEW Summary of Obligation Issue for operation of smart Other **UED Comment** Clause meters information/submissions be provided on the internet CUAC - consider what and how information should be provided on the bill proposes that retailers 2.6.1 (d) the relevant tariff or provide customers on time related tariffs tariffs with consumption data for each tariff segment Simply Energy - consider how 2.6.2 (e) whether the bill is substitutions are dealt with, based on a meter particularly as networks obligation reading or is wholly an to deliver daily reads does not estimated bill; commence until 1.1.2012. Red Energy - consider when bills should be described as estimates, including materiality thresholds. **CUAC** - review appropriateness of existing regulation **SCO** – says that meter data lost for DPP events should not base bills on substitutions - they should be based on non-DPP events. Customers should be informed of the scope for estimations on their bills. Paragraph (f) references the metering Simply Energy - how substitutions 2.6.3 (f) whether the bill is code. These matters have been removed impact customers' bills must be

from the metering code since the

based

on

any

	RGY RETAIL CODE							
SULATION U	JNDER REVIEW							
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment				
	substituted data	metering code was amended to align it with the national metrology requirements.	considered.					
	2.6.4 (g) the total amount of electricity (in kWh) consumed in each period or class of period in respect of which a relevant tariff applies to the customer and, if a customer's meter measures and records consumption data only on an accumulation basis, the dates and		take their own meter reading and compare it to the information on the bill. Customers with interval meters complain that their bills only show a total usage figure. EWOV thinks the suggestion that customers can verify their usage by adding up all usage on their bills and comparing this to their meter is onerous. Other options should be explored, eg the inclusion of an index read once every twelve months and that retailers could provide a summary of interval data on bills.					

Red Energy - few customers require

access to interval data to reconcile

their bills. This should be an

optional requirement to ensure that retailers are not forced to

provide the same for all because this will simply increase costs to all customers for a service that may only be requested by a few.

Retailers should be allowed to charge for administration costs associated with the provision of

total amounts of the

immediately previous

and current meter

readings, estimates or

substitutes;

ENERGY RETAIL CODE REGULATION UNDER REVIEW UED Comment Summary of Obligation Issue for operation of smart Other Clause information/submissions meters data OE - Recognises that this is an important issue to consumers, and may potentially drive increases in complaints and Ombudsman queries. Need a practical means of providing for the spirit of the reconciliation requirement with the new technology and tariff structures. 2.6.5 (h) if the retailer elects include meter readings or accumulated energy usage from an interval meter on the bill, the meter readings accumulated energy based usage on quantities read or collected from the corresponding meter accumulation register(s); (i) if the retailer directly passes through a network charge to the customer, the

REGULATION UNDER REVIEW Clause Summary of Obligation Issue for operation of smart meters information/submissions UED Comment

	separate amount of the network charge;			
	2.6.6 (n) if the customer is a domestic customer, details of the availability of concessions; 2.6.7		SVDP - this could include 'relevant consumer information tools' as the regulator can more easily require retailers to include references on their bills to important consumer information tools funded by the government. An example is an AER website containing important consumer information about tariffs and energy offers deemed important to increase consumer awareness in a deregulated retail market.	
4,3 Bundled charges	The requirement for retailers to provide customers with reasonable information on network charges, retail charges and any other charges relating to the sale or supply of energy comprised in the amount payable under the customer's bill. This information only has to be provided on request.	Key Issue for review	Allan Driver – separate out relevant charges: Supply charge – monthly if necessary Meter charge Network charge Electricity usage per kWh SVDP - SMI project/rollout costs should be a line item on customers' electricity bills VECCC - Review should consider how information on the bill could be improved to give customers	

ENERGY RETAIL CODE REGULATION UNDER REVIEW						
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment		
			more information on their charges			
			CUAC – review should consider whether fixed costs should be delineated as line items			
4.4 Graphs	Information to be included on graphs, including consumption information for each billing period for last 12 months and comparison with same period of the current bill.	Key Issue for review				
BASIS OF A BILL		l	l	l		
5.1 Bills based on meter readings	Bills must be based on meter readings unless a customer gives explicit informed consent; and, in any event, retailers must use their best endeavours to ensure the customer's meter is read at least once in any 12 months.	The meter reading requirements for all meters are now largely regulated by the national metrology requirements and retailers do not have direct influence over this process except to ensure customers provide access for manual reading. For smart meters physical access, while still will need to be provided, is not an issue to ensure routine meter reading and the expectation is that all bills will be based on data frequently collected from the meter.	CUAC – needs to be reviewed for relevance in the operation of smart meters	The Commission also proposes the following amendment to this clause; in any event, use its best endeavours to ensure that the customer's bill is based on reading of the customer's meter at least once in any 12 month and if the customer's meter is smart meter use its best endeavours to ensure that ever customer's bill is based on reading of the customer's meter.		
				UED suggest that the draftir recognise that there is no concept of a meter read for a remote read interval meter, metering data is collected or acquired by		

ENERGY RETAIL	LCODE			
REGULATION U	INDER REVIEW			
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment
				polling the meter. The half hour data collected across a 24 hour period is subject to NEM validation processes before being considered settlement ready or billable data.
				in any event, use its best endeavours to ensure that the customer's bill is based on a reading of the customer's meter at least once in any 12 months and if the customer's meter is a smart meter use its best endeavours to ensure that every customer's bill is based on a reading of metering data from the customer's meter.
5.2 Estimations	Methodology for estimated bills	This section is concerned with how the estimation is made not whether the bill is an estimated bill or not and may be impacted by smart meters The requirement for the estimation continues to reflect the previous position whereby the Victorian regulation set out how first tier customer's data was collected and the national electricity market regulation set out the arrangement for second tier	SVDP - the remote read functionality delivers one of the most significant customer service improvements associated with SMI as it removes the need for estimates and associated problems with under and over charging. It is therefore essential that the practice of issuing bills based on estimates be abolished in a SMI environment.	Refer to discussion in 3.2. As well, a technical amendment to this clause is proposed; (a) Despite clause 5.1, if a retailer is not able to reasonably or reliably base a bill on a reading of the meter at a customer's supply address, the retailer may provide the customer with an estimated bill prepared in accordance with

ERGY RETAIL CODE GULATION UNDER REVIEW					
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment	
		customers. The meter reading requirements for first and second tier customers are now covered by the national instruments which set out how all data is to be validated, and where necessary, substituted and estimated. These requirements are set out in the "Metrology Procedure: Part B National Electricity Market", that is available on the AEMO website. The Commission agrees that the current estimation and substitution methodologies, that are AEMO's responsibility in a NEM context, may need to be revised for small customers with smart meters.	Red Energy - consideration should be given to the current definitions of when a bill should be described as an estimate and the materiality thresholds for when it must be rebilled. Interval data ensures that the value of estimation within each bill is now known and the value of the bill which is not estimated can be identified. The current obligation on retailers is to ensure a minimum of one actual read per year. With remote reads under AMI we believe this obligation — or at least the costs associated with a site visit should communications fail — should reside with the DB. OE - given that the meter will be read remotely on the half-hour, the notion of a bill being 'estimated' because a person could not physically read the meter every three months — as is currently the case for estimated reads — will no longer be valid. Under some circumstances estimated data will be required. Our preliminary views are that this would be less than 10% of the time, maybe more in the vicinity of 1-2%. This issue needs to be addressed	the relevant estimation procedu in the applicable regulatory instruments. (b) Despite clause 5.1, if in the context of an electricity custome transferring from one retailer to another retailer applicable regulatory instruments permit a estimate of consumption rather than a meter reading, the retailer may provide the customer with a estimated bill prepared in accordance with the relevant estimation procedure in the applicable regulatory instruments. UED suggest that the reference shou be to the National Metrology Procedure part B. This provides a clear reference to the standards used for estimation purposes for any customers wishing to analyse the methods used.	

ENERGY RETAIL				
REGULATION U	NDER REVIEW		,	
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment
			and better understood through the review. The current Metrology Procedures for estimation and substitution of small customer data may need to be reviewed in conjunction with the roll-out of interval meters.	
5.3 Bill Smoothing	Methodology for determining bill smoothing arrangements and for reconciling bills	Issue for review	SVDP - As SMI provides retailers with daily meter reads, retailers should be required to assess the amount of energy a customer on a bill smoothing contract consumes every three months (rather than the six month requirement proposed for customers not connected to SMI).	
ADJUSTMENT O	F THE BILL			
6.1 Review of the bill	Obligations on retailers and customers when the customer requests a review of the bill.	Should obligations be the same irrespective of smart meters?	SVDP - SMI enabled dynamic pricing contracts will make customers' bills more complex and thus more difficult to understand. It is therefore crucial that processes are in place to allow customers to query and review bills in a transparent, affordable, accurate and efficient manner.	
6.2 Undercharging	Obligations on retailers, and monies to be recovered from the customer, if the retailer has undercharged or not charged a	Outcomes the same irrespective of smart meters, but drafting may be required to take account of smart	SDVP – under smart meters a retailer cannot recover undercharged amounts for longer	

ENERGY RETAIL	CODE			
REGULATION U	NDER REVIEW			
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment
	customer	meters	than 3 months prior to notifying the customer. SMI will provide retailers with daily reads of every customer's consumption and retailers should therefore be significantly better equipped to avoid undercharging scenarios.	
PAYMENT OF T	HE BILL	1		
7.1-7.5 Payment of bills	Time for customers to pay, unless negotiated differently in a market contract/ Ways in which customers can pay their bills/Payment in advance/Fees and Charges for Credit Card and Dishonoured Cheque payments	Obligations the same irrespective of smart meters	OE & SE – link with 3.1 (billing cycles) SVDP – customers should have a minimum of 12 business days to pay a bill upon receiving it, particularly low income and pensioners.	
7.6 Vacating a supply address	Obligations on customers for vacated premises	Review in light of remote disconnection & reconnection functionality	SVDP - a SRC terminates on the earliest 1 business day commencing upon receipt by the retailer of a termination notice (even if the customer has vacated the premises earlier)	
			The obligation of SRC customers vacating their premises to continue to pay for energy consumed at the premises (as well as the fixed charge) for a minimum of 5 business days after giving the retailer notice is unjustified in an SMI environment where retailers	

ENERGY RETAIL	CODE			
REGULATION U	NDER REVIEW			
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment
			can order a special read.	
PAYMENT DIFFI	CULTIES		<u>, </u>	
11.1 – 11.4 Assistance to customers with payment difficulties	Obligations on customers and retailers if customers experiencing payment difficulties. Obligations on retailers to assess capacity to pay and provide information and assistance. Requirements for debt collection	Obligations the same irrespective of smart meters The Wrongful Disconnection Payment (WDP) Review highlighted some ambiguity in drafting clause this clause. This will be reviewed separately.	OE – understands why this issue is of concern to customers, but cannot see what more retailers can do to assist customers.	
INSTALMENT PL	.ANS			
12.1 – 12.3 Options for customers and review	Setting out when customers may be eligible for instalment plans and requirements for retailers to review and adjust	Obligations the same irrespective of smart meters The Wrongful Disconnection Payment Review highlighted some ambiguity in drafting clause this clause. This will be reviewed separately.		
PART 4 – DISCO	NNECTION			
GROUNDS FOR	DISCONNECTION			
13.1 Non- payment of bill	Procedures prior to retailers disconnecting customers	Key issue for review	SE – ESV is undertaking a review of safety issues arising from remote disconnection/reconnection. Review should not duplicate. OE – link with ESV safety review.	

ENERGY RETAIL CODE REGULATION UNDER REVIEW Summary of Obligation Issue for operation of smart Other **UED Comment** Clause meters information/submissions Note that remote disconnection/reconnections should add benefits for customers Allan Driver – additional information should be provided to customers SVDP -that a retailer must make two notification attempts during the 24 hour period prior to requesting the distributor to remotely disconnect the customer's premises. Remote disconnections make the process more expedient and impersonal, and thus create a health and safety risk to customers. EWOV - the existing notification requirements should be retained and customers are made aware of possibility of remote disconnection n all disconnection warning notices. 13.2 Customers Additional obligations on retailers prior to Key issue for review without sufficient disconnecting customers who are known income to have financial difficulties Clause 13.3 could be clarified that this 13.3 Denying Obligations which apply when customer's The ESC propose the following meter is not accessible for reading access to meter apples to manually read meters and to amendment; ensure that it is clear that access does A *retailer* may disconnect a not imply the customer providing or not customer other than a electronic access to the meter.

customer with a smart meter if,

RGY RETAIL (CODE IDER REVIEW			
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment
				due to acts or omissions on part of the <i>customer</i> , <i>customer's meter</i> is accessible for the purpose reading for three consecubills in the <i>customer's bill cycle</i> but only if:
				UED suggest that the we'other than a smart meter removed. Where the meter data provinceds access to a custom meter to fix failed meter: communications, the accessful required where repeatance of metering data is un to be collected. The retishould still have a role to a with access, regardless of meter type. We suggesmore generic approach to inability to collect meter data.
				UED suggest amending the part of the clause to: 'not accessible for the purpof a reading for the

ENERGY RETAIL	CODE			
REGULATION U	NDER REVIEW			
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment
				consecutive bills in the customer's billing cycle gaining consecutive metering data but only if:
NO DISCONNEC	TION			,
14 No disconnection	Circumstances and time frames when retailers cannot disconnect	Consider in context of remote disconnections		UED support the ESC proposal that no change be proposed. The customer and retailer will in the first instance determine how a service will be requested eg remote service vs physical disconnection.
RECONNECTION			-	
15.1 - 15.2 Customer's right to reconnection	Circumstances and timing for customer's reconnection	Issue for review		
PART 6 - MARK	ET CONTRACTS AND VARIATION		-	
20 Variations requiring customer's agreement	How variations to tariff and other terms and conditions can be effected	Key issue for review	Simply Energy - when network tariffs are changed, retailers must be able to move customers to a corresponding retail tariff without impediment	
			VCOSS – maintain current requirements for notification and informed consent to any tariff variations	
21 Gazette based	How variations to standing offers take	Key issue for review	SVDP - It is necessary to identify a new approach to standardising the	

ENERGY RETAIL				
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment
variations	effect		standing offer tariff shape. Tariff shape is separate from price setting and contact terms and conditions. A standardised shape is essential to ensure that the standing offer is the basic, standard, comparable offer as intended.	
PART 7 – TERM	AND TERMINATION	I		
22.1 – 24.6 Term, termination and expiry of contracts	Sets out when contracts take effect, how they can be terminated, procedures applying if a customer breaches the contract and termination in a retailer of last resort event	Issue for review	SVDP - a market contract should have no effect to the extent that it requires a customer to give more than 12 business days notice to terminate the contract.	
			Remotely read meters will make the transfer process more efficient and the termination notice requirement should therefore reflect:	
			- The notice requirement on retailers to inform customers about a tariff/price change.	
			- The cooling-off period.	
			The 10 day cooling off period should not commence until the customer has received the contract and that customers should be given a prescribed form explaining their cooling off rights before the cooling	

ENERGY RETAIL CODE REGULATION UNDER REVIEW Summary of Obligation Issue for operation of smart Other **UED Comment** Clause meters information/submissions off period starts. PART 8 - GENERAL PROVISION OF INFORMATION 26.2 Charter Circumstances in which retailer must Issue for review FCRC - retailers should have to provide a customer charter and provide info on smart meters, their information to be provided billing requirements and how customers will be impacted 26.4 Advice on Information which must be provided to Key issue for review **SVDP** - retailers should be required customer on available tariffs and available tariffs to notify their customers about any notification of tariff variations tariff/price change before it takes effect. Moreover, the notification period for tariff variation should reflect the notification period customers are required to provide retailers in order to terminate a contract. Arrangements must be in place to ensure that the customer is notified of any tariff change (resulting from network reassignment or retail tariff change) in advance. **CUAC** - should be reviewed to as only requires customers to be notified of tariff changes no later than next bill

ENERGY RETAIL				
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment
	Maintenance of life support register and information from retailer to distributor	Key issue for review, particularly in light of remote disconnection/connection functionality	SVDP - That the relevant definitions are amended to broaden the definition of households with life support equipment to households with special needs (due to health and medical conditions).	
HISTORICAL BIL	LING INFORMATION		1	
27.2 Historical billing data	Information to be provided to the customer and charges which may be imposed	Key issue for review	EWOV - supports SCO proposal that customers should have a choice between a full set of billing data and a summary of the data (including relevant metering data) on which the bill was based in a form that is easy to understand. VECCI - customers should be able to	
			request, and access, smart meter information related to consumption on their own premises.	
			CUAC – customers need to understand how data is provided. Concerns about access, privacy and security	
			VCOSS – review for privacy concerns	
			SCO – retailers must be able to provide to customers the full set of metering data and a summary of metering data – customers can	

ENERGY RETAIL	CODE			
REGULATION U	NDER REVIEW			
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment

ELECTRICITY DISTRIBUTION CODE REGULATION UNDER REVIEW Clause Summary of Obligation Issue for operation of smart meters information/submissions UED Comment

2.5 Previous connection	That the distributors must use best endeavours to energise a customer's supply within one business day	Energisation by smart meter may be new service that can be carried out is less than one day.	The NECF and National Energy retail Law is considering how the terms connection and energisation etc will be applied taking into account smart meters.	
9 Provision of information Clause 9.1.13	When disconnecting supply the distributor must leave information at the site about reconnection including a list of retailers	Under remote deenergisation the site will not be visited hence it is unclear how this information currently provided under clause 9.1.13 would be provided under remote reenergisation.		
Clause 9.1.14 9 Provision of information	This clause sets out the advice that the distributor must given the customers when a smart meter is to be installed.	This clause was especially inserted so that customers would know when a smart meter was to be installed under the rollout		
12 Disconnection of Supply	Sets out the conditions under which the distributor may and may not disconnect the customer, including at a retailer's request and at the customer's request	While the issues of disconnection and/or deenergisation by fuse pull or the meter is an issue for smart meters it is likely most of the conditions associated with disconnection will not be impacted.		
13 Reconnection	Sets out the conditions under which the distributor must reconnect a customer	Related to 12 above some clarification or changes may be required		
14, 15, 16, 17, 18 and 19	Compliance with metering code, additional charges Liability, indemnity, force majeure and definitions	No smart meter issues however subject to the resolution of other matters a definition of smart meter based connection and/or disconnection may be required in clause 19.		

CODE OF CONDUCT FOR MARKETING RETAIL ENERGY IN VICTORIA **REGULATION UNDER REVIEW Summary of Obligation** Issue for operation of smart Other **UED Comment** Clause meters information/submissions **Training** Sets out requirements on retailers to Customers will want to know about the provide initial and ongoing training and role of smart meters and how time-oftesting of marketing representatives, use tariffs will impact their bills, how including: they will be able to benefit from time of use pricing, why they have to pay for Consumer laws meters, etc. Retailers will have to adapt misleading, deceptive or their marketing practices. unconscionable conduct basic contractual rights and the meaning of explicit informed consent to a contract the ability to clearly explain the arrangements for competition in energy supply, including the right to freely choose a retailer product knowledge, including tariffs, billing procedures and payment options (and any other areas stipulated by the Commission) 3.3 A retailer must provide the information The tariffs which the retailer must SDVP - Because DPC and DLCC are Precontractual to a consumer before entering into a disclose will be dependent on the tariff new and complex retail products to information contract, including: structure ultimately determined by the customers, retailers offering these Government. There will be implications, products should be required to details of all applicable prices, but it is difficult to be definitive at this provide the prospective customer charges⁴, tariffs and service levels time with additional information in order

to ensure that explicit informed

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that will apply to the consumer,

where the retailer must declare that

⁴ Subject to the retailer being aware of all charges which may apply to that consumer or the consumer's premises.

CODE OF CONDUCT FOR MARKETING RETAIL ENERGY IN VICTORIA REGULATION UNDER REVIEW

Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment
	the price offered is inclusive of all costs, including GST; and the type, frequency of bills and payment methods the consumer will receive; cancellation rights and any termination fees that might apply; all relevant information about any difference between the contract's terms and conditions and the basic terms and conditions under the Energy Retail Code		consent is obtained. One particular issue that needs to be disclosed at marketing stage is offers with variance between network and retail tariff shape. A standardised shape is essential to ensure that the standing offer is the basic, standard, comparable offer as intended. VCOSS — retailers' standing offers should reflect network tariff shape; there should be tools to assist customers to compare offers and tariff shapes	
4 Cooling off	Sets out the consumer's cooling-off rights: 5 business days from and including the relevant date if the customer requires energisation; and otherwise, 10 business days from and including the relevant date	No implications assumed because of smart meters	sVDP - the 10 day cooling off period should not commence until the customer has received the contract and that customers should be given a prescribed form explaining their cooling off rights before the cooling off period starts.	

REGULATION UNDER REVIEW					
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment	
1.2 and 4.3 Process for customer transfer - Proposed transfer date and meter read method	These sections are concerned with establishing the transfer date and the need for an appropriate meter reading at that time for the purpose of transfer.	A meter read is required for transfer, this traditionally has been from a scheduled read (up to a quarter apart) or a special read which would incur additional costs. Smart meters allow reading daily and daily remote readings may become a "scheduled read" and a transfer the next day could be achieved without a special read being required. The principle that a transfer must take place based on actual meter data should be retained. Smart meters will provide more transfer flexibly as reading will occur more often with daily reads being proposed. With the approach proposed section 4.3 will not require amendment. Clause 4.2(b)(2) allows a retrospective date to be applied (AEMO's MSATS provides for this date to be up to 10 days earlier than the date a transfer is "requested") provided that date was a reading date. The Commission considers that with smart meters it is not necessary to have retrospectivity to align to a reading date (see discussion above) and that			

retrospectivity provisions were not

LECTRICITY CUSTOMER TRANSFER CODE EGULATION UNDER REVIEW						
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment		
	ret For ret use par	rended to allow arbitrary trospective transfer dates. r customers with smart meters trospectivity could continue to be ed in the case of a move-in (sub ragraph (1)). This allows a single intract to be established from the ove-in date.				

ELECTRICITY CUSTOMER METERING CODE					
REGULATION UNDER REVIEW					
Clause	Summary of Obligation	Issue for operation of smart	Other	UED Comment	
		meters	information/submissions		

2.4 Impulse	Allows the customer to request an	Prior to smart metering such an impulse		The Commission proposes that a smart
Output	"impulse output" from the meter and	output would have been the only way		meter would be defined as;
	that the customer must pay for the	customers, particularly large customers,		"A <i>metering installation</i> installed at a
	provision of such facilities.	could obtain detailed metering data to		customer's premises where the annual
		assist in monitoring its consumption.		·
		11d		electricity consumption is 160 MWh or
		Under smart metering more methods of		less that meets the requirements of
		obtaining detailed data from the meter		Division 6A ("advanced metering
		are possible, these include information		infrastructure") and relevant Orders
		passed directly to a display device in		under Division 6A of the Electricity
		the premises or a web based provision		Industry Act (2000)."
		of data that is available to the customer		
		each day after the meter is remotely		
		read.		If this definition proceeds, care will
		The Commission's understanding is that		need to be taken in the use of the term.
		the Victorian smart metering		A smart meter installed but not yet
		specification does not include the		operating as a smart meter if the
		mandatory provision of pulse outputs.		communications network had not been
				rolled out in that network area could be
				construed to be included in this
				definition.
				In addition, if higher service levels for
				remote disconnection were required
				then a further carve out for smart
				meters without remote disconnect
				capability would be required.
2.6 Information	Requires information to be left with the	Smart meters can display more	The MCE SCO smart meter customer	The requirement that information
for Customers	customer showing how the meter can	information than accumulation meters	protection paper sets out a draft policy	about accessing the meter display be
	be read by the customer from the	and it is important that customers are	position that "all customers with smart	provided should be now extended to

ELECTRICITY CU	ELECTRICITY CUSTOMER METERING CODE					
REGULATION U	REGULATION UNDER REVIEW					
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment		

3 Changing tariffs	Requires the distributor or retailer who requires a different meter or the meter to be operated differently, or request a new tariff to seek the agreement of the distributor or retailer	It is unlikely that such a new tariff would require a smart meter to be changed or operated differently.	meters should be able to check that their meter is working correctly, and reconcile their bills against their meter with a reasonable degree of certainty"	include smart meters. A smart meter is a type 5 interval meter (until the derogation ends) so the current arrangements are suitable. The customer will receive a sticker on their meter advising how to read the total accumulation meter register and this is also provided in the information pack when they receive the meter. Where a customer requires further assistance they are able to phone their retailer or network for assistance. Further regulation is not required.
6 Installation	The clause is concerned with the cost of installing different meters	Prior to smart metering, the clause has assumed that customers may request only higher cost metering. Under smart metering the clause could be interpreted as allowing customers to request a reversion to basic metering. The clause must continue to operate for >160 MWh customers with type 4 metering who may wish to request higher standard metering. The clause must recognise that smart		The Commission proposes that a new paragraph (aa) be inserted at the beginning of the clause; "This clause 6.1 is subject to the minimum standard of metering equipment being smart metering following the initial installation of smart metering at a customer's premises." Additionally, this clause should apply to all customers, not just first tier

ELECTRICITY CU	ELECTRICITY CUSTOMER METERING CODE					
REGULATION U	REGULATION UNDER REVIEW					
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment		

		meters are to become the minimum standard for small customers and that this standard is established currently by Victorian law rather that the NER or metrology procedures. Currently the NER and metrology procedures do not specifically include smart meters.	customers as it currently sets out. UED support the ESC's proposal that smart meters will be the minimum standard and that customers cannot revert back to basic metering.
7.1 Access to data	Sets out rights of the customer to access data electronically directly from the meter at the customer's cost	This clause was previously designed to allow large customers with electronic metering direct access to the meter data and did not contemplate smart meters. As noted above smart meters provide more methods of obtaining detailed data from the meter, including information passed directly to a display device in the premises or a web based provision of data that is available to the customer each day after the meter is	It is proposed that paragraph (a) be varied as follows; "A distributor, a retailer or a responsible person (as the case may be) must, on written request from a customer, other than a customer with a smart meter, provide facilities to enable the customer to electronically access data stored in metering equipment provided by the distributor, the retailer or the responsible person."
		remotely read. The Commission's understanding is that it is intended customers use these methods rather than direct electronic access to obtain data.	UED suggest the above amendment to exclude smart meters is not required and could constrain options. Customers may require electronic access to their data via the use of IHD or their computer.
8 Collection of metering data	Sets out that the customer may arrange how the data will be collected.	This clause did not anticipate smart meters. Where smart metering data is collected by remote means there does	UED support the ESC proposal.

GULATION UP	IDER REVIEW			
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment
	n	eed to be choice of an alternative nethod which was intended to be emote collection.		
	c fr	urthermore it needs to be clear that a ustomer cannot request that data rom a smart meter be alternatively nanually collected.		
efinitions	Т	here is currently no definition of a		A definition of a smart meters s

UED support an appropriate definition be included and have provided comments in the table above 9ECMC clause 2.4) where the ESC defined a

smart meter.

USE OF SYSTEM	AGREEMENTS			
REGULATION UN	IDER REVIEW			
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment
6.3 Disconnection at the request of the retailer	Sets out the arrangements for the retailer to notify the distributor of a disconnection, the timing of the disconnection and the distributor's associated conditions. The clause, which is subject to the electricity law, allows the distributor up to 2 business days to effect the disconnection.	Disconnection refers to deenergisation. Smart meters allow deenergisation in shorter time frames and by remote rather that on-site means. Under this clause distributor must disconnect the customer within two business days. The UoSA requirements would necessarily follow any regulatory amendments in providing for retailer requests to distributors and the service that is offered by the distributor taking into account smart meters enabled services.	These services requested by industry based B2B arrangements are established under the national regulation which are being reviewed for smart meters.	
6.4 Disconnection at the request of a customer	This clause provides for the distributor to disconnect the customer in accordance with the distribution code based on a request by the customer.	For smart meters the issue is what method does the distributor use for the disconnection and is the customer given choice.		
6.5 Reconnection of supply	Sets out that the distributor must reconnect supply when required to do so under the electricity law or when a proper request is received from a retailer.	The clause does not indicate times that must apply instead indicating that the reconnection (reenergisation) shall be carried out in accordance with the electricity law. It is the electricity law that will set out any new arrangements for customers with smart meters.		
7.4 & 7.5 Invoices and Metering Data	Obligations to parties to meet their financial obligations	Key issue as the distributors are seeking monthly network billing for all customers, whereas it is quarterly currently for most customers	Distributors and retailers have made separate submissions to the Commission	UED consider that billing arrangements should be in accordance with the industry agreed operating model, monthly billing for remotely

USE OF SYSTEM AGREEMENTS

REGULATION UNDER REVIEW

Clause

9.8 Changes in

Network Tariffs or

Distribution

Summary of Obligation

Obligations and procedures in relation to

changes to network tariffs

	, , , , , , , , , , , , , , , , , , ,			
		meters	information/submissions	
				read interval meters. This is consistent with the current practice under the UOSA where a site moves from a manual ready cycle to remote reading.
8.1 & 8.3 Compliance with Privacy Laws	Obligations on parties to comply with applicable Privacy Laws in relation to privacy, disclosure, use or confidentiality of information	There should not be implications because of smart meters, but there are concerns by consumer groups that information will be misused		
8.2 Provision of Information	Obligations on each party to ensure it provides relevant information at no cost and in a timely manner information that it needs to comply with its obligations	The operations of smart meters should not impact this obligation, but views of relevant parties are required		
8.4 Information Exchange Protocols	Obligations to participate in B2B processes	The operations of smart meters should not impact this obligation, but views of relevant parties are required	VECCI The review should include an exploration of whether the present customer protection framework needs to be altered to reflect smart meter technology changes and data exchange practices between distribution and retail businesses.	
8.5 & 8.6 Accuracy and changes in information	Obligations to ensure information is accurate and up-to-date	The operations of smart meters should not impact this obligation, but views of relevant parties are required		
9.4 Customer Details	Customer information to be provided by the retailer to the distributor	Obligations appear to be the same irrespective of smart meters, but views		

of the parties are required

meters

Will be critical in the operation of smart

Issue for operation of smart

Other

UED Comment

USE OF SYSTEM AGREEMENTS REGULATION UNDER REVIEW					
Clause	Summary of Obligation	Issue for operation of smart meters	Other information/submissions	UED Comment	
Services					

USE OF SYSTEM AGREEMENTS REGULATION UNDER REVIEW Clause Summary of Obligation Issue for operation of smart meters information/submissions UED Comment

DISTRIBUTION LICENCE						
19 Statement of charges	Information to be provided to the retailer to enable the retailer to accurately charge the customer	Consultation needs to occur with the retailers as to whether further regulation is required or if it is dealt with sufficiently through the Use of System Agreement		Stakeholder views are sought as to whether any further amendments are required to the Use of System Agreements to effect this obligation on the distributors		
RETAIL LICENCE						
7 Contracts with Customers	Sets out high level requirements on retailers regarding contracts with customers	There will be implications if there are statutory amendments to the standing offer contract conditions, specifically to the requirements on customers regarding TOU tariffs.	SVDP – there appears to be an assumption that time varying prices, such as time of use tariffs, will only be applied to market contracts. However, as retail tariffs tend to reflect the shape of network tariffs, time of use pricing will most likely apply to standing contracts as well. Clarification is required as to what tariff shapes are expected to be available on a standard contract.	Any regulatory changes will be dependent on policy and statutory developments. No changes proposed at this time		
8 Obligation to offer to sell	Sets out statutory obligations on obligation to sell	As above		As above		
9 - Information	to customers			1		
9.1. Bill Information	Sets out minimum information which must be included in all customers' bills	The licence provision duplicates information which is included in the ERC and therefore could be deleted. However, the ERC is restricted to all domestic customers, and small business customers consuming <40MWh/pa.		Refer to discussion in section 3.2 Comments are sought on whether the obligation should be retained in the licence as it refers to larger customers.		

USE OF SYSTEM AGREEMENTS

REGULATION UNDER REVIEW

Clause	Summary of Obligation	Issue for operation of smart	Other	UED Comment
		meters	information/submissions	

		Given the implications for TOU tariffs, it may be necessary to retain the obligation	
9.2 Variations	Sets out obligations to provide information on variations to tariffs	As above	As above
9.3 Deemed contracts	Sets out requirements on retailers to provide deemed contractual information to customers for whom they become the financially responsible retailer, if the customer moves-in and energises the premises	Information should be expanded to provide information on smart meter operations, including remote energisation and de-energisation	Refer to discussion in section 3.3
9.4 Publication of tariffs	Obligations on retailers to include, in its public advertisement on tariff changes, additional information for customers from non-English speaking backgrounds	Critical concern for the Government in the publication of tariffs	The licence obligations mirror the legislative requirements. This provision will be reviewed once the Government's decisions on time-of-use tariffs are determined
9.6 Information by retailers	Obligation on retailers to provide information to premises which is leaves energised once it is vacated	Critical issue in the context of remote deenergisation/reenergisation — how will information be provided to customers about their options?	Refer to discussion in section 3.3