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Collette Grigg
A/ Executive Director Energy
Department of Planning and Environment
New South Wales Government

Via email: energy.consumerpolicy@dpie.nsw.gov.au

**ENERGY CONSUMERS AUSTRALIA SUBMISSION ON THE NSW GOVERNMENT PUBLIC
CONSULTATION PAPER 'PROMOTING INNOVATION FOR NSW ENERGY CUSTOMERS'**

Dear Collette,

Energy Consumers Australia appreciates the opportunity to provide a submission to the New South Wales Government on the Consultation Paper *Promoting Innovation for NSW Energy Customers*. While we acknowledge the NSW Governments Consultation paper discusses a wide range of issues relating to NSW energy consumers, we would like to preface the following submission is focused on Part 1 of the Consultation Paper, 'smart electricity meters'.

Energy Consumers Australia is the independent, national voice for residential and small business energy consumers. Established by the Council of Australian Governments (COAG) Energy Council our vision is that consumers' values, expectations, and needs are met through an affordable, resilient, modern, and flexible energy system.

We believe that achieving this vision requires the timely roll-out of smart meters in the least cost and most equitable way. It is for this reason that we propose that the NSW Government initiate a contracted, widespread roll-out of smart meters to be completed by a target date, which would also enable support for financing necessary electrical upgrades or other building works. Our submission below outlines our reasoning for this proposal and greater detail on the benefits we see of this approach.

We recognise the NSW Governments Consultation Paper identifies a number of specific questions for consultation relating to smart meters. While the following submission touches on some of these questions, such as metering costs and upgrades, the key focus is communicating with the NSW Government a proposal we have for accelerating the roll-out of smart meters, which in our opinion is critical in enabling Australia's future energy system. Energy Consumers Australia will be raising this proposal across multiple jurisdictions in 2022.

Smart meters are an essential part of an affordable, resilient, and clean energy system

When asked about the future, Australian consumers are most concerned about the affordability and sustainability of energy¹. Smart meters have the potential to address both concerns by enabling efficient management of the electricity network as the uptake of renewable energy technologies increases.

¹ <https://ecss.energyconsumersaustralia.com.au/sentiment-survey-june-2021/featured-content/>



With increasingly significant generation capacity located “behind the meter,” it is absolutely essential that electricity distribution businesses have access to granular and real time information on changing consumption and exports. Without this data, collected by smart meters, it will be difficult to deliver new grid management products and services such as the ones discussed in Parts 2 and 3 of the Consultation Paper such as Dynamic Operating Envelopes (Issue 9) and Improving the Visibility of DER (Issue 11) or those outside the Consultation Paper such as network tariffs. Initiatives such as these will be essential to a transition to net-zero emission at the least cost to all consumers.

We see the increased speed and proliferation of the smart meter-roll out as essential. However, accelerating the roll-out will require a social licence. Without a social licence the risk of non-compliance and poor community acceptance is high, limiting the overall impact a roll-out of smart meters can have². The key elements in establishing and maintaining a social licence are consumer choice (in terms of ability to opt-out) and ensuring the private benefits outweigh private costs. There are very few direct benefits to a consumer in installing a smart meter, and some consumers face large upfront costs associated with metering board or wiring upgrades required to install a meter (Issues 1 and 4 in NSW Government Consultation Paper). It is other parties, such as network businesses, who see the direct benefits of smart meters. This means that establishing a social licence for a consumer led and financed smart meter roll-out will be very difficult. Instead removing the responsibility and costs from consumers will help work towards a social licence and level of community acceptance that will support and enable an efficient, fast, and successful roll-out of smart meters.

A way forward

We see a government initiated roll-out of smart meters as the best way to ensure that consumer benefits outweigh consumer costs. This widespread roll-out option could:

- be carefully planned, resulting in cheaper, faster and less disruptive installations of smart meters (e.g. by allowing meters in entire apartment blocks to be upgraded at the same time);
- through a fulsome, dedicated effort bring economies of scale to bear (e.g., bulk purchasing of meters) reducing the cost of the meters;
- allow for financing mechanisms to be provided to enable electrical upgrades and rectifications (such as for asbestos) where needed; and
- means the program can be planned, reaching targets quickly, in much the same way digital replaced analogue broadcasting.

It is clear the current metering framework is not delivering the proliferation of meters needed to support the transition to a clean, affordable, and reliable future energy system. Currently, only 25% of NSW energy consumers have a smart meter installed³ highlighting that the introduction of the Australian Energy Market Commission’s (AEMC) *Competition in metering rule* in 2017 has not delivered on desired outcomes. While both the AEMC and the South Australian Government have presented their own options to accelerate the roll-out^{4 5} we believe that these options continue to place the onus and responsibility on the consumer to choose to install a smart meter. Customers should not be responsible for or bear the costs for the roll-out when it is other parties such as network businesses which accrue the direct benefits.

² <https://energyconsumersaustralia.com.au/publications/social-licence-for-control-of-distributed-energy-resources>

³ <https://www.aemc.gov.au/sites/default/files/202109/EMO0040%20Metering%20Review%20Directions%20paper%20FINAL.pdf>

⁴ https://www.aemc.gov.au/sites/default/files/2021-11/rule_change_submission_-_emo0040_-_eca_-_20211103.pdf

⁵ <https://energyconsumersaustralia.com.au/publications/submission-to-the-south-australian-government-on-the-accelerating-the-roll-out-of-smart-meters-consultation-paper>



Smart meters are essential infrastructure for the future planning and operation of the energy system. It is critical that they are rolled-out in the immediate future in a timely and cost-effective manner. We strongly encourage the NSW Government to take immediate steps to accelerate the roll-out using the option Energy Consumers Australia has proposed of a government initiated and contracted roll-out. Only this option will provide certainty that all small business and households have a smart meter installed in a certain time frame and that the costs and disruptions are mitigated.

Thank you again for the opportunity to provide a submission to the NSW Government Consultation Paper. Should you have any questions about our comments in this submission, or require further detail, please contact Marie Harrowell by phone at +61 2 9220 5500 and by email at marie.harrowell@energyconsumersaustralia.com.au.

Yours sincerely,

Lynne Gallagher
Chief Executive Officer