

Smart meters: Removing regulatory barriers and maintaining consumer safety for a market-led roll out of smart meters in New South Wales

The NSW Government is committed to a voluntary, market-led roll out of smart meters. Government policy in this area is in keeping with broader changes that are happening in the electricity markets that place the consumer at the forefront of how they use electricity.

Smart meters enable better access to consumer consumption data, which in turn allows for greater control in the way customers use electricity. This translates to important cost savings for consumers. Consumers can further benefit through the use of smart meters by a range of products and services that can be leveraged from this technology.

The current regulatory arrangements for metering in NSW are a legacy of a two-decade old industry structure where distribution and retail businesses were vertically integrated. The energy markets are changing, and these older regulatory arrangements are now creating a barrier to retailers and consumers who wish to adopt new technologies and new approaches to the way they obtain and use electricity.

To facilitate competition in metering, the NSW Government is proposing to streamline the NSW regulatory frameworks governing metering installations and is holding targeted consultation on proposed changes to NSW legislation and associated regulatory instruments. In discussions with stakeholders, a range of issues have been identified covering various regulatory instruments including:

- Statutory issues in the Electricity Supply Act 1996 and the Electricity Consumer Safety Act 2004, and matters contained in the relevant regulations.
- Service and Installation Rules of New South Wales,
- Accredited Service Provider (ASP) Scheme Rules

This Consultation Paper sets out proposals for addressing key issues raised to date by stakeholders about a market led smart meter roll out, and seeks comments.

New national rules on competition in metering

In November 2015, the national energy rule making body, (the Australian Energy Market Commission (AEMC)) published a decision for changes to national rules called “Expanding competition in metering and related services”. This key reform comes into effect in December 2017, and will facilitate competition in meter installations and related services.

The NSW Government’s policy for a voluntary market-led roll out of smart meters will complement the approach to metering set out in the new national rules. The proposed regulatory changes to NSW Laws and Regulations are needed to achieve the full competitive outcomes that the national rule change will make possible.

The new national arrangements will change the primary responsibility for the installation of meters and related services for residential and small customers. The distributor's current role will be replaced with a Metering Coordinator, who will provide meter installations and related services for a consumer on behalf of a retailer.

The Metering Coordinator role will be accredited by the Australian Energy Market Operator (AEMO).

Expiry of the NSW Solar Bonus Scheme

The NSW Government's smart meter policy also has important implications for the NSW Solar Bonus Scheme, which expires on 31 December 2016. After the expiry of the scheme, around 146,000 NSW households and small business will no longer receive the NSW Government feed-in-tariff. Depending on when the customer entered the scheme, they are currently receiving either 60c/kWh or 20c/kWh. These customers will have the option to source a competitive feed in tariff offered by a retailer, which are typically set between 5c/kWh and 8c/kWh, and can take effect from 1 January 2017.

Most consumers under the scheme (around 130,000) currently have 'gross meters', and are therefore exporting all electricity produced by their roof top solar straight to the network. Changing to net metering will provide consumers with the capability to use the electricity being produced by the solar panel system and only export unused electricity to the grid. This will maximise the financial benefit to solar customers after the closure of the Solar Bonus Scheme.

Installing a smart meter is one way that consumers can transition to a net metering arrangement when the Solar Bonus Scheme expires. Smart meters will also enable these consumers to take advantage of any additional products and services offered by retailers that can be leveraged from the functions available on a smart meter, such as energy mobile apps, battery storage and maximising consumption with solar production.

Proposed NSW regulatory changes

The NSW regulatory changes proposed for competitive metering are intended to address perceived existing barriers to the market-led roll out of smart meters while maintaining the integrity of the safety, technical and compliance regimes. The regulatory changes will clarify;

- the role of a distributor in relation to the installation of meters
- the registration and other requirements for accredited meter installers; and
- the lines of responsibility for the safety, technical and compliance regime governing the installation of smart meters.

NSW Fair Trading is to be responsible for the regulation of safety and compliance for meter installations. Currently distributors have State-based legislated responsibility for the safety and compliance of meter installations in NSW, even if an electricity retailer or metering provider installed the meter and owns the asset.

The transfer of responsibility from distributors to NSW Fair Trading will be achieved by removing the distributor's current control and responsibility for meters under the Electricity Supply Act 1996. This will also remove the meter installations from the Accredited Service Provider (ASP) Scheme.

Changes are also proposed to the Electricity Consumer Safety Act 2004 and Regulation (Electricity Consumer Safety Regime), which is administered by NSW Fair Trading, to ensure that:

- installation of all new and replacement meters is subject to the Electricity Consumer Safety Regime;
- existing accumulation meters owned by distributors will be subject to the Electricity Consumer Safety Regime; and
- meter installations are unambiguously part of "electrical wiring work" and "specialist work" so that electrical contractors who install smart meters are captured by the NSW licensing requirements of the Electricity Consumer Safety Regime, and are suitably qualified.

As services for meter installations and related services will no longer be restricted to the ASP regime, any electrical contractor licensed by NSW Fair Trading will be permitted to undertake installation of meters and related services in sub-contracting arrangements with a Metering Provider.

The amendments to implement smart meter roll out will include changes to strengthen the ASP scheme. This will include clarifying the scope of activity that can be performed as a 'contestable service' and amendments to enable the ASP scheme to operate on a cost recovery basis.

The Table at Attachment 1 provides (at a high level) an indication of the proposed changes to:

- Electricity Supply Act 1995
- Electricity Supply (Safety and Network Management) Regulation 2014
- Electricity (Consumer Safety) Act 2004
- Electricity (Consumer Safety) Regulation 2015

Other issues for consultation

There are other issues on which the Division of Resources and Energy is seeking feedback from stakeholders. These issues are not necessarily specifically captured by the legislative and regulatory amendments package but relate to the smart meter roll out.

Training

Currently the ASP scheme requires that authorised meter installers undertake specialised training relating to meter installation and worker safety. Typically, this training is provided by registered training organisations (RTOs).

National arrangements in national energy market procedures also require authorised Metering Providers to set out training provisions for sub-contractors installing meters on their behalf. The conditions of a Metering Providers authorisation, including training provisions, are authorised by AEMO every two years. AEMO audits do not cover the meter installers sub-contracted to the Metering Provider.

The proposed changes to the NSW Accredited Service Provider Scheme will mean that meter installers will no longer be required to undertake this specialist training.

Stakeholder comment is sought as to whether training requirements for meter installers should continue to form part of the network safety, technical and compliance arrangements. It may be appropriate that some network specific training be required depending on the individual circumstances of each network.

For example, one distributor noted that the rate of defect notices for electrical contract work tends to be higher than for work completed under the Accredited Service Provider Scheme.

Distributors consider that the difference in the rate of defects between electrical contractors and suppliers under the Accredited Service Provider Scheme is driven by training requirements. It is noted that there is a nationally recognised unit of training that addresses safety issues around the testing of low voltage connections, such as electricity meters.

Metering Providers could be required to provide meter installation specific training for sub-contracted meter installers.

The Division of Resources and Energy would like to hear from stakeholders on approaches for training electrical contractors to install meters. Any approach should balance the regulatory and costs burdens associated with meter specific training with the need to maintain safety and technical requirements relating to an individual network.

Notice of Service Works and Certificates of Compliance of Electrical Work

As part of the governance regime for electricity meters, distributors require that a Notice of Service Works (NoSW) form is submitted by ASPs after completing meter installation work to premises. The information contained in the NoSW form is important to distributors to back-end systems for meter reading and billing. At this stage, it is understood that AEMO level procedures may not sufficiently cover this information. This information will be available to distributors through AEMO level procedures once the arrangements for metering contestability are finalised and come into effect in December 2017.

In the interim, it is proposed that meter installers continue to lodge a NoSW form to distributors to assist with their meter reading and billing arrangements. However, the NoSW form will not trigger compliance and inspection requirements for the distribution business and therefore it is questionable as to whether or not a fee should be attached.

At present ASPs are required to provide Certificates of Compliance of Electrical Work (CCEWs) to distributors on completion of electrical work on metering installations. In the new regime the CCEWs would be provided to NSW Fair Trading, not the distributor.

It is proposed that NSW Fair Trading, rather than distribution businesses, become responsible for any future program of metering installation safety and compliance audits and inspections. An option for funding would be on a user pays basis.

The Division of Resources and Energy would like to hear from stakeholders about how the current notification forms (NoSW and CCEW) can be transitioned to the new arrangements without causing further administrative burden for both metering providers and distributors and by minimising costs.

Remote de-energisation and re-energisation services

The National Energy Retail Rules (NERR) set out the specific circumstances and processes that must be followed for the de-energisation of a customer's premises. Retailers can initiate a de-energisation process based on specific grounds, such as non-payment, meter access and illegal use of electricity on the premises. However, the NERR currently assumes that the retailer's request for de-energisation is fulfilled by a distributor through a site visit to undertake de-energisation or re-energisation at the premises. Similarly, the NERR outlines specific circumstances for the re-energisation and de-energisation of a customer's premises, which must also be performed by a distributor.

When the new national rules on metering competition commence in December 2017, some of the provisions of the NERR will be adjusted to provide for remote de-energisation and re-energisation by a retailer where a smart meter is installed at a customer's premises. However, the AEMC considered the issue of remote de-energisation and re-energisation, and formed the view that specific requirements relating to safety and technical issues are to be within the purview of jurisdictions.

The Division of Resources and Energy considers that given the safety risks associated with remote de-energisation and re-energisation, such as life support arrangements and electricians undertaking planned work at a premises, additional requirements should be placed on retailers.

These additional NSW safety requirements will operate with national de-energisation and re-energisation processes set out in the NERR (noted above). These consumer protections remain unchanged and will continue to apply to customers, retailers and distributors.

Victoria, which is the only jurisdiction to date that has arrangements in place for remote de-energisation and re-energisation, requires retailers to enter into an MOU with Energy Safe Victoria (the safety regulator). The MOU requires retailers to develop a process and script before undertaking remote de-energisation and re-energisation services. The process must cover off on matters including if works are planned for the premises, life support arrangements, expected timeframes, and mains switch requirements for re-energisation.

Alternatively, NSW could create a direct regulatory obligation on retailers as to what they must do when undertaking remote de-energisation and re-re-energisation.

The Division of Resources and Energy would like to hear from stakeholders on the best approach (whether via an MOU or regulatory approach) to minimise the regulatory burden and deliver effective safety outcomes, including the risks, costs and benefits associated with that approach.

Service and Installation Rules of New South Wales

Changes to the Service and Installation Rules and the ASP Scheme Rules are being progressed concurrently with the changes proposed in the legislative package.

The Service and Installation Rules of NSW will be amended to remove metering provisions and this will support and complement the proposed legislative changes for distributors to withdraw from responsibility for the safety and technical aspects of meter installations.

Accredited Service provider

The approach proposed in this paper will result in changes to the ASP scheme regulations and rules to ensure that the scheme is adjusted for the changes to contestable services. In particular, existing ASP (Level 2) service providers who are accredited to do meter installs are not disadvantaged by the meter related changes.

Consultation

Stakeholders are invited to comment on the proposals and provide feedback on issues raised in the Consultation Paper.

Submissions can be made to energy.submissions@industry.nsw.gov.au and are due by close of business Friday, 12 February 2016.

The Division of Resources and Energy will conduct a targeted consultation with interested stakeholders.

Please contact Ms Jacqueline Crawshaw, Manager National Resources and Energy Policy on 02 9934 0743 if you require further information.

Table of indicative proposed changes

Item	Topic	Provisions	Issue	Comments
Amendments to the Electricity Supply Act 1996 (ES Act)				
1	Definitions	Section 4 & dictionary	Some definitions require amendment to reflect changes to the ES Act and to ensure consistency with the Electricity (Consumer Safety) Act (ECS Act).	<p>Amendments are proposed to the definitions of:</p> <ul style="list-style-type: none"> • “electrical wiring work” • “electricity delivery equipment” and • “connection point”. <p>The determination of a connection point under the ES Act cannot be a one size fits all description. The definition should enable other subordinate instruments, other than regulations, to describe at a technical level, connection point.</p>
2	Electricity meters	Section 29	Proposed to be deleted	<p>Repealing this section will:</p> <ul style="list-style-type: none"> • have the effect of removing control and responsibility for meter installations from distributors. • remove meter installations and related services from the “contestable services” and therefore also the ASP scheme.
3	Customer may choose supplier and contractor	Section 31	Amendments to this section relate to the underpinnings of the ASP scheme and the ability to collect charges for its administration.	The current statutory basis of the ASP scheme will be strengthened. This section will also make provision for charging fees relating to the administration of the scheme (eg. costs associated with grading, accreditation renewal, and notifications).
4	Sealing of electrical installations	Section 32	Proposed to be deleted	This section is proposed to be deleted given that responsibility for meter installations will reside with the Metering Provider, and not the distributor exclusively.
5	Inspectors & inspections	Part 5D	Amendments to this Part relate to recent changes to network authorisations as well as to accommodate changes to safety for meter installations.	<p>Sections will be amended to reflect that:</p> <ul style="list-style-type: none"> • IPART has now assumed certain inspection roles for network technical and safety matters; and • Fair Trading will be responsible for the safety of meter installations.

Table of indicative proposed changes

Item	Topic	Provision	Issue	Comments
6	Enforcement	Section 63W	To be amended	Enforcement in relation to “electrical installations” i.e., meter installations, will now be covered in the Electricity Consumer Safety Act 2004.
7	Powers of entry	Part 5 Division 3 (Sections 54, 55, 66, 70, 94, 183A, 187)	To be amended to reflect that agents of retailers have equivalent rights to enter a premises in relation to meter installation and related services.	Relevant sections will be amended to clarify issues around authorised officers of a retailer to enter the premises of a customer for the purposes of meter installations and related services. Reference to “electricity works” is to be replaced with the term “works” as it excludes distribution or transmission system assets which retailers do not own or control.
Amendments to the Electricity Supply (Safety Network Management) Regulation 2014 (Safety Regulation)				
8	Content of safety management system	Clause 7	To be amended to reflect changes to distributors role in meter installations and related services.	Clause 7(1)(b)(ii) places an obligation on distributors for the safe management of electrical installations of customers connected to the network, including meter installations. Distributors will no longer have a role in customer installation safety. The distributor’s role will be limited to ensuring that the customer’s installation complies with network safety and technical standards.
9	Accreditation of providers of contestable services	Clauses 15 & 16	Amendments are required to reflect changes made to section 31 of the Act in relation to the ASP Scheme.	Amendments to these clauses include: <ul style="list-style-type: none"> • Removing meter installations from the contestable services provided by persons authorised under the ASP scheme; • Providing some flexibility as to other potential “contestable services”
Amendments to the Electricity Supply (General) Regulation 2014				
10	Point of supply and distribution systems	Clause 68	Amendment is required to reflect changes made to the Act.	Term “point of supply” not used in Act and will be reconciled with the definition of “connection point”.
11	Prescribed electricity works	Clause 70	Amendment is required to reflect changes made to the Act.	Prescribes electricity works for the purpose of powers of entry under the Act.

Table of indicative proposed changes

12	Definitions	Section 3	Definition of 'electrical installation' to also include installation of electrical meters (smart meters).	<ul style="list-style-type: none"> Reflects changes in responsibility of electrical installations.
13	Electrical installations	Part 3	Amend to ensure electrical meters are included.	<ul style="list-style-type: none"> Reflects changes in responsibility of electrical installations.
14	Regulation making power		Create a new regulation making power specific to meter installations.	<ul style="list-style-type: none"> This should include a power to inspect installations, require work to comply with regulations, and ensure that existing responsibilities regarding safety of installations applies to meters.
Amendments to the Electricity (Consumer Safety) Regulation 2015				
15	Standards and requirements for electrical installation work	Clause 32	Include the Standard and any requirements for meter installation works.	
16	Conduct of safety and compliance tests	Clause 33	Ensure safety and compliance tests for meter installation work is covered.	<ul style="list-style-type: none"> NSW Fair Trading will be responsible for meter installation safety and compliance.
17	Notification of results of safety and compliance tests	Clause 34	Amend to ensure that safety and compliance notices of work for meter installations are also provided to NSW Fair Trading for meters connected to the distribution system of a distributor.	<ul style="list-style-type: none"> NSW Fair Trading will be responsible for meter installation, safety and compliance.
18	Definition of "electrical installation"	Clause 41	Removing clause will allow for meters to be considered "electrical installation".	<ul style="list-style-type: none"> NSW Fair Trading will be responsible for meter installation.