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# NSW Metering Derogation

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# TCA's role in the market



- TCA is a metering services provider wholly owned by EnergyAustralia
- TCA already provides metering services to the <160 MWh sector outside the EnergyAustralia's network area
  - TCA has supported TXU, Powercor and ETSA networks and Origin and TXU retail
- Amendments to the Code will not change our role only our masters



# Experience with Type 1-4 Contestability



- TCA has provided services to the <160 MWh sector since market start.
- Contestability “works” in this sector because higher meter and communications costs allow margins sufficient to cover the costs of contestability.
- The vast majority of >160Mwh customers do not see meter provision as a product. ie it is only an additional service to energy supply.
- Lessons learnt from the >160 sector suggest a “ten fold” increase in contestable metering could not be managed efficiently.

# Extension of contestability

- Complex metering systems for revenue measurement for large customer volumes administered piece-meal by too many competitors in a single network area may result in reduced quality of data
  - Meter asset management and reading consistency is reduced
  - Customer complaint management is more complex - possibly reduction in customer satisfaction
  - Meter configuration inconsistency reduces efficiency of Meter Data Agency
  - More complex arrangements for Network businesses to access data for DUOS billing and tariff changes



# Likely impact of contestable metering <160MWh in NSW



<100MWh meter is contestable now in NSW and no new player has entered the market

- Ownership of meters would be split between three retailers rather than two networks.
  - EA, Integral, AGL
- Customers would only choose once
- Retailers would use energy and meter combined contracts to retain customers
  - *“in the event that you terminate this contract..... a fee of \$500....”*



# Network engineers are innovative



- Innovation in metering services has to date been driven by networks
- Networks have the greatest incentive to develop interval meter technology because networks receive the greatest gain from influencing customer “time of use”
- TCA is developing a remotely read metering system for EA Network
  - this would not be viable for a retailer



# TCA's AMR Trials



- EnergyAustralia is currently undertaking AMR proof of concept trials for:
  1. Single Metering Installations;
  2. Multiple Metering Installations
- The technologies being reviewed are:
  - Bluetooth;
  - Low Power Radio Frequency (RF)
  - Power Line Carrier (PLC)
  - General Packet Radio Services (GPRS)



# EA's meter access issues

- Targeted customers are existing difficult access customers and potential difficult access customers
  - ie the 35,000 customers where we repeatedly fail to gain access to their meter and residential high rises
- Guaranteed read data from these customers reduces network and retail costs by
  - avoiding estimation process
  - avoiding a true up bill
  - reducing potential customer calls
- But it is the installation of a interval meter funded by network that makes it viable





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# Positive impact of innovations on retail customer churn




- Mandated remotely read metering for high rises can increase retail competition
  - ie retailers know at present these sites have a high probability of access problems and price the customers accordingly

## Prepayment meters

- Networks are incentivised to fund type 5 pre-payment meters since they send a prompt ToU price signal
  - retailers would offer contracts to a range of customers they currently shun if they had prepayment meters



# ASPs in NSW

- Accredited Service Provider scheme 
  - already provides significant customer choice and competition for meter installations
    - Advantage over other derogation's for promoting competition as the ASP model applies to 1st and 2nd Tier customers
  - Data and technical control is maintained by Networks allowing Networks to provide a full range of metering products and systems to ASP's without artificial economic barriers.
- The ASP model could provide ACCC the potential to improve competition without the detrimental impact on metering innovation