

Examples:

This document provides real examples of behaviours that Metropolis consider to be detrimental to the smart-meter market. Further detail can be provided for most of these cases. Metropolis are happy to meet with the AER to discuss any of these examples.

While many of these examples have been linked with the questions in Metropolis' submission, this is only a loose classification of these examples. Some examples relate to multiple questions, some do not directly relate to any. We have not duplicated examples where they relate to multiple questions.

Note that this is far from an exhaustive list of all issues, just a skimming of ones that have been particularly aggravating or recent. Metropolis acknowledge that not all of these will be able to be addressed by the Ring Fencing guidelines, however our view is that the AER should be aware of them.

NOTE: This is an edited version of the examples, removing specific business names, which were provided for example purposes only. These are provided only to demonstrate that a broader approach to ring-fencing would provide meaningful benefits to the contestable metering market.

2.1 Cross branding of competitive and regulated businesses

This is a clear attempt to leverage the DNSP authority and brand equity for the benefit of the competitive business. This confuses people who know what is going on, let alone consumers, and makes it very difficult to even know which business you are talking to.

This is clearly against any meaningful ring-fencing rules. DNSPs performing these activities must be aware of this, and have chosen to do it anyhow. Metropolis consider this to be a blatant and deliberate act of inappropriate behaviour, demonstrating a contempt for the concept of separation of regulated and competitive businesses.

While DNPS may be able to argue that their activities are legal, it clearly demonstrates the need for a broader framework than separation of services.

2.2 Notification to electricians

Notices are provided by DNPS to electricians, instructing them on their obligations when performing metering for Contestable Metering Providers (such as Metropolis). These documents were not provided to Metropolis despite the statement that it is to help MPs (although some sections have been discussed). Instead it was instead provided to electricians.

The documents includes statements such as, "Where the installation of Type 4 meter occurs the MP must ensure that the installation complies with the current version of the Service and Installation Rules (SIRs)." This is not a mandatory requirement. It is the DNSPs internal operating manual. Regulated providers have no authority to enforce operational standards on competitive Metering Providers – yet they attempt to do.

It is very difficult for Metropolis to explain to electricians that DNSP instructions do not need to be followed...

2.3 Confusion of Regulatory requirements with DNSP requirements

In some cases SIRs are the official publication of both the Regulated mandatory jurisdictional safety requirements, and the DNSPs preferred operating procedures. It is difficult for anyone attempting to install contestable metering to differentiate between mandatory requirements and DNSP procedural requirements.

4.1 DNSP Selection of third party service providers

In some cases where DNSPs have a contestable metering business, that contestable business provides a significant amount of services to the DNSP. This work, despite being performed by a “contestable” provider, is not subject to an open tender or transparent service provider selection process.

5.1 Incorrect information to consumers regarding PV metering.

(old) One DNSP stated on their web-site that “PV metering requires a two-directional meter, which can only be installed by <DNSP>”. This is blatantly untrue, and biases consumers away from alternative competitive metering.

Update: This has been removed after Metropolis objections.

5.2 Restricted access to Power Industry Keys.

Many sites are locked for safety & security. The keys to these sites are theoretically available to any industry participant with a valid reason to need them. The keys to these sites are typically held by DBs, and are often considered by the DB to be their property.

This inappropriately restricts access to competitive meter providers. Frequently Metropolis instruct technicians to cut locks, due to the inability to gain access to keys.

This is a particular issue in one state where the DNSP impose a process of such complexity to gain access to keys, that it is effectively impossible. Ie, it is not possible for Metropolis to gain access to sites within the timeframe required to perform maintenance and fault corrections.

12.1 Technology trial.

<specific example provided>

The technology trial was performed without the inclusion of any contestable smart-meter providers. The results were a vast amount of data, with severely limited ability to interpret it.

The project resulted in effectively no change to the market, and all the infrastructure that was deployed has since become redundant. Had contestable meter providers been included, then the project would have had significant residual benefits (smart meters would be in place) and validated market interactions as well as consumer response.

12.2 DNSPs offering lighting services

Some DNSPs continue to offer non-regulated services via the website of the regulated business. This practice has reduced (they no longer say that “for solar PV you must use a DNSP bi-directional meter”), as complaints have been made. But it can be seen that the result is that the DNSP comply to the minimum amount possible, and continue to offer competitive services via a regulated business website.

Specific examples provided.

12.3 DNSP advice to an electrician that installing a Metropolis meter is illegal.

Below is an example of an email from an electrical contractor, who has been given inaccurate information from a DNSP.

In order for Metropolis to operate, we need access to electricians. The below is a little more extreme than normal, but the first problem we have every time we contact an electrician is convincing them that we are allowed to do the work. Networks in every jurisdiction continue to propagate misinformation regarding metering. It’s been almost 20 years since metering became contestable, and yet electricians are typically under the impression that DNSPs are the only ones allowed to install meters.

In NSW, this is slightly different: ASPs are perfectly clear that they can install meters without the DNSPs approval... but they are not aware that they cannot replace an interval meter with a basic meter.

Some information is accurately distributed, while other information is not.

----- Forwarded Message -----

Subject:RE: Meter exchanges

Date:Wed, 20 Apr 2016 23:28:40 +0000

To:technicians@metropolis.net.au

Hi David,

I have spoken to <the DNSP> today. You will have to send the poly phase meter to me. I have to book an onsite appointment with <the DNSP> to get them to remove the existing meters (as they are owned by <the DNSP>). They will wait while we rewire the switchboard for a poly phase meter. (they estimate the DNSP fee to be around the \$500.00) They will then install the poly phase meter (as they will not allow us to do this - this is the boundary between <the DNSP> and the contractor). If you are wanting me to proceed with your request I will need to go to site and inspect the switchboard to make sure it is up to current spec’s (ie: no asbestos panels, if there are <the DNSP> will not change the meter unless the

panel is upgraded) . Please let me know what you are wanting me to do as I cannot simply go and change the meters it is ILLEGAL in <this state> for me to do this .

Kind regards,

Commercial Electrical Manager

Assorted anti-competitive behaviours encountered by Metropolis.

The below is a “laundry list” of issues that Metropolis have encountered over the years. While some of these have been resolved, each one has taken a significant amount of time and effort for Metropolis. Note that this far from an exhaustive list, as dealing with difficult DNSPs is a daily activity.

In a low-volume, high-margin environment, such as contestable metering has been until recently, the additional work could be absorbed. Effectively the additional work is passed onto consumers via higher metering costs.

As the market changes to high-volume and low-margin, the ability to absorb these costs is significantly reduced. There are more sites, so more of these issues will occur, and there is less margin per site to absorb the costs.

1) Installation of a service Isolation fuse

(old) Further abuse of SIRs to make it difficult to churn meters: Must add a fuse, costing some hundreds of dollars. This is technically within the rules, as the “reason” is safety, however it only applies to meters that churn. Clearly any safety requirements should also apply to ANY change of meter assets, including Type 5 & 6. The DNSP stated that it only applied to non-DNSP owned meter changes – which is effectively the implementation of the rule.

UPDATE: This has been removed by the jurisdictional regulator.

2) Website cross-marketing

Offering competitive, non-market energy management services.

<Example provided>

Many Network websites reference to their own competitive metering businesses. Even passing references are inappropriate, giving the impression that one metering business is more reputable, qualified or preferred over another.

3) Access to fuses

(Old) Some networks refused access to fuses, explicitly designed to isolate a site, for non-DNSP staff making it difficult to isolate and exchange meters.

4) Use of regulated meter stocks & systems

Numerous Networks re-brand meters to their competitive metering subsidiaries. There is concern that warehousing, staff, logistics systems, etc are being subsidised.

The AER has formally stated that the rules are being followed by the DBs, however the AER have also stated publically that they do not routinely enforce Ring Fencing rules, and even if they did, that the rules are insufficient to identify cross-subsidisation due to the relative size of networks and MPs. Proposed updates to the ring-fencing rule do not significantly change this.

5) DNSP safety inspection irregularities

As part of DNSP inspection regimes, “random” sites are selected for auditing by the DNSP. It appears that Metropolis meter exchanges have a high propensity to be inspected. More importantly, the inspections routinely pick up “defects” that are not safety related and have nothing to do with the work that was performed, such as the location of the meter panel.

Metropolis are not advised of the “defects” found. Electricians are instructed by the DNSP to re-attend site and make changes to the metering. There is no opportunity to dispute the “defects”, and if an electrician does as instructed by the DNSP, they are illegally interfering with a metering installation without appropriate authorisation.

Update: Metropolis have instructed electricians to pass any defect notices to Metropolis for review and authorisation to re-attend site. In every case where this instruction has been followed since mid-2014, Metropolis has successfully had the defect withdrawn by the DNSPs.

6) Abuse of contractors returning physical meters.

(old) There is anecdotal evidence that Metropolis contractors have been abused when returning meters to distributors.

7) Different pricing for metering between Regulated and Unregulated services.

Why are regulated services significantly more expensive than un-regulated, large customer services? It appears that regulated metering is subsidising contestable metering, which is clearly inappropriate.

Example 2015

(contestable)

Multi Phase DC Meter - \$/pa \$182

Multi Phase CT Meter - Fixed Charge \$/pa \$315

(non-contestable)

Multi Phase DC Meter With Contactor - Fixed Charge \$/pa \$316

Multi Phase CT Meter - Fixed Charge \$/pa \$407

8) Practice of abolishing and creating new NMIs on the same site.

In many situations, when modifying a connection point (such as moving a metering board), the practice is to simply create a new NMI for the same connection point. In some cases (not all) the original NMI is abolished. Where Metropolis is the Metering Provider for the original NMI, this is not propagated into the new NMI.

The result is that Metropolis's meter is stranded, and a new meter (often Basic) is put in its place. It could be argued that this is within the rules, but it is also clearly abusing the intention of the non-reversion clauses. Even worse, Metropolis are not notified of any change to the site, and are not aware until we attend site that anything is going on. We are not notified of final reads, and our equipment is usually not returned.

9) SIRs exempt "like for like" meter change, except when customer requested.

According to one jurisdictional SIRs remediation work is generally not required when performing "minor work... at an existing installation". However, where a "customer requested" meter exchange occurs, full remediation of the meter panel and associated wiring and protection equipment is required. (Customer requested services are include installation of a contestable meter). If this were to be done, it would often add \$500-\$2000 to the cost of changing to a contestable meter.

To our knowledge this has never been enforced, and may not even have been the intention of the document authors, but simply having the rule in the document creates uncertainty over the regulatory framework, and the obligations of MPs if/when they enter the market.

10) ASP2's will remove Metropolis smart meters, replacing them with DNSP basic meters

On multiple occasions ASP's in NSW have removed Metropolis smart meters, in order to install DNSP basic meters. Investigations shows multiple causes: The ASP puts in a bi-directional meters "so the customer can install solar". Clearly a meter exchange was not required to record bi-directional flow.

- 2) The customer has insisted on a DNSP meter, and the ASP does as requested, irrespective of the Rules.
- 3) A site upgrade has occurred, requiring new metering, so the ASP puts in the only metering they know/have available – DNSP basic meters.

Irrespective of the cause, these actions are performed on behalf of the DNSP. When we query the DNSP, they blame the ASP.

- The metropolis meter is often not returned
- A final read is never retrieved from the meter
- MSATS is rarely updated to reflect the new responsible party
- Metropolis are not even notified, usually, of the removal.

The DNSPs have not made the ASPs (who they have authorised to perform meter installations on their behalf) aware of the rules. The cost of following up on these is significant (typically greater than the cost of the meter itself), and for a single site where the end consumer is happy the DNSP just doesn't appear to care.

11) DNSP refusing to attend a customer “no power” call “because the site has power, and the Metropolis meter is faulty”

A unoccupied site was marked in MSATS as having power. Metropolis could not contact the meter and, after attending the site, determined that the site did not have power. This was notified to the Retailer.

When a customer moved into the property, they reported no power and the DNSP was requested to attend and restore power. The DNSP refused, based on the fact that there was a Metropolis meter on site, and their systems indicated that the site had power. Thus, their assessment was that the Metropolis meter must be at fault.

Clearly this assessment was inaccurate, given Metropolis had already attended site for a communications fault, and determined that: a) the site did not have power, and b) the MSATS status was inaccurate.

Had this been a DNSP meter (or a related contestable providers meter), the DNSP would have attended the site without hesitation.

This is a minor issue at a single site, however it is representative of the attitude and approach that is frequently driven by DNSPs: The first communication to the consumer is routinely “Oh, you’ve got one of THOSE meters. That’s your problem right there.”

12) DNSP refusing to perform a residential service relocation, because a Metropolis meter was onsite.

At least one DNSP’s systems automatically reject service orders where there is a Metropolis meter. This DNSPs systems are set up on the assumption that contestable metering is commercial. So we get angry customer calls.