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Queensland Competition Authority
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Report on benefits of advanced digital meters
www.qca.org.au/submissions

Report on benefits of advanced digital meters stakeholder notice

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (MEA Group) thanks the Queensland Competition Authority (the QCA) for the opportunity to provide comments in response to the Report on benefits of advanced digital meters stakeholder notice (the Notice) received by direction from the Minister for Natural Resources, Mines and Energy (the Minister).

Background on the MEA Group

MEA Group is a vertically integrated generator and retailer focused entirely on renewable generation. We opened our portfolio of generation assets with the Mt Millar wind farm in South Australia, followed by the Mt Mercer wind farm and in early 2018 acquired the Hume, Burrinjuck and Keepit hydroelectric power stations, further expanding our modes of generation. We have further supplemented our asset portfolio by entering into a number of power purchase agreements with other renewable generators, and through this investment in new generation we have continued to support Australia's transition to renewable energy.

Powershop is an innovative retailer committed to providing lower prices for customers and which recognises the benefits to customers in transitioning to a more distributed and renewable-based energy system. Over the last five years, Powershop has introduced a number of significant, innovative and customer-centric initiatives into the Victorian market, including the first mobile app that allows customers to monitor their usage, a peer-to-peer solar trading trial and a successful customer-led demand response program. Powershop has also been active in supporting community energy initiatives, including providing operational and market services for the community-owned Hepburn Wind Farm, supporting the Warburton hydro project, and funding a large range of community and social enterprise energy projects through our Your Community Energy program.

Please find below our responses to the questions raised in the Notice.

1a) What issues should the QCA consider when requesting, and interpreting, retailer data on advanced digital metering deployment strategies?

MEA Group understands that some of the data requested by the QCA may not be recorded by retailers as a matter of course. For example, the QCA has requested customer and meter numbers split by electrical phases. This information is not necessarily available to retailers as it does not have an effect on relevant charges. Another example would be that not all retailers conduct opt-out meter roll-out programs therefore some of the data requested is not relevant.

MEA Group also notes that the QCA in its data request includes a section seeking feedback on "Customer debt management savings" under Retailer Benefits (SEQ). MEA Group has always been a retailer that bills monthly, which means that the potential benefit of shortening a customer's billing period is not one that can be realised.

Finally MEA Group refers to the section “Potential reduction in the number of disconnections for non-payment by year” – MEA Group does not believe that a reduction in the number of disconnections for non-payment should be applied as a benchmark for the success of the advanced digital meter rollout. Whilst giving customers the ability to understand and potentially reduce their electricity usage, which Powershop customers are able to do through our mobile app, this does not mean that the underlining reasons for disconnection are addressed or are intended to be addressed by the advanced meter rollout.

1b) What benefits do stakeholders consider could potentially be available to each electricity supply participant, including residential and small business retail customers?

MEA Group believes the benefits to participants and customers are aligned. MEA customers who elect to have a smart meter installed would receive the benefits tabled below.

Table 1: Summarised mutual benefits

Overall benefit	Customer benefit	MEA Group benefit
No estimated bills*	MEA Group is a monthly billing retailer, meaning customers with a basic meter receive two monthly bills based on an estimate read before receiving a bill based on an actual read. By having a smart meter* installed, the customer will be billed on actual reads.	The benefits associated with billing customer based on actual reads are twofold: (1) customer satisfaction would potentially result in a customer remaining with the retailer for a longer period; (3) reduced customer service costs as a result of less customers calling to dispute estimated bills; and (2) back-office efficiencies (this benefit is detailed further below).
Usage tools	Powershop customers can benefit from the usage tools through a mobile phone application and online portal, but only if a smart meter is installed. These tools enable Powershop customers to better understand their energy usage and pay for energy in a way that suits their personal circumstances.	Similar to the above with no estimated bills, customer’s engagement results in a reduced cost to serve and an increase in customer satisfaction by enabling customers to proactively manage their energy usage.
Smoother billing process	Powershop’s monthly billing process introduces complications for quarterly read basic meters. Customers with a smart meter will, generally speaking, not have bills withdrawn and reissued when Powershop receives an actual read. This removes customer confusion and increases trust between Powershop its customers.	Removing the volume of bill adjustments due to actual reads significantly improves back-office efficiency, which is detailed below.
Back-office efficiencies	The customer benefits associated with smart meters are broad from a back-office efficiency perspective. Customers with basic meters are more expensive to serve compared to customers with smart meters due to the reasons described above.	Improved back-office efficiency and reduced overhead costs leads to a lower cost to serve, which in a competitive retail market can allow retailers to provide better market offers to customers.

* In areas where there is no communication signal or the customer elects to have no communication enabled, this benefit will not be fully realised by the customer or Powershop.

What do stakeholders consider to be the best methods to value these benefits?

As referred to in response to question 1a), not all participants are going to have the same data sets/measurements due to varying business models. Powershop's view is that the QCA template used to measure these costs adopts a very high-level, rigid economic measurement. MEA Group believes the benefits are both economic, but also customer centric, which cannot be measured in rigid financial data sets.

1c) Are there any issues, beyond using costs in the Energex Distribution area, the QCA should consider to ensure the potential benefits identified are consistent with the Government's Uniform Tariff Policy (UTP)?

As touched on above, the QCA should consider customer experience as a key metric to complement the economic approach adopted.

Powershop measures customer experience and propensity to refer a friend to Powershop regularly. Powershop has found customers with a smart meter are 64% happier and more likely to refer a friend to Powershop compared to those customers with a basic meter.

Please note that our responses above questions also address questions 2(a) to (e). If you would like to discuss any aspect of this submission please do not hesitate to contact me.

Yours sincerely,



Haiden Jones
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Powershop Australia Pty Ltd