

Electricity Supply Amendment (Advanced Meters) Bill 2016 (Proof)

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Speakers	Colless The Hon Rick
Business	Bill, First Reading, Second Reading, Motion

ELECTRICITY SUPPLY AMENDMENT (ADVANCED METERS) BILL 2016

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Bill introduced, and read a first time and ordered to be printed on motion by the Hon. Rick Colless, on behalf of the Hon. John Ajaka.

Second Reading

The Hon. RICK COLLESS (Parliamentary Secretary) [5.54 p.m.]: I move:

That this bill be now read a second time.

The provisions of the Electricity Supply Amendment (Advanced Meters) Bill 2016 remove responsibility for electricity meters from distribution businesses and establish a metering safety and compliance regime under NSW Fair Trading. This amendment demonstrates this Government's commitment to the principles of a competitive market and support for consumer choice. This bill will support a voluntary, market-led roll out of smart meters in New South Wales by allowing retailers and new metering businesses to install smart meters.

Regulatory language often uses the term "advanced meters" when referring to smart meters. However, I shall use the term smart meters as that is a familiar one. Electricity smart meters frequently measure electricity flows in both directions, both to and from the electricity network. With the right communication technology they can be remotely read. This bill is about supporting consumer choice. A consumer can choose to opt in and have a smart meter installed at their premises. These arrangements are a departure from the approaches taken by other jurisdictions such as Victoria that deployed smart meters on a compulsory basis.

New South Wales is the first jurisdiction nationally to start a competitive metering rollout. We are ahead of the national arrangements, which will not come into effect for almost another two years. Consumers in New South Wales can enjoy the benefits of a competitive rollout of smart meters ahead of any other jurisdiction in Australia. There are approximately 40,000 smart meters installed in New South Wales. With the expiry of the solar bonus scheme at the end of 2016 this number could potentially climb to over 130,000 by the end of this year. With the amendments proposed under this bill, retailers will be in a better position to start competing for market share.

Competition amongst retailers is good for consumers. It leads to innovation in product development and improved service delivery. This bill demonstrates the Government's commitment to providing the appropriate regulatory support for businesses to undertake their activities effectively. This bill carefully balances the need for open competition in metering with the community's expectations regarding safety standards. In order to deliver these benefits the bill will amend State-based energy and consumer laws and regulations as they apply in New South Wales. It will amend the requirements for people authorised to install a meter in New South Wales and consolidate the safety and compliance regime governing meter installations into a single scheme under NSW Fair Trading. The current regulatory regime needs to be reformed to achieve a competitive rollout of smart meters.

Reform is needed for the fundamental reason that the current arrangements no longer accommodate how the electricity industry and market is organised. This bill will prepare industry and market participants to transition to broader structural changes that are occurring in the electricity market. These structural changes are inevitable and are being driven by changes to technology that put the consumer front and centre of decision-making in how they produce, use and consume electricity. Smart meters are one of a number of enabling technologies. They provide detailed, real time information about customer electricity consumption, and allow greater opportunities for new and enhanced technologies to be leveraged by consumers.

As consumers become increasingly engaged in the electricity market and adopt emerging technologies, the Government must ensure that they can do so safely and cost effectively. The New South Wales Government is committed to the principles of a competitive electricity market. This bill provides the appropriate legislative settings to enable retailers to

compete in the market to provide consumers with greater choice in metering at the most competitive price.

I turn first to amendments regarding the role of distribution businesses in meter installations. This bill removes metering from the responsibility of distribution businesses, including responsibility for the safety and compliance of meter installations. Meter installations will no longer be considered to form part of the distributor's network connection assets. In its place, the bill amends the Electricity (Consumer Safety) Act 2004 to include electricity meters as part of the types of electricity installations for which NSW Fair Trading has responsibility for safety and compliance.

This is an important measure to simplify the current regulatory arrangements. Currently, in New South Wales, each distribution business is responsible for the safety and compliance of metering installations on its own network. This means that there are three different bodies responsible for compliance and safety, and in some cases three different sets of costs. This measure will enable economies of scale to develop over time, and will improve the business case for retailers and meter installers in New South Wales. Ultimately, these efficiencies will flow to consumers by way of improved competition and new and innovative products and services.

I now turn to who can be authorised to install a smart meter in New South Wales. The bill provides that a qualified electrician, licensed by NSW Fair Trading, is authorised to install a smart meter after having met strict minimum conditions regarding safety. This differs from the current arrangements where meter installers are selected from a small pool of accredited service providers. The accredited service provider scheme was established in New South Wales in 1998 and covers a range of processes that connect customers to their electricity supply. This scheme was introduced well ahead of a more competitive system for installing electricity meters. Given many years of experience with competition in installing electricity meters in New South Wales and throughout the national market, it is timely to ask whether new rules are needed.

A competitive rollout of smart meters should be supported by a competitive market for qualified meter installers—to help meet demand and drive efficiencies in the market. The effect of the amendments introduced in this bill means that the pool of available meter installers will increase but only under strict conditions to maintain safety. I want to be clear not any electrician will be able to install a meter. When a customer chooses to have a smart meter installed they will contact their retailer who will arrange for the installation. Retailers will engage an appropriately qualified electrician. This framework means that the installer and the retailer are responsible for ensuring that a meter is correctly and safely installed. The retailer will remain the primary contact for the customer.

Increasing the pool of available qualified electricians for meter installations will prepare the market for new national arrangements that will come into effect on 1 December 2017. The new national arrangements will enhance and formalise competition in metering. The accredited service provider scheme, as it is currently, will not have the flexibility and capacity to accommodate the changes that are on the horizon with regard to metering competition. We expect to see greater demand for metering services as consumers seek tailored solutions to their electricity needs. More competition in metering and the business as usual process of meter replacement require that retailers and metering businesses have better access to qualified meter installers.

The bill clarifies that retailers and meter businesses must have in place a safety management system to guide the meter installation practices. This means that not just any electrician will be authorised to install a smart meter. The safety management system will require a number of obligations on these businesses to ensure that safety is a priority. These measures include engaging appropriately qualified electricians, providing adequate training on safe installation of meters, ensuring that safety standards are met, and ensuring that safety and compliance testing is carried out on each meter installation.

To be clear, this bill ensures that appropriate safety standards continue to apply to meter installations in New South Wales. All meter installers in New South Wales will be required to meet existing safety standards set out in the Australian/New Zealand wiring rules and the Service and Installation Rules of New South Wales. Accountability for ensuring qualified electricians are appropriately trained in safety to meet these standards will extend to all businesses involved in the meter installation process, from the retailer to the metering business that engages the qualified electricians. These are sound measures that will ensure safety standards are not compromised and that the industry and community expectations regarding safety continue to be met.

This bill sets out a path to transition to the new arrangements in an orderly way that reduces risks to installers and customers. The bill provides that NSW Fair Trading will assume its safety and compliance role over two phases. For the first phase, NSW Fair Trading's safety and compliance role will be limited to smart meters only. Distributors will continue in their current compliance and safety role for all other types of residential meters. For the second phase, NSW Fair Trading will take responsibility for all residential meter installations in New South Wales. This two-stage process will give industry and the community confidence in the integrity of the new arrangements and allow for a smooth transition.

The bill clarifies consumer protection measures under the new arrangements. Disputes between a consumer and a retailer relating to smart meters can be referred to the Energy and Water Ombudsman NSW. This means that consumers will still have the same rights and protections whether they receive a smart meter as part of a bundled deal with a retailer, or whether they enter into a separate contract with a retailer for a smart meter. This amendment ensures that early adopters of smart metering technology will not be disadvantaged if there is a dispute with a retailer.

Changes to the role of distributors for meter installations require clarifying changes to the accredited service provider scheme. The consequential amendment clarifies the scope of the accredited service provider scheme. The consequential amendment also provides clearer statutory support for the administration of the accredited service provider scheme. The bill also provides for consequential amendments for powers of entry. With new metering businesses entering the market to provide services, it is necessary to ensure that the powers of entry provisions are adequate. The consequential amendment includes a power of entry for retailers with a meter located on a customer premises. A similar power of entry is also included for metering businesses. The changes in this bill confine these powers of entry for issues relating to meters only.

These reforms are designed to support consumers in exercising choice whilst ensuring that safety standards continue to be met. Increasingly, consumers want a greater say in how they use and consume electricity, including access to the latest technology such as rooftop solar and battery storage. Smart meters are an important enabling technology that will undoubtedly help consumers in this regard. This bill provides the appropriate legislative settings to allow retailers to move on with the task of delivering innovative and cost-effective products for consumers. I commend the bill to the House.

Debate adjourned on motion by the Hon. Shaoquett Moselmane and set down as an order of the day for a future day.