



6 June 2023

Australian Energy Regulator  
GPO Box 3131  
Canberra ACT 2601

By email: [regulatorysandbox@aer.gov.au](mailto:regulatorysandbox@aer.gov.au)

AER reference: AER212772

Vector Limited  
101 Carlton Gore Rd  
PO BOX 99882  
Auckland 1149  
New Zealand  
+64 9 978 7788 / vector.co.nz

## Submission on Endeavour Energy's Trial Waiver Application

### Introduction

1. This is Vector's submission on the Australian Energy Regulator's (AER) Consultation Notice on the *Endeavor Energy Trial Waiver Application 2023*.
2. Vector's Australian and New Zealand advanced metering business – Vector Metering<sup>1</sup> – is an accredited Metering Provider and Metering Data Provider, and a registered Metering Coordinator, in Australia's National Electricity Market (NEM) and the equivalent in New Zealand. Vector Metering provides a cost-effective end-to-end suite of energy metering and control services to energy retailers, distributors, and consumers.
3. The proposed trial by Endeavour Energy (Endeavour) is a way of accelerating a distributed network service provider's (DNSP) access to smart meter data in a time-limited manner, and possibly ahead of the Australian Energy Market Commission's (AEMC) timeframe for the accelerated rollout of smart meters in the NEM. If approved, it would allow Endeavour to issue a metering fault notification in relation to meters which are not registering a fault so these could be replaced with smart meters. While we have no issues with the objectives of the proposed trial, in principle, we are concerned that aspects of its implementation could undermine metering market competition that benefits consumers.
4. We set out below our views and responses to selected consultation questions on Endeavour's application and make a few suggestions to ensure its implementation will be in the long-term interest of consumers.

### Responses to selected consultation questions

***Views or comments on how this trial contributes to the development of regulatory and industry experience are also welcomed.***

***The AER would also welcome feedback on whether the trial would help inform smart meter policy development, noting that the AEMC is currently undertaking a review of the regulatory framework for metering services.***

---

<sup>1</sup> In December 2022, Vector announced that it has selected QIC Private Capital Pty Limited as preferred partner for Vector Metering joint venture, following conclusion of a strategic review. Vector has entered into a conditional agreement with QIC, under which the parties expect to finalise arrangements in 2023 for the sale of a 50% interest in Vector Metering to investment vehicles managed and advised by QIC.

On 2 June 2023, Vector confirmed that each of the remaining conditions has been satisfied and that the transaction is now unconditional. Completion of the sale is expected to occur on 30 June 2023.

5. Vector Metering generally supports proposals that encourage the deployment of smart meters, allowing the benefits of smart meter data to flow to end consumers. However, in the case of Endeavour's application to extend the scope of its trial in 2020-21, from the original (approximately) 2,850 NMIs to an additional (approximately) 10,250 NMIs, we question what further objectives can be achieved beyond those that were already established in the original trial. This trial waiver application appears to be more of a mechanism for Endeavour to more broadly realise the benefits already proven in the original trial across a larger population of NMIs, rather than to discover additional benefits under the new regulatory sandbox framework.
6. Should the AER decide not to approve Endeavour's application, the existing regulatory frameworks allow Endeavour to engage with retailers who are responsible for the NMIs that are intended to be covered by the expanded trial and have the meters associated with these NMIs exchanged under a retailer-led rollout. We are confident that most retailers will be interested in supporting Endeavour, given the generous incentive payment of \$120 per NMI it is planning to offer.
7. Even if Endeavour is unsuccessful in gaining assistance from retailers to replace meters under a retailer-led arrangement, the anticipated accelerated rollout of smart meters – the outcome of the AEMC Metering Review – is likely to commence in mid-2025 and will provide further avenues for DNSPs to influence the timing of meter replacements. Endeavour can choose to exchange these meters as a priority.
8. Should the trial be allowed to proceed, we **recommend** that any significant insights/learnings, including the magnitude of the benefits of early uptake of smart meters and the use of smart meter data for network management, be shared with industry participants and consumers.

***The AER welcomes views on how allowing the DNSP (in this case the proponent) to provide these services may impact on the competitive market.***

***Views or comments on the relative size of the competition impacts versus the potential consumer benefits are also welcomed.***

9. The original trial in Albion Park in 2020-21 involved transitioning approximately 2,850 load control customers to smart meters, allowing Endeavour to utilise the load control functionality provided by the smart meter. To keep the trial as simple as possible, these smart meters were deployed by a single metering provider (Intellihub), nominated by the retailer under agreements between Endeavour and the participating retailers. Due to the limited scale of the original trial, Vector Metering did not object to the requirement that retailers assign all candidate NMIs to a single metering provider. However, we do not agree that retailers should be obliged to appoint a single metering provider under the proposed extended trial (for the additional 10,250 NMIs).
10. It is our view that retailers should be able to choose the metering provider they prefer and that the selection of NMIs by Endeavour for inclusion in the extended trial should not be contingent on retailers' agreement to appoint a single metering provider. Removing this choice from retailers would amount to Endeavour controlling who the metering provider will be through the use of funds recovered via regulated mechanisms, and therefore significantly undermines the competitive metering objectives of the *Power of Choice* rule changes. Endeavour's plans to offer an incentive payment of \$120 per NMI to retailers for NMIs that will be covered by the trial must be open to all retailers, not just to those who agree to use a single metering provider.
11. We **recommend** that the AER make it a condition – for the purposes of the proposed trial – that commercial agreements between Endeavour and participating retailers must not include terms and conditions that constrain retailers' choice of a metering provider. We further **recommend** that Endeavour must not limit the NMIs selected for the trial to those associated

with retailers who already agreed to use a single metering provider in the original trial. In practical terms, this means there should be no preferential or pre-determined commercial deals between the participating retailers and particular metering provider(s). The trial should not become a mechanism that could 'lock out' metering providers from competing to install smart meters and/or provide smart metering services in the trial areas.

12. Ensuring that competition in metering is upheld during the expanded trial is consistent with the AEMC's Metering Review recommendation that retailers and metering parties will remain responsible for the provision of metering services for small consumers, and earlier *Power of Choice* reforms. Importantly, this would ensure that any innovation from this trial will promote competition that benefits consumers in the long term.

### Concluding comments

13. We are happy to discuss any questions the AER may have on this submission. Please contact [REDACTED] (Industry Development Australia, Vector Metering) in the first instance at [REDACTED]
14. No part of this submission is confidential, and we are happy for the AER to publish it in its entirety.

Yours sincerely



**Neil Williams**  
Chief Operating Officer  
Metering and OnGas