Submission to Gas Distribution System Code of Practice review: Issues Paper

Submission received through Engage Victoria

From 21 March to 4 May 2023, the commission accepted submissions on our Issues Paper for the Gas Distribution System Code of Practice review via Engage Victoria. On the 20 April 2022 we hosted a public stakeholder information session on the project. We will use these submissions to inform our draft decision.

Only consultation questions with a response are included.

Date submitted: 4 May 2023

Anonymous submission

1. Overall, do you support the scope of our proposed review of the code?

[redacted] support the broad scope of the proposed review, but do have questions about the application of that scope when it comes to metering. From a broad reading of the Issues Paper, it would appear that the intention is to reduce multiple levels of regulation in metering, removing unnecessary jurisdictional arrangements and empowering the national level, but this is not explicitly stated. [redacted] suggest that some further clarity around the scope with respect to metering would add value to the review.

2. Are the proposed criteria in our assessment framework appropriate?

[redacted] support the proposed criteria for assessment enunciated in the Issues Paper. However, we not that, while there is a strong focus on the future for consumers and policy, there is no specific assessment recognising the importance of enabling future technologies.

By taking a services approach: requiring that services be available safely (both in terms of physical safety and data safety), rather than prescribing the manner in which those services are supplied, the Essential Services Commission can create an environment that supports the new and disruptive technologies of tomorrow, rather than a regime that restricts development within the technology of today (and in some cases, the 1960s and earlier).

A key component of that approach would be including a specific assessment item around allowing for new technologies, ideas and methods.

3. Do you consider the current connections framework for gas retail customers appropriate? Why or why not?

[redacted] is not in a position to comment on this item and would defer to the advice of experts in this area, but reiterate our support of enabling and leveraging new technologies, which could vastly improve the management and user experience of connections.

4. What options should we consider when reviewing the connections framework for gas retail customers?

[redacted] is a strong supporter of providing more options and tools to consumers to assist them in managing their use of energy. Any connection framework should improve opportunities for consumers to make informed choices about how they use energy; and [increase] incentives for efficient investment so community demand for energy services can be met by the lowest cost combination of demand and supply options. (AEMC "Power of Choice" Stage 3 DSP Review, 2011)

5. Do you agree with the introduction of obligations to provide information to customers about changes in the type of gas supplied?

[redacted] strongly support providing more information and options to consumers as a general principle.

6. Are there other options to introducing equivalent obligations proposed for the National Energy Retail Rules that we should consider?

[redacted] agrees that customers should be informed regarding major changes in gas composition.

7. Should we remove the overlap of metering obligations in the code and in Part 19 of the National Gas Rules?

[redacted] supports the simplification of regulations.

8. What options to the regulation of metering requirements for non-declared distribution systems should we consider?

[redacted] supports the simplification and streamline of regulations. By having the same standards apply across the board, consumers are given more control and power over the way they manage their gas usage. In considering metering requirements, the ability for a customer to move between setups and adapt to new technology is an important step towards a larger democracy of energy. At the same time, [redacted] submits that it is important that the streamlining of regulations does not restrict new technologies and, in those areas where non-

declared distribution systems offer greater flexibility and adaptability to disruptive solutions, that flexibility and adaptability should not be compromised.

9. Do you consider that the current arrangements for deemed distribution contracts and customer obligations results in uncertainty for customers and industry that is burdensome or harmful?

[redacted] is not in a position to comment on this item and would defer to the advice of experts in this area, but reiterate our support of enabling and leveraging new technologies, which could help to vastly improve network management and user experience. [redacted] submit that the review should consider where new technology can help assist in the reduction of uncertainty through the greater availability of information (and at far greater granularity).

10. Should we include customer obligations and prohibitions in the code?

[redacted] is not in a position to comment on this item and would defer to the advice of experts in this area, but reiterate our support of enabling and leveraging new technologies, which could help to vastly improve network management and user experience.

11. Do you have any views on the removal of Part D of Schedule 1 from the code?

[redacted] supports the removal of duplicate regulation. A national approach to gas regulation creates clearer guidelines for market participants, reduces costs and opens up avenues for national volume savings and innovations.

12. Do you have any views on the removal of Schedule 3 from the code?

[redacted] supports the removal of duplicate regulation. A national approach to gas regulation creates clearer guidelines for market participants, reduces costs and opens up avenues for national volume saves and innovations.

13. Are any clarifications needed in relation to disconnection and reconnection obligations?

[redacted] propose that the review include a specific focus on enabling new technology applications. Smart gas meters allow for safe remote (OTA) disconnection and reconnection, and significant savings to networks, retailers and consumers, but old rules and regulations place unnecessary barriers to implementation. [redacted] submit that the rules could be streamlined or amended to retain safety considerations, but also consider new avenues of delivering these services.

14. Should we specify clearer timeframes for when Guaranteed Service Levels payments must be made?

[redacted] is not in a position to comment on this item and would defer to the advice of experts in this area, but reiterate our support of enabling and leveraging new technologies, which could help to vastly improve network management and user experience. Smarter metering technology will allow for the better monitoring and auditing of Guaranteed Service Levels by providing clearer and more objective measures of compliance.

15. Are there any further consequential changes to the code required due to the recent amendments to the National Gas Rules relating to distribution connected facilities?

[redacted] is not in a position to comment on this item and would defer to the advice of experts in this area, but reiterate our support of enabling and leveraging new technologies, which could help to vastly improve network management and user experience.

16. What factors should we account for when considering our role in the framework for setting unaccounted for gas benchmarks in Victoria?

[redacted] submits that the current method of tracking unaccounted for gas can be significantly improved through the use of newer technology, available today, in smart gas meters. Rather than estimating possible gas loss, the amalgamation of regular interval data from domestic connections and the related transmission meters can provide a much more accurate assessment, and the information necessary to address these losses more effectively and efficiently. Requiring networks to provide accurate metered claims for loss and improving benchmarking for UAFG represents a significant opportunity to not only save money, but also take demonstrable steps to reduce climate emissions.

17. What factors should we consider when assessing whether or not to assign obligations in the code as civil penalty requirements?

[redacted] is not in a position to comment on this item and would defer to the advice of experts in this area, but reiterate our support of enabling and leveraging new technologies, which could help to vastly improve network management and user experience. Smarter metering technology will allow for the better monitoring and auditing of obligations by providing clearer and more objective measures of compliance.

18. Do you have any views on our proposed approach in relation to compliance and performance reporting obligations?

[redacted] is not in a position to comment on this item and would defer to the advice of experts in this area, but reiterate our support of enabling and leveraging new technologies, which could help to vastly improve network management and user experience. Smarter metering technology will allow for the better monitoring and auditing of obligations by providing clearer and more objective measures of compliance.

19. Can you identify any other changes we may need to make as a consequence of

remaking the Gas Distribution System Code of Practice?

Along with many other benefits, smart gas meters also represent a shift away from mechanical devices which reduces wear and tear and improves long-term repeatability. However, current meter functionality and testing standards have not been updated to take advantage of this new technology. In addition, for many years, gas meters have not had the additional governance of NMI pattern approval standards, with exemptions in place for existing domestic meters. [redacted] submit that the Gas Distribution System Code of Practice be updated to align with NMI metering and Pattern approval standards, requiring Pattern approval for all new meters and allowing for meter testing in line with the Pattern.

There are three key benefits in this:

1) New product approvals are standardised across all distribution networks.

Australia already has very low volume requirements for meters, compared to overseas jurisdictions. The current regime means that these already small volumes are further diluted. By standardising product approvals across all networks, networks buy the same meters against the same requirements, increasing the attractiveness of the small Australian market.

2) Meter costs are reduced by eliminating unnecessary testing.

At this time, all gas meters installed in Australia must be tested and sealed in Australia. This is necessary where mechanical meters are involved as international shipping is likely to create movement in the meter. Digital meters do not have this issue. Water and electricity meters are currently tested in batches, in accordance with standards that are part of their Pattern Approval (for example, NITP-14 means that only 5% of electricity meters needs to be tested in Australia). By removing the additional and unnecessary testing, the total meter purchase price can be reduced by as much as $25 per meter or more.

3) Digital meters allow for significant reductions in costs associated with in-field and life extension testing.

The FLE and initial in-service testing program that arises from the requirements of AS 4944 is relevant to legacy diaphragm meters, but is not necessary for new solid state technologies. [redacted] submits that the removal of references to 4944 where relevant will allow for a more streamlined national approach (see also relevant comments above regarding a move to Pattern approval and associated testing conditions).

20. Are there any other issues we should consider as part of this review?

[redacted] has a strong history of contribution to regulatory reviews of metering in Australia. We have been able to provide impartial advice about the capability of smart metering, and have demonstrated a commitment to the truth by fairly enunciating the capability of all players in the area. [redacted] are happy to provide (at no cost of course) confidential advice and information

about metering and can offer contacts in other regulatory bodies who will confirm that we are always open and honest about all products. It is in our better interest to have more knowledge in the marketplace, even if that means promoting a competitor.