

9 August 2019

NSW Department of Planning, Industry and Environment
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Response to the NSW Empowering Homes Program Market Sounding Paper

1. This is Vector Limited's (Vector) response to the New South Wales (NSW) Department of Planning, Industry and Environment's (the Department) market sounding paper on its proposed *Empowering Homes Program*, dated July 2019.
2. Vector is one of New Zealand's largest listed companies and provides energy and technology services across the country. It is the largest provider of electricity and gas distribution network services in New Zealand, and the country's leading provider of advanced (smart) metering solutions. It also provides fibre optic broadband communications network services, solar PV, energy storage, home energy management solutions, and electric vehicle recharging services.
3. Our metering business (Vector Advanced Metering Services - VAMS) provides a cost-effective end-to-end suite of energy metering and control services to energy retailers, distributors and consumers. VAMS is an accredited Metering Provider and Metering Data Provider, and a registered Metering Coordinator, in Australia's National Electricity Market (NEM). We are deploying advanced meters in the NEM, including in NSW, and are working with other industry participants on new technology demand side initiatives.
4. We set out our responses to selected questions in the market sounding paper using the Department's feedback form (attached).
5. No part of this submission is confidential, and we have no issues with our responses being published.
6. We are happy to discuss our responses with Department officials. Please contact Paul Greenwood (Industry Development Australia) at Paul.Greenwood@vectorams.com.au or 0404 046 613.

Yours sincerely



Mitch Webster
Group Manager – Sales & Marketing
Vector Advanced Metering Services

Introduction

Thank you for taking the time to respond to this market sounding. Your answers will be an important contribution into the final design of the Empowering Homes Program.

Please refer to the [Market Sounding Paper](#) when answering these questions. This survey can be saved part way through and returned to later if using the same browser. Completed submissions will be accepted until **COB 9 August 2019**.

Contact information

What is your name?

Paul Greenwood

What is your email address?

Paul.Greenwood@vectorams.com.au

What is your phone number? (optional question)

0404 046 613

I am a...

...representative of an organisation providing feedback on the program design.

What is your organisation name?

Vector

What is your role or affiliation with the organisation?

Industry Development Australia, Vector Advanced Metering Services

Do you agree to be contacted by the Empowering Homes team?

Yes

Responses to selected questions

Q19

How can the Department ensure installations are fully compliant with specified standards, codes and best practice guides, in the most efficient and effective way?

Vector Advanced Metering Services (VAMS) has been deploying advanced (smart) meters in NSW since 2016, with over 100,000 meters deployed across the state. Our experience has shown that the successful installation of advanced meters is hampered in a small but material number of situations by issues that are the responsibility of the customer. These issues need to be resolved before a meter can be installed and a battery system or solar-battery system commissioned.

Currently, over 8% of attempted installations fail due to defects found at sites that require remediation by the customer. Under the *National Electricity Rules*, any site capable of generating energy that could be injected into the grid must have an advanced meter in place. Generation infrastructure must not be switched on until the meter is installed.

Installers need to be aware of, and have the necessary training for, the advanced metering requirements that would support the installation of the VPP/solar-battery systems under the *Empowering Homes Program*. Should the installer of the solar-battery system detect any issue that may delay the installation of the advanced meter, the customer can be advised and can engage an appropriately qualified person to resolve the issue ahead of the Metering Provider attending the site to install the meter.

The lack of the above awareness (and any required training for installers) creates the risk of 'customer backlash' from unexpected/additional costs and installation delays. Based on our experience, the cost to a customer to resolve 'customer side defects' could amount from \$200 to \$2,000 or more depending on the issue.

Q22

Are there any other matters in relation to establishing an efficient and effective financing framework that the Department should consider?

See our response to Q19 on the need for installers and customers to be aware of the requirements for advanced metering that would support their battery system or solar-battery system.

We **recommend** that the scope of the financing arrangements for the *Empowering Homes Program* include the costs that a customer may incur to resolve issues that are the customer's responsibility at the metering installation. [Note that the cost of advanced meter installation is typically borne by the retailer, not the customer.]

Q36

Noting the transition to a five-minute AEMO market settlement, what should the frequency of reporting (both polling and by exception) data to a VPP be, and why?

Vector supports a five-minute frequency for the reporting of data to a VPP to ensure the *Empowering Homes Program* is 'future proofed' for the five-minute settlement arrangements in the wholesale market that will commence in 2021. More real-time data will enable greater pricing and demand transparency, allowing fast response generators (e.g. solar PV and batteries) to better respond to market signals, and consumers to make more informed decisions about their energy use and generation.

Q39

What else should the Department be aware of in its consideration of VPP operation to ensure that customers benefit, and systems installed under the program support the program objectives?

We suggest that the Department's proposal provide clearer indications of how actual benefits from the *Empowering Homes Program* will be monitored, quantified, and reported over the duration of the Program. This could include, for example, quantifying the reduction in customers' power bills, or the cost avoided from electricity distribution businesses not having to undertake new network investment or expansion as a result of the Program.