Learning from policy failure in the energy sector

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University of Tasmania
RGS-IBG Conference, London
29th Aug-1st Sept 2017

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STOP

DO NOT FIT A
SMART METER

NOT GREEN

NOT HEALTHY

$$$$

NOT PRIVATE

NOT SAFE

FOCUS AXR-SD

PGMT SmartMeter

Smart meters too toxic to touch

September 6, 2012

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Brian Robins

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It is perhaps the biggest single public policy failure in the energy sector of the past decade - mandated smart meters which are being introduced in Victoria.

With the cost of the roll-out now estimated at more than $2 billion - more than twice the initial estimated cost - it has added another lucrative profit source to the activities of the power distributors.

And the backlash has been so intense that the Australian Energy Markets Commission omitted any reference to "smart meters" in its 192-page report released yesterday. The report outlines a series of measures to overhaul the electricity market by boosting so-called demand-side participation - that is, measures to encourage lower demand at times of peak electricity prices.

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ARC *Future Fellowship* (2015-19)

What learning has taken place from the implementation of smart grids in Australia?

> early experimentation – mid-2000s: Victorian AMI and Smart Grid Smart City

- contributes to 2 broad strands of scholarship about *innovation* from **policy studies** and **science and technology studies**

- aims to rectify a lack of attention to **geography** and the particularities of place that is common to both sets of theory

Project website:
http://www.utas.edu.au/smart-grids-messy-society

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What I will cover

1. Scholarship on policy learning, transfer and mobility

2. The Victorian *Advanced Metering Infrastructure (AMI)* Program

3. The movement of policy failure

4. Conclusions

1. POLICY LEARNING, TRANSFER & MOBILITY

What is policy transfer?

- longstanding political science topic of research, 1980s+

- "…. the process by which actors borrow policies developed in one setting to develop programmes and policies within another." (Dolowitz and Marsh 1996: 357)

- an 'umbrella' term for policy diffusion, translation, lesson-drawing, policy tourism

- a reasonably large field: over 800 papers (Stone 2012)

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‘New wave’ of ideas from geographers and urban studies scholars: **Policy mobility**

“…networks of policy advice, advocacy, and activism now exhibit a precociously transnational reach; policy decisions made in one jurisdiction increasingly echo and influence those made elsewhere; and global policy ‘models’ are exerting normative power over significant distances.” (Peck 2011: pp773).

A focus on best practice policies

- i.e. policies that work > failed policies
    - e.g. urban regeneration in Bilbao and Barcelona (Gonzalez 2011)
    - e.g. sustainability in Vancouver (Temenos & McCann 2012).
- therefore missing a large part of the empirical picture
    - cases of non-transfer because of policy failure
    - explorations of how and why negative lessons circulate

Theorising policy failure?

- ## seen as an outlier

  Dolowitz and Marsh (1996: 349) identify seven objects of policy transfer: "…policy goals, structure and content; policy instruments or administrative techniques; institutions; ideology; ideas, attitudes and concepts; and *negative lessons*." (emphasis added).

- ## …squeezed out altogether

  "….the everyday use of the term [policy] transfer implies a positive lesson."(Illical and Harrison, 2007: 391).

- ## or equated with immobility

  "Much of the work in the urban policy mobilities approaches has, almost by definition, emphasized those policies that appear to be "mobile," where there is evidence of the policy being moved from one location to another and/or where the policy appears in multiple and inter-connected locations….The 'other,' so to speak, in the literature is those policies that do not appear to have travelled, policies that appear to exist in just one location." (McCann and Ward, 2015: 18)

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2. THE VICTORIAN *ADVANCED METERING INFRASTRUCTURE* (AMI) PROGRAM

The Victorian AMI: a brief timeline

2004   *Interval Meter Rollout* given go ahead - Essential Service Commission

2005   Department of Infrastructure *Advanced Metering Rollout Study*

2006   Parliament amendment to Electricity Industry Act 'Orders in Council' (OIC) enabled

2007   OIC Regulatory Framework and Minimum Specification Standard for meters issued

        Department of Primary Industries Technology Trial report

        AMI Industry Steering Committee established

2009   1st Auditor General Report *Towards a 'Smart Grid'—the rollout of the Advanced Metering Infrastructure*

2010   Updated Cost Benefit reports (x3)

        Moratorium on time of use pricing

2011   Review by Department of Treasury & Finance (inc. Deloitte Report)

        AER determination on smart meter charges

2013   Productivity Commission Report *Electricity Network Regulatory Frameworks*

2015   2nd Auditor General Report *Realising the Benefits of Smart Meters* (Sept 2015)

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Stop Smart Meters Australia
Fighting for your financial & physical health, privacy, and safety in Australia

STOP
DO NOT FIT A SMART METER

NOT GREEN
NOT PRIVATE
NOT HEALTHY
NOT SAFE

PEOPLE POWER VICTORIA
— No Smart Meters —

http://www.peoplepowervictoria.org.au/home
http://stopsmartmeters.com.au/

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Expert interviewees insights about the role of the AMI Program on policy decision making within Australia:

'. . . in Victoria they had the mandatory roll-out of electricity smart meters, but I doubt that's going to be repeated in any other states'. (Senior Policy Officer, Federal Government Institute, April 2015)

'So the national direction of this . . . is all driven from the national forum of energy ministers, the COAG Energy Council. Seeing the negative reaction to [the AMI] . . . they started to shift their thinking on how that would be done from a mandated rollout to a market-led rollout'. (Senior Policy Officer, State Government, April 2015)

'. . . the experience in Victoria has laid to waste any further views of a mandated roll-out in the NEM, at least within a generation'. (Manager, National Electricity Organisation, April 2015)

'. . . my understanding is that the political support for smart meters just whittled and whittled away until by about 2011 or 2012 . . . the Victorian experience was seen as extremely expensive with very limited and speculative benefits. I remember a senior Victorian government official saying to me 'Victoria got on the smart meter bus, we looked around and where is everyone?'. . . Victoria took the lead and then everyone bailed out on them'. (Senior Policy Officer, State Government, May 2015)

'. . . we learnt from a negative perspective what not to do, I guess, from the meter rollout in Victoria'. (Director, Smart Grid advocacy organisation, May 2015)

Explicitly named as a policy failure, inc. by government
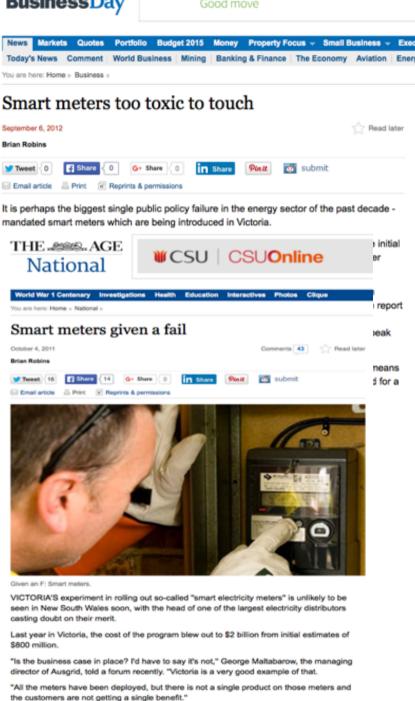
"…analysis shows that if you were looking at it from a blank sheet of paper you probably wouldn't go down this [AMI] path. There are actually more detriments to consumers, or costs to consumers as the result of the project as a whole, compared to the benefits. *But we're not starting with a blank sheet of paper. We're starting with the mess we've inherited from the Labor government.*"

(Victorian Energy Minister Michael O'Brien, Dec 2011)

http://www.abc.net.au/news/2011-12-14/smart-meter-roll-out-continues-despite-cost-blow-out/3730522

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John Doyle, Auditor General, Sept 2015
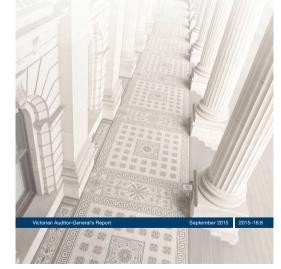
John Doyle
Auditor-General

"When the rollout was announced, the benefits were promoted widely. However, when the government reviewed the program in 2011 it was clear there would be no overall benefit to consumers, but instead a likely cost of $319 million" (2015: vii).

"The reality of the smart meter rollout is that the state approved a program, many of the costs of which it could not directly control, nor drive many of the benefits ascribed to it" (2015: viii).

"Disappointingly, the department has failed to satisfactorily respond to the issues raised by my report. I strongly urge the department to review its position in the interests of all consumers, and to fully address my recommendations. I intend to closely monitor the department's progress in this regard.

Lastly, I note the department has misleadingly suggested that my report exhibits 'systematic pessimism' that is not justified by the evidence." (2015: viii).

Realising the Benefits of Smart Meters

Victorian Auditor-General's Report   September 2015   2015–16:8

VAGO
Victorian Auditor-General's Office
Auditing in the Public Interest

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3. THE MOVEMENT OF POLICY FAILURE

Domestic>international movement

"…in Victoria they had the mandatory roll-out of electricity smart meters, but I doubt that's going to be repeated in any other states" [Interview, government institute, April 2015]

"[Victoria] has caused problems because they've seen what's happened there, they've had friends and relatives had these terrible things happen to them and they think that, we're next, it's going to happen to them too. So there was a lot of negative reaction against the Victorian roll-out from consumers and that has filtered up to here, yeah.

I: And has that made it essentially … I mean, it seems like it's made it impossible for any state to go ahead with any kind of mandatory [implementation]…?
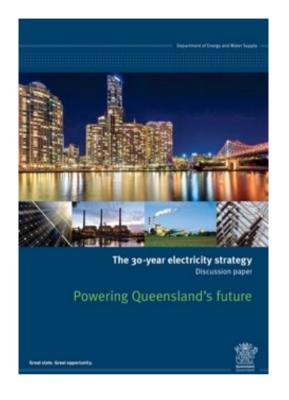
 M: Yes, that would not happen anymore." [Interview, state government, April 2015]

"Based on the Victorian experience, the Queensland Government has ruled out a mandated rollout of advanced meters in Queensland and will support the customer-driven approach."

Queensland Government - Department of Energy and Water Supply (2013) *The 30-year electricity strategy Discussion paper: Powering Queensland's future* (pp12)

"Not only were Victorian customers not given a choice of meters, they were also charged the upfront cost of the meter and its installation, a decision which is still costing them. The [NSW] Government has listened to customers and that is why ultimately customers will decide what they want and when they want it."

NSW Minister for Resources and Energy Anthony Roberts, *Media Release - NSW GETS SMART ABOUT METERS*, 28 October 2014.
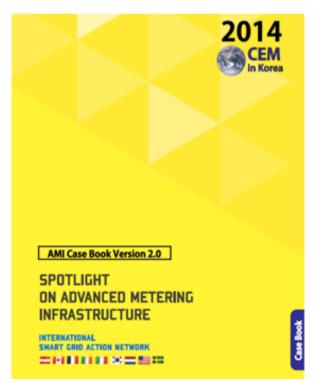
Little evidence of international movement

- Empirically much more difficult to identify – an *absence* > presence

e.g. *International Smart Grid Action Network* (ISGAN) AMI Case Book – absent

e.g. ISGAN Workshops (x7) – identified one paper (out of c100) which mentions the AMI.

Policy stories>policy substance?

The Sydney Morning Herald

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Smart meters: You paid billions for electricity companies to benefit - report
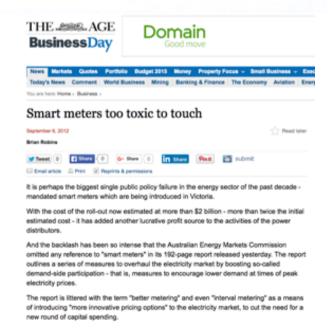
Marc Moncrief
Published: September 17, 2015 - 12:43AM

Households forced to pay for the multibillion-dollar rollout of smart meters may never see their promised benefits, according to a scathing report by Victoria's Auditor-General.

The report lashes the Department of Economic Development, Jobs, Transport & Resources for failing to track properly the multibillion-dollar costs associated with the program, preferring instead to crow a[bout] its benefits out of context.

It says the largest benefit in the estimated life of the program -- $1.4 billion out of $3.2 billion -- could be attributed to avoiding costs such as installing and manually checking older meters. These are saving[s] flow primarily to electricity distributors, rather than consumers, who have instead seen bills climb higher and higher.

"When the rollout was announced, the benefits were promoted widely. However, when the government reviewed the program in 2011 it was clear there would be no overall benefit to consumers, but instead likely cost of $319 million," the Auditor-General's report said.

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Smart meters too toxic to touch

September 6, 2012
Brian Robins

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Smart meters given a fail

October 4, 2011 — Comments 43 — Read later
Brian Robins

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Given an F: Smart meters.

VICTORIA'S experiment in rolling out so-called "smart electricity meters" is unlikely to be seen in New South Wales soon, with the head of one of the largest electricity distributors casting doubt on their merit.

Last year in Victoria, the cost of the program blew out to $2 billion from initial estimates of $800 million.

"Is the business case in place? I'd have to say it's not," George Maltabarow, the managing director of Ausgrid, told a forum recently. "Victoria is a very good example of that."

"All the meters have been deployed, but there is not a single product on those meters and the customers are not getting a single benefit."
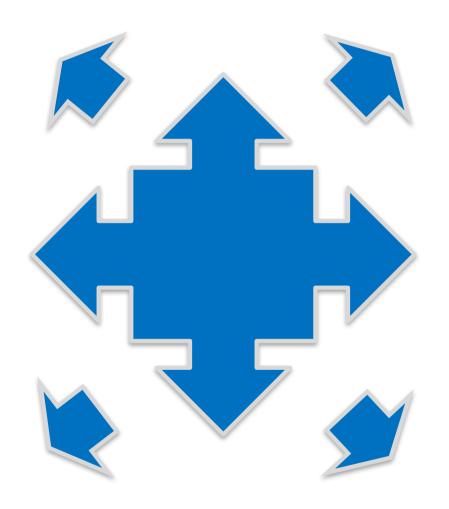
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4. CONCLUSIONS

Assemblage

- Use of assemblage to understand the fragmentation of networks, not just their holding together

- STS 'version' of assemblage – heterogeneous elements

- Splintering off and travelling of some elements, whilst others remain immobile

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Conclusions

1. Learning from energy policy failures is different to policy successes

2. Scope for further empirical investigation and discussion – within energy sector and beyond

3. Worth revisiting political science (again), e.g. Robertson (1991)

Jnl Publ. Pol., 11, 1, 55-78

Political Conflict and Lesson-Drawing

DAVID BRIAN ROBERTSON*, *Political Science, University of Missouri St. Louis*

ABSTRACT

Political adversaries have reason and opportunity to use foreign lessons to gain advantage in political conflicts. Political factors strongly affect the way public policy lessons are drawn and transformed into public policy. Political opponents contest the value, practicality, and transferability of policy initiatives in order to bias the outcome. The paper hypothesizes that (1) the politicization of lesson-drawing induces issue experts to emphasize the descriptive and technical aspects of programs; (2) gives an incentive to advocates of change to use lessons to advance their position during the agenda-setting process; and (3) gives opponents of change an incentive to draw counterbalancing negative lessons from foreign experience when a proposed lesson reaches the point where adoption is entirely possible. The 1988 Congressional debate over mandatory plant closing prenotification provides evidence supporting hypotheses. The paper further hypothesizes: (4) most polities will not adopt both conservative and liberal programs even when theoretically they could do so; and (5) the degree to which a population of polities adopt a particular lesson will be a function of the program's economic and political feasibility. The diffusion of labor market and income maintenance policies across the American states supports both

Thank you for listening

Please get in touch if you would like to find out more

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project website:
http://www.utas.edu.au/smart-grids-messy-society

4S Conference Sydney, 29th Aug-Sept 1st 2018

http://www.4sonline.org

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Abstract
This article is about a case of policy failure and negative lesson drawing, namely the implementation of a mandatory smart metering programme – the Advanced Metering Infrastructure Program – in the State of Victoria, Australia, in the period 2009–2013. The article explores the framing of policy failure, and the ways in which failed polices might be mobile. The Advanced Metering Infrastructure Program provides an important empirical counterbalance to existing scholarship on policy learning, transfer and mobility, which is for the most part about positive best practice case studies, emulation and the travelling of 'fast' and (by implication) successful policy. There is evidence that the Victorian Advanced Metering Infrastructure Program circulated domestically within Australia and was influential in policy decision making, but that its international mobility was limited. The case is used to explore what gets left behind – or is immobile – in the telling of policy stories about failure. Science and Technology Studies scholarship on the inherent fragility of sociotechnical networks is drawn upon to consider how the concept of assemblage – a popular conceptual lens within policy mobility scholarship – might be applied to better understand instances of policy failure.

Keywords
Policy transfer, policy mobilities, policy failure, Australia, assemblage, electricity sector

Introduction
This article is about the implementation of a policy that did not proceed as expected, and came to be labelled a policy failure, namely the Australian State of Victoria's Advanced Metering Infrastructure (AMI) Program (2009–2013) (hereafter 'the AMI Program'). The article explores the learning that took place from the AMI Program and in particular how and why it travelled, with what effect. The politics of framing something as a policy

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