Attachment 19 - Legacy Metering

2025–30 Regulatory Proposal

January 2024

SA Power Networks

Empowering South Australia

Company information

SA Power Networks is the registered Distribution Network Service Provider for South Australia. For information about SA Power Networks visit sapowernetworks.com.au

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Disclaimer

This document forms part of SA Power Networks' Regulatory Proposal to the Australian Energy Regulator for the 1 July 2025 to 30 June 2030 regulatory control period. The Proposal and its attachments were prepared solely for the current regulatory process and are current as at the time of lodgement.

This document contains certain predictions, estimates and statements that reflect various assumptions concerning, amongst other things, economic growth and load growth forecasts. The Proposal includes documents and data that are part of SA Power Networks' normal business processes and are therefore subject to ongoing change and development.

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Note

This attachment forms part of our Proposal for the 2025–30 Regulatory Control Period. It should be read in conjunction with the other parts of the Proposal.

Our Proposal comprises the overview and attachments listed below, and the supporting documents that are listed in Attachment 20:

Document	**Description**
	Regulatory Proposal overview
Attachment 0	Customer and stakeholder engagement program
Attachment 1	Annual revenue requirement and control mechanism
Attachment 2	Regulatory Asset Base
Attachment 3	Rate of Return
Attachment 4	Regulatory Depreciation
Attachment 5	Capital expenditure
Attachment 6	Operating expenditure
Attachment 7	Corporate income tax
Attachment 8	Efficiency Benefit Sharing Scheme
Attachment 9	Capital Expenditure Sharing Scheme
Attachment 10	Service Target Performance Incentive Scheme
Attachment 11	Customer Service Incentive Scheme
Attachment 12	Demand management incentives and allowance
Attachment 13	Classification of services
Attachment 14	Pass through events
Attachment 15	Alternative Control Services
Attachment 16	Negotiated services framework and criteria
Attachment 17	Connection Policy
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1 Overview

Metering assets are used to measure electrical energy flows at a connection point on our network for a particular customer's premises and record electricity consumption by customers for the purposes of billing.

Since December 2017, retailers have been responsible for installing new and replacement meters for customers which must be remotely read interval meters, often referred to as 'smart' meters. In South Australia, SA Power Networks retains responsibility for providing metering services to the legacy, manually read accumulation meters, including operation, reading, and maintenance, until they are replaced with a smart meter.

The number of legacy meters on our network has been reducing gradually over time. However, the rollout of smart meters has been slower than anticipated, delaying realisation of benefits to individual customers and the wider energy system.

In August 2023, the Australian Energy Market Commission (**AEMC**) issued its final report on the review of the regulatory framework for metering services. Amongst other things, the AEMC report recommended accelerating the rollout of smart meters to all customers by 2030, with distribution network service providers (**DNSPs**) to develop a 'legacy meter retirement plan' (**LMRP**) and retailers to be responsible for installing smart meters at legacy sites in accordance with this plan over the 2025–30 period.

To assist DNSPs in preparing their revised regulatory proposal and proposals, the Australian Energy Regulator (**AER**) released a 'Legacy metering services - guidance note' (**Guidance note**) in November 2023. Noting the AEMC's final decision, the AER considers that it would be more appropriate to reclassify legacy metering services as Standard Control Services (**SCS**) as this would result in the most equitable solution by recovering legacy metering costs across all customers. The AER considered cost recovery for the metering transition across all customers appropriate as all customers will receive the whole-of-system benefits the smart meters will provide.

As discussed in **Attachment 13 – Classification of Services**, and consistent with the AER's Guidance note, SA Power Networks is proposing to reclassify legacy metering services to SCS for the 2025–30 Regulatory Control Period (**RCP**) and these costs will then be recovered across a broader customer base. This will assist in addressing potential pricing inequities as the smart meter rollout progresses, so that customers with meters replaced later in the deployment are not disadvantaged by being charged inequitably higher costs for receiving the same metering services.

As SCS, legacy metering services are proposed to operate under a revenue cap form of control. Metering services expenditures are proposed be treated as a sub-component of the total SCS expenditures, where it is modelled separately with a separate Annual Revenue Requirement (**ARR**) output. This will maintain the transparency of these costs and assist with any 'true-ups' or adjustments (such as cost pass throughs) that may need to occur during the RCP.

While the volume of legacy meters will decline rapidly over the 2025–30 period, the unit cost to deliver legacy metering services is forecast to increase significantly as the number of meters decline. This is due to fixed metering services costs being recovered from a smaller customer base over time and higher per-customer meter read costs due to reduced customer density, as meter readers travel further between each meter read.

SA Power Networks is proposing to include the non-recurrent transitional costs associated with the accelerated replacement of legacy meters as a step change within the SCS legacy metering services component. This will isolate any price impact associated with these transitional costs into the legacy metering component during the rollout, where the majority of these costs are expected to cease once the smart meter rollout is complete. Any residual costs will be included within the main SCS component from 1 July 2030.

Our legacy metering services proposal has been developed in alignment with the AER's Guidance note. We have used the AER's standardised metering expenditure model to develop the revenue required to provide legacy metering services for the 2025–30 RCP.

Our proposed charges for legacy metering services are set out in **Attachment 18 - Tariff Structure Statement - Part A**.

1.1 AEMC Metering Review

In 2015, the AEMC made a rule introducing metering contestability, as part of its broader Power of Choice reform package.[1] From 1 December 2017, all electricity meters installed must be a remotely read interval (or 'smart') meter, where the provision of the new or replacement smart meter is the responsibility of the metering coordinator (**MC**) appointed for the connection point, by the customer's retailer. DNSPs, including SA Power Networks, were deemed to be the initial MC for all existing 'legacy' type 5 and type 6 meters.

As the initial MC, we continue to be responsible for reading and maintaining legacy meters in accordance with the National Electricity Rules (**NER**) until they are replaced with smart meters. We no longer install or replace electricity meters, with this work being the responsibility of the retailer appointed MC.

On 3 December 2020, the AEMC initiated a review into the regulatory framework for metering services. The purpose of this review was to determine whether the reforms introduced under the metering contestability rule change have met expectations, whether changes are required to improve the efficiency and effectiveness of the regulatory framework for metering services, and whether the regulatory framework for metering services supports the implementation of other electricity sector reforms where metering services will play a role.

The AEMC published its final report[2] on 30 August 2023. The final report made recommendations to improve the regulatory framework for metering services, enabling consumers to access the benefits of smart meters sooner. The AEMC recommended an accelerated deployment of smart meters, with smart meters to be installed for all 'small customers' including residential and small commercial or business customers by 2030.

On 29 September 2023, the AEMC received a rule change request from Intellihub Australia, SA Power Networks, and Alinta Energy to amend the NER to reflect the outcomes of the AEMC's final report.

The proposed rules set out in the rule change request will:

- Accelerate the deployment of smart meters so that all consumers can benefit from them. The proposed rules will implement a framework that will allow for a universal deployment of smart meters to all customers by 2030.
- Implement a range of measures to better support customers through the accelerated rollout. This includes improving the information provided to customers and applying new consumer protections when customers receive a smart meter.
- Improve the meter installation process by reducing barriers to installing smart meters, enabling more efficient and coordinated deployments and improving the installation experience for customers.
- Implement a new regulatory framework for metering businesses to provide power quality data from smart meters to DNSPs. This will enable DNSPs to improve the visibility of their low voltage networks, better integrate CER and improve safety for customers.
- Clarify and improve the requirements for undertaking tests and inspections of meters to avoid unnecessary costs.

1 National Electricity Amendment (Expanding competition in metering and related services) Rule 2015 No. 12.

2 AEMC, *Final Report Review of the Regulatory Framework for Metering Services*, 30 August 2023.

This rule change is expected to be finalised in 2024, to enable the accelerated rollout to commence from 1 July 2025.

We note that this is a significant change for the industry that will require new business processes and system enhancements (including business-to-business transactions) to enable the efficient delivery of the accelerated rollout program. SA Power Networks is proposing to include incremental transitional costs within our metering proposal. We have incorporated information in this proposal based on information available at the time. We are continuing to work through the implications of the accelerated rollout program and will incorporate material updates into our Revised Regulatory Proposal if required.

2 Legacy metering services

As the initial MC for legacy metering services, we are responsible for providing the following services for legacy meters installed on our distribution network:

- routine meter reading (either monthly or quarterly);
- undertaking special reads initiated by us to validate routine meter reading data[3];
- validating meter reading data and forwarding this data to market participants in accordance with the Australian Energy Market Operator's (**AEMO's**) meter data provision procedures;
- undertaking visual inspection of meters where required to confirm effective operation of the metering equipment;
- completion of in-service compliance testing to ensure the meters continue to comply with the accuracy requirements of the NER;
- inspection and testing of our low voltage current transformers, in accordance with the NER; and
- notifying the retailer of any failed legacy metering installation, either due to in-service failure of an individual meter or failure of a family of meters.

As outlined in section 1, we are no longer permitted to complete any new meter installation or replacement activities. When a legacy meter needs to be replaced due to failure, we will notify the retailer for the relevant connection point.

The AEMC's final report recommends that legacy meters be exempted from testing and inspection requirements of the NER during the accelerated smart meter rollout period, avoiding unnecessary costs. If legacy meters are not replaced during this period as required under the LMRP, the testing and inspection requirements will be reinstated after the acceleration period. Therefore, SA Power Networks is not proposing to undertake any in-service compliance testing or inspections for legacy meters or low voltage current transformers during the 2025–30 RCP. SA Power Networks has applied a base year adjustment in our modelling, to reduce our base year expenditure by the value of testing and inspections. This is discussed further in section 3.2.

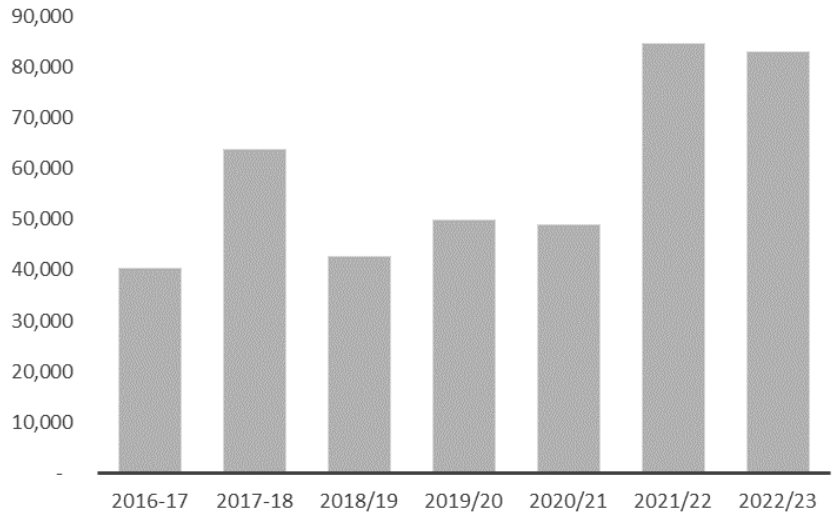
2.1 Legacy meter replacements

The number of legacy meters installed on premises connected to our distribution network will drive the volume of legacy metering services that are required to be provided by SA Power Networks over the 2025–30 RCP.

SA Power Networks' legacy metering fleet has reduced from around one million meters to approximately 680,000 meters since the introduction of metering contestability in December 2017. As demonstrated in Figure 1, initially legacy meters were being replaced at a rate of approximately five percent per year in South Australia, with most of this related to meter failures and customer driven installation upgrades. We have noticed an increase in retailer-initiated meter replacements following the AEMC announcing its review of metering services, with an average of 12 percent of installed legacy meters replaced each year in 2021/22 and 2022/23.

[3] Special reading of legacy meters requested by retailers form part of our fixed-fee services, refer to **Attachment 15 – Alternative Control Services**.

Figure 1: Actual legacy meter replacements completed[4]



2.2 Meter replacement forecast

Under the AEMC's proposed accelerated rollout program, DNSPs will develop LMRPs that schedule the legacy meters expected to be retired and replaced each year of the five-year acceleration period.

SA Power Networks estimates there will be approximately 525,000 legacy meters in service on 1 July 2025, this assumes retailers will maintain replacement rates consistent with that experienced over the last two years. We are also forecasting that approximately 15 percent of this number, or 81,000 legacy meters will remain in service after 30 June 2030. This will include sites where the legacy meter is scheduled for replacement after 1 July 2030[5], or where the replacement is scheduled, but unable to be completed due to site defects, customer refusal or the site being disconnected.

We are forecasting approximately 450,000 legacy meters will be replaced during the 2025–30 RCP. This forecast may change as the LMRP is developed in consultation with retailers. The LMRP is expected to be prepared and submitted to the AER for approval by December 2024, to enable the accelerated rollout to commence from 1 July 2025.

In our initial planning to develop the LMRP, we have considered three different rollout scenarios. These include the following:

- Even churn – where the legacy meters are scheduled to be replaced evenly over the accelerated rollout period;
- Middle peak – where the retailers will ramp up replacement volumes, with maximum volumes replaced in the middle of the rollout period. Under this scenario we would expect lower volumes to be replaced at the end of the replacement period; and
- Back-end peak – where retailers will progressively ramp up replacement volumes, with maximum replacement volumes completed at the end of the rollout period.

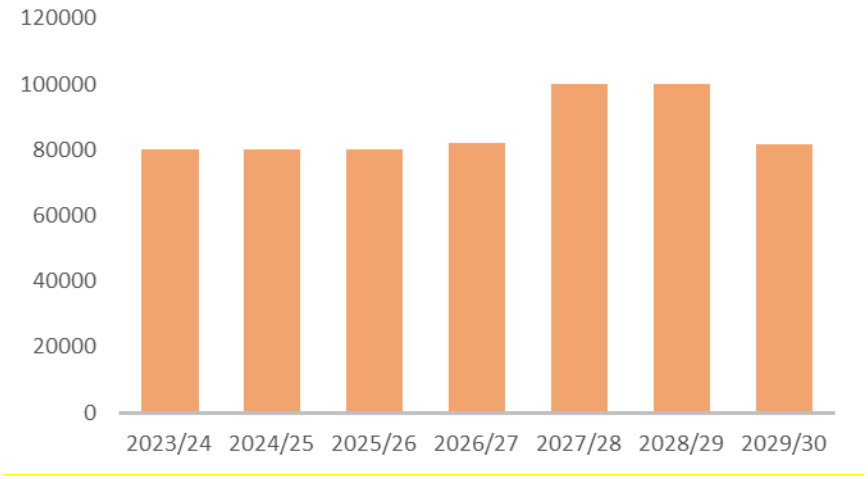
From initial conversations with retailers, we are proposing to use the middle peak scenario for this proposal. This provides for a lower number of replacements in the first two years as industry participants continue to

4 Volumes derived from legacy meter numbers reported within the Category Analysis Regulatory Information Notice (**RIN**).

5 The accelerated replacement program will commence from 1 July 2025 and is scheduled to be completed by 30 June 2030. Where a customer changes retailer, the incoming retailer will need to arrange replacement of their legacy meter within six months.

refine new business processes and systems introduced to support the accelerated rollout program. Our forecast meter replacement volume, based on the middle peak scenario, is provided in Figure 2.

Figure 2: Forecast legacy meter replacements – middle peak scenario



3 Annual Revenue Requirement

As SCS, legacy metering services are proposed to operate under a revenue cap form of control. To develop our proposed ARR for legacy metering services, we have applied a 'building block approach', where the total revenue reflects the forecast return on capital, return of capital (depreciation), operating expenditure (**opex**), and tax liability.

SA Power Networks accelerated the depreciation of its metering asset base (**MAB**) over the 2020-25 RCP (discussed further in section 3.1). Higher inflation has resulted in a small residual MAB opening value for the 2025–30 RCP. We propose to largely recover this residual MAB value (return on capital and return of capital) over the 2025/26 regulatory year.

Consistent with the 2020–25 RCP, our opex forecast has been developed using a 'base-step-trend' methodology. Our detailed opex forecast is set out in section 3.2.

Table 1 sets out SA Power Networks' proposed ARR for legacy metering for the 2025–30 RCP.

Table 1: Proposed legacy metering ARR for the 2025–30 RCP ($ million, nominal) [6]

	2025/26	2026/27	2027/28	2028/29	2029/30	2025–30 RCP
Return on capital	0.05	-	-	-	-	0.05
Return of capital (depreciation)	0.80	0.01	-	-	-	0.81
Operating Expenditure	12.13	12.66	13.08	13.51	13.48	64.86
Net tax allowance	0.12	-	-	-	-	0.12
Annual revenue requirement (unsmoothed)	**13.11**	**12.67**	**13.08**	**13.51**	**13.48**	**65.84**
Annual revenue requirement (smoothed)[7]	**12.68**	**12.83**	**12.99**	**13.55**	**13.89**	**65.93**

The proposed legacy metering services revenue has been developed using the AER's standardised metering expenditure model, post-tax revenue model (**PTRM**) and roll forward model (**RFM**) as provided in **Supporting Documents 19.1 - Standardised Legacy Metering Expenditure Model**, **19.2 – Legacy Metering Roll Forward Model** and **19.3 – Legacy Metering PTRM**. The key inputs to our pricing proposal are discussed further below.

3.1 Legacy metering asset base

The MAB consists of the unrecovered capital cost of legacy metering equipment installed on a customer's premises prior to 1 July 2015. For the current 2020–25 RCP, no new capital was forecast for legacy metering services.

Noting the declining value of SA Power Networks' MAB and a forecast small residual value by June 2025, we proposed to accelerate the depreciation of the MAB to enable the MAB to be fully depreciated by 1 July 2025, simplifying legacy metering cost recovery in the 2025–30 RCP. The AER accepted SA Power Networks' proposed accelerated depreciation of its MAB in its October 2019 draft decision[8].

The roll forward of the MAB for the 2020-25 RCP is provided in Table 2. This is also set out in **Supporting Document 19.2 – Legacy Metering Roll Forward Model**.

6 Annual revenue requirement may not balance to the sum of the components of Table 1 due to rounding.

7 Legacy metering services proposed ARR has been smoothed using the same smoothing profile as the main SCS PTRM.

8 AER - SA Power Networks 2020-25 - Draft decision - Attachment 15 - Alternative control services - October 2019.pdf.

Higher inflation over the 2020–25 period has resulted in a residual MAB value of $0.8 million on 1 July 2025. This residual MAB amount has been included in the legacy metering PTRM for the 2025–30 RCP, resulting in a $1 million revenue requirement[9] for the 2025/26 regulatory year as provided in Table 1.

Table 2: Roll forward of MAB for 2020-25 RCP ($ million, nominal)

	2020/21	2021/22	2022/23	2023/24	2024/25
Opening MAB (1 July)	34.0	27.4	21.3	15.8	8.6
Forecast capex / additions	-	-	-	-	-
Depreciation	(6.9)	(7.0)	(7.2)	(7.8)	(8.1)
Inflation on Opening MAB	0.3	1.0	1.7	0.7	0.3
Closing balance (30 June)	**27.4**	**21.3**	**15.8**	**8.6**	**0.8**

3.2 Operating costs

Opex is required to enable SA Power Networks to provide services (as set out in section 2) for legacy meters that remain installed on SA Power Networks' distribution network. While the volume of installed legacy meters is expected to decline rapidly over the accelerated rollout period, the cost to deliver legacy metering services will not decline at the same rate. Fixed costs will largely continue to apply, and per unit costs will increase as the density of legacy meters declines.

We have used a 'base-step-trend' methodology to estimate our opex forecast for legacy metering services for the 2025–30 RCP, as set out in the AER's Expenditure Forecast Assessment Guideline for Electricity Distribution[10]. This is consistent with the approach adopted for the current 2020–25 RCP.

We propose the 2022/23[11] regulatory year as our base year for metering opex as derived from the most recent audited Regulatory Information Notice (**RIN**) data provided to the AER. We propose 2022/23 as our base year, as this is the most recent regulatory year with actual data for metering opex and the number of legacy meters that derived that opex.

As mentioned in section 2, we do not propose to undertake any in-service compliance testing or inspections for legacy meters or low voltage current transformers during the 2025–30 RCP. Noting these costs are reflected in our base year, we have applied a negative base year adjustment of $1.0 million to reduce our base year expenditure by the value of testing and inspections.

To derive our forecast opex for legacy metering services, we trended forward the base opex for legacy metering services over the 2025–30 RCP, applying forecast average meter numbers, real price growth, and a metering contestability productivity adjustment, which are discussed further below.

Our proposed legacy metering services opex is set out in Table 3.

Table 3: Proposed legacy metering services opex ($ million, June 2025)

	2025/26	2026/27	2027/28	2028/29	2029/30	2025–30 RCP
Base year	8.03	8.03	8.03	8.03	8.03	40.16
Base year adjustment	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)	(5.00)
Trend	(0.74)	(1.09)	(1.58)	(2.30)	(3.28)	(8.99)
Step changes	5.56	6.11	6.69	7.51	8.17	34.04
Total	**11.84**	**12.05**	**12.14**	**12.24**	**11.91**	**60.18**

9 This is a combination of return on capital, return of capital (depreciation) and tax allowance.

10 Expenditure forecast assessment guideline - distribution (aer.gov.au).

11 We propose to use the 2023/24 regulatory year as the base year for main SCS opex.

We have developed this proposal based on the information available at the time regarding the expected requirements stemming from the AEMC's metering review. We note that the LMRP will be developed in consultation with retailers during 2024. We also recognise industry working groups have commenced to consider what process and system changes may be required to support the accelerated rollout program. We will continue to monitor any associated changes and will incorporate any material updates into our Revised Regulatory Proposal if required.

3.2.1 Average legacy meter numbers

Our base year opex forecast reflects the costs of operating and maintaining the current fleet of legacy meters. A forecast rate of change is applied to our base year to account for reductions in expected metering volumes over the 2025–30 RCP. We have used average meter numbers in each regulatory year in our opex modelling, as these numbers will more closely reflect the services we will provide each year as actual volumes will decline progressively over the year.

We have used historical RIN data to estimate the volume of legacy meters remaining as at 1 July 2025, to be 525,000. As discussed in section 2.2 above, we are forecasting that approximately 15 percent of this number (approximately 81,000 meters) will remain in service after 30 June 2030.

Forecast average legacy meter volumes are provided in Table 4.

Table 4: Forecast average legacy meter volumes

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Legacy meter forecast – end of period	525,000	445,000	363,000	263,000	163,000	81,000
Average legacy meter forecast		**485,000**	**404,000**	**313,000**	**213,000**	**122,000**

As noted above, the cost of providing legacy metering services will not decline in line with the reduction in legacy meter volumes. Metering opex is composed of fixed and variable components, where only some cost components will be avoided as legacy meter numbers reduce. Fixed costs will be spread over a smaller number of meters, resulting in an increase in opex per customer even though the total metering opex will decline. While total meter reading costs will decline, per unit meter reading costs will increase as legacy metering density declines.

To cater for the change in fixed and variable components of costs over time as our legacy meters reduce, we propose to apply a weighting to legacy meter volumes to reflect the efficient cost of providing legacy meter services for the 2020–25 RCP.

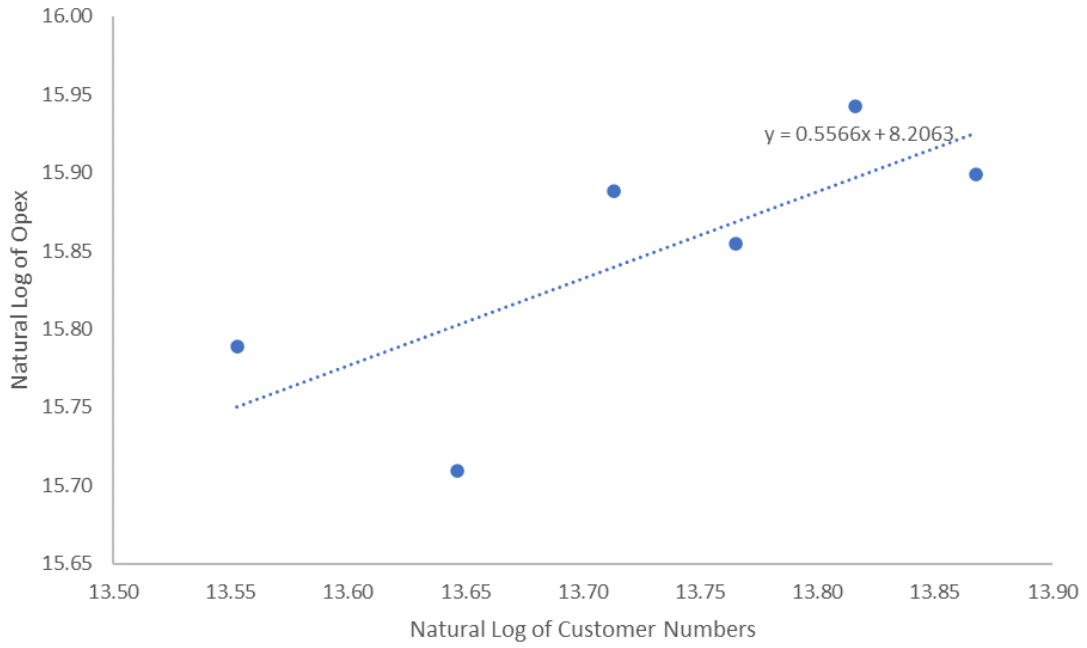
To calculate this weighting, we have applied a consistent methodology to that used by SA Power Networks to set the metering contestability productivity factor for the current 2020–25 RCP. The productivity factor estimates the proportionate change in total metering costs for a change in the legacy metering population. To calculate this productivity factor, we have assessed the relationship between the change in actual reported RIN opex and average meter volumes from 2017/18 through to 2022/23, by comparing an independent variable of the natural log these numbers. The underlying data and natural logs are provided in Table 5.

Table 5: Natural log of opex and legacy meter numbers ($ nominal)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Average meter numbers	1,053,258	1,000,536	950,722	902,805	844,538	768,973
Natural Log of Legacy Meter	13.87	13.82	13.76	13.71	13.65	13.55
Opex Forecast	8,031,933	8,390,810	7,684,033	7,946,220	6,645,549	7,192,301
Natural Log of Opex	15.90	15.94	15.85	15.89	15.71	15.79

The results of applying a fit trend line to the opex as it relates to average legacy meter numbers is provided in Figure 3.

Figure 3: Comparison of opex and meter volumes



We propose to apply a weighting of 55.66[12] percent to the legacy meter volumes for the 2020–25 RCP. We note that the expected costs under an accelerated rollout program may vary from historical costs used in this analysis.

We have also applied this as the economies of scale factor within **Supporting Document 19.1 – Standardised Legacy Metering Expenditure Model**.

3.2.2 Real price growth

A real price change adjusts the base opex to account for forecast changes in input costs above or below the Consumer Price Index (**CPI**). Consistent with SCS, we have included a real increase in labour price growth, adopting an average of Oxford Economics and KPMG utilities sector labour price growth forecasts for metering opex (refer to **Attachment 6 - Operating expenditure** for further information). The forecast labour price growth is set out in Table 6.

[12] As derived from Figure 3

Table 6: Forecast labour price growth for the 2025–30 RCP

	2025/26	2026/27	2027/28	2028/29	2029/30
Oxford Economics forecast	1.13%	1.04%	0.86%	1.13%	1.28%
KPMG forecast	0.19%	0.19%	0.19%	0.19%	0.19%
Average labour price growth %	**0.66%**	**0.61%**	**0.52%**	**0.66%**	**0.74%**

3.2.3 Accelerated rollout transitional costs

The accelerated rollout of smart meters will occur between 1 July 2025 and 30 June 2030, with this rollout falling within SA Power Networks' 2025–30 RCP. While retailer nominated meter providers will complete the physical meter replacements required for this accelerated rollout, DNSPs will experience increased costs associated with the accelerated replacement of legacy meters. We propose to include the incremental costs we expect to incur over the 2025–30 regulatory period associated with the accelerated rollout as a step change within the legacy metering services component of SCS.

This proposed step change is driven by the proposed rule change to enact the AEMC's final report, to be initiated in early 2024. These are new costs and have not been included within any step change for the main SCS component.

SA Power Networks' preliminary analysis indicates we will require a short-term increase in capability to support the accelerated rollout program. This increased capability is expected across the following areas:

- Smart meter implementation management, with dedicated resources assigned within the business to develop the LMRP and manage the rollout program for SA Power Networks;
- Customer management and contact resolution, to deal with additional telephone calls and complaints associated with the rollout;
- Billing administration, to process tariff updates, interval meter reading data file uploads, and resolution of billing and customer disputes;
- Meter exchange management, to oversee the meter churn market interactions including Notice of Metering Works and Change Requests and manage any exceptions;
- Defect management and investigations, this often requires sending a field employee to site to investigate the installation or remediate SA Power Networks equipment on site; and
- Meter storage and disposal, as legacy meters are returned to SA Power Networks for disposal or recycling where possible.

We are proposing to include the non-recurrent transitional costs of $34 million (refer to Table 7) associated with the accelerated replacement of legacy meters as a step change within legacy metering services. We expect this to reflect the upper bound of expenditure required over the 2025–30 RCP and will revise these estimates as better information becomes available. Further detail on the proposed transitional costs is provided in **Supporting Document 19.4 - Legacy Metering Transition - Towards 2030**.

Table 7: Proposed legacy metering step change ($ million, June 2025)

	2025/26	2026/27	2027/28	2028/29	2029/30	2025–30 RCP
Accelerated rollout transitional costs	**5.56**	**6.11**	**6.69**	**7.51**	**8.17**	**34.04**

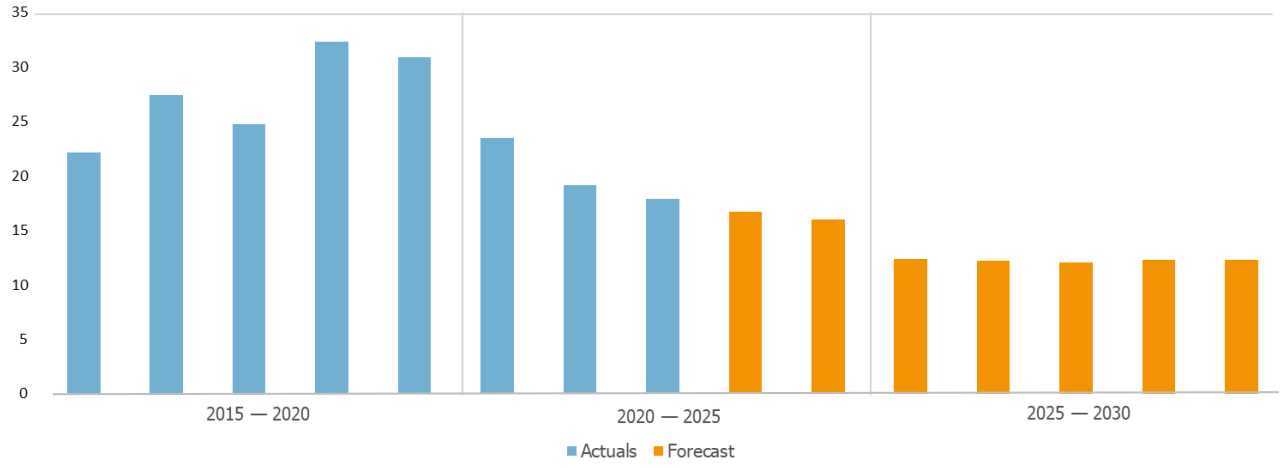
Inclusion of these costs within the metering component of SCS will isolate any price impact associated with these transitional costs to metering during the rollout. We note most of these transitional costs are expected to cease once the smart meter rollout is complete. Any residual transition costs will be included within the main SCS component from 1 July 2030.

3.3 Proposed metering services revenue

Our proposed revenue forecast for legacy metering services for the 2025–30 RCP is $61 million ($ June 2025).

Actual and forecast revenue associated with providing legacy metering services is provided in Figure 4. While legacy metering services opex is reducing year-on-year following the introduction of metering contestability, the reduction in revenue from 1 July 2020 is predominantly driven by the declining MAB value, reducing the return on, and return of, capital for the 2020–25 RCP. The MAB is expected to be largely depreciated by 1 July 2026, resulting in further reductions in proposed revenue for the 2025–30 RCP.

Figure 4: Actual and Forecast revenue for legacy metering services ($ million, June 2025)[13]



[13] Forecast revenue for the 2025–30 RCP has been smoothed using consistent smoothing methodology applied to SCS.

Glossary

Acronym / term	Definition
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
ARR	Annual Revenue Requirement
CPI	Consumer Price Index
DNSP	Distribution network service provider
LMRP	Legacy Meter Retirement Plan
MAB	Metering Asset Base
MC	Metering Coordinator
NER	National Electricity Rules
Opex	Operating expenditure
PTRM	Post-tax Revenue Model
RCP	Regulatory Control Period
RFM	Roll Forward Model
RIN	Regulatory Information Notice
SCS	Standard control services