Final Decision

SA Power Networks Electricity Distribution Determination 2025 to 2030

(1 July 2025 to 30 June 2030)

Attachment 20
Metering Services

April 2025

AUSTRALIAN ENERGY REGULATOR

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1	30 April 2025	13

List of attachments

This attachment forms part of the Australian Energy Regulator's (AER's) final decision on the distribution determination that will apply to SA Power Networks for the 2025–30 period. It should be read with all other parts of the final decision.

As a number of issues were settled at the draft decision stage or required only minor updates, we have not prepared all attachments. Where an attachment has not been prepared, our draft decision reasons form part of this final decision. The final decision attachments have been numbered consistently with the equivalent attachments to our draft decision.

The final decision includes the following attachments:

Overview

Attachment 1 – Annual revenue requirement

Attachment 2 – Regulatory asset base

Attachment 4 – Regulatory depreciation

Attachment 5 – Capital expenditure

Attachment 7 – Corporate income tax

Attachment 10 – Service target performance incentive scheme

Attachment 13 – Classification of services

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20 Metering Services

This attachment sets out our final decision for the 2025–30 regulatory control period (period) for type 5 (interval) and type 6 (accumulation) metering service assets owned by SA Power Networks.

Metering services include maintenance, reading, data services, and the recovery of capital costs related to meters. Since the introduction of the Power of Choice reforms on 1 December 2017, SA Power Networks is no longer responsible for installation of new meters. We are responsible for setting revenues for SA Power Networks' metering services.

Metering assets are used to measure electrical energy flows at a point in the network to record consumption for the purposes of billing. Not all customers have the same type of meter. There are different types of meters which each measure electricity usage in different ways:[1]

- Type 1 to 4 meters have a remote communication ability. We refer to these as smart meters. Type 1 to 4 metering services are contestable and therefore not regulated.
- Type 5 meters are interval meters and Type 6 meters are accumulation meters. We refer to these as legacy meters, which are being progressively replaced by smart meters. These are the subject of this final decision.
- Type 7 metering services are unmetered connections with a predictable energy consumption pattern (for example, public lighting connections). Type 7 metering services are a monopoly provided service and are covered by our determination on standard control services.[2]

Distributors also provide some non-routine metering services which are charged to customers when requested, such as meter disconnection. These non-routine metering services are fee-based Ancillary Network Services, which are discussed in Attachment 16.

In this attachment, we:

- Provide background to recent changes affecting metering services, including the decision framework, and the impacts of the Australian Energy Market Commission's (AEMC) review of the regulatory framework for metering services (metering review) on this final decision (section 20.1).[3] We also provide a summary of our draft decision.
- Set out our final decision (section 20.2), which draws on the reasons in Appendix A.
- Summarise SA Power Networks' revised proposal (section 20.3).
- Set out the reasons for our final decision (Appendix A).

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1 AER, *Final Framework and Approach - SA Power Networks 2025–30*, June 2023, p 32.

2 Other new meters (type 8 and type 9) are being considered to replace type 7 meters, which are reduced capability smart meters intended to manage predictable loads like public lighting connections.

3 AEMC, *Final report Metering review*, August 2023.

20.1 Background

20.1.1 Transition to smart metering

The 2017 Power of Choice reforms removed the distributors' ability to provide new meters to customers and intended to introduce competition for providing and servicing meters by other meter providers in the national electricity market (NEM).[4] New standards mean only smart meters (mostly type 4 meters for residential customers) with remote communications may now be installed.

The take up of smart meters across the NEM has generally been slow. SA Power Networks forecast a legacy meter population of 562,000 meters in 2024–25, being 53% of the legacy metering asset base when the reforms were introduced in 2017.[5]

In August 2023, the AEMC completed its metering review. The AEMC's metering review looked at how to expedite the uptake of smart meters. The AEMC noted that smart meters provide whole-of-system benefits which should be realised as soon as possible.[6] The review was focussed on New South Wales, the Australian Capital Territory, Queensland, and South Australia. Tasmania has a program in place to accelerate smart meter deployment by 2026. Victoria has already achieved a near universal uptake of smart meters.[7]

As a result of the metering review, the AEMC made the *Accelerating smart meter deployment* rule change determination on 28 November 2024. This established a program to deliver an efficient rollout of smart meters to all customers by 2030.[8]

To achieve this outcome, the AEMC's final rule established a clear target in the NER for the accelerated deployment of smart meters by 30 November 2030. To facilitate industry collaboration on the delivery of these smart meters, the rule established the Legacy Meter Replacement Plan (LMRP) mechanism and new obligations on retailers in relation to the LMRP and related targets.[9] It is expected the LMRPs will schedule bulk meter replacements (retailers to replace legacy meters with smart meters) on a geographical basis to leverage economies of scale.[10]

Through this process, customers may have little choice as to when their legacy meter will be replaced, as this will be determined by the distributors and other providers.

If distributors maintained the 2020–25 regulatory settings for metering services with costs allocated to a declining customer base, customers with meters replaced later in the accelerated deployment may be charged inequitably higher costs for metering services than

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4 This does not apply to the Northern Territory and Victorian customers who are covered by state regulation that places responsibility for metering with the distributors.

5 AER analysis; SA Power Networks, *19.1 - Standardised Legacy Metering Expenditure Model*, December 2024; AER, *Final decision - SAPN distribution determination 2020–25 - Metering PTRM*, June 2020.

6 AEMC, *Final report Metering review*, August 2023, pp.12–13.

7 AEMC, *Final report Metering review*, August 2023, p. iii.

8 AEMC, *Final rule determination, Accelerating smart meter deployment*, 28 November 2024, pp. 1–2.

9 AEMC, *Final rule determination, Accelerating smart meter deployment*, 28 November 2024, p. 9.

10 AEMC, *Final rule determination, Accelerating smart meter deployment*, 28 November 2024, p. 124.

customers with meters replaced earlier, even though there is no change in the service they receive. This arises because:

- A large fixed-cost base will be recovered over a rapidly declining number of customers (e.g. systems and IT, base labour force).
- Per unit costs to read a meter increase as the average distance travelled between each meter increases.

20.1.2 Our draft decision

While the *Accelerating smart meter deployment* rule change determination had not been made, our draft decision had regard to the metering review and how to address potential inequity in metering service costs resulting from the metering transition. It applied the following regulatory settings:[11]

- The reclassification of legacy metering services from alternative control services (ACS) to standard control services (SCS). For more information see Attachment 13 – Classification of services.
- Application of a revenue cap which recovers legacy metering costs through a flat per customer charge to all low voltage (LV) customers, rather than separate recovery of capital and non-capital costs from different customer types (as in the 2020–25 period). For more information see Attachment 14 – Control mechanisms.
- A forecast meter replacement that reflected that 100% deployment by the end of the 2029–30 financial year would not be achieved due to sites that are scheduled to be replaced after 1 July 2030, or sites where the replacement is scheduled but unable to be completed.

The central goal of these changes was to ensure that customers who may experience vulnerability are protected from rising costs. We considered these changes ensured no customer would be worse off as a result of when their legacy meter is replaced under an LMRP. Further, it ensured a more equitable contribution to the roll out of smart meters by all customers since all customers benefit from the transition.

Our draft decision considered the recommendations of the metering review a material change in circumstances that supported a departure from the classification of services and the form of control set in the Framework and Approach paper (F&A).[12] We also considered it important that a reclassification of metering services as SCS retain the current level of transparency through the continued use of the standardised metering models.

Noting all of the above, our draft decision accepted SA Power Networks' proposal for no direct capital expenditure (capex), as well as the reclassification of metering to SCS with a revenue cap form of control. We substituted an alternate forecast metering operating expenditure (opex) and annual revenue requirement. We also accepted SA Power Networks' proposed cost recovery approach.

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11 AER, *Draft Decision Attachment 20 - Metering Services - SA Power Networks - 2025–30 Distribution revenue proposal*, September 2024, pp. 3–4.

12 NER, cl. 6.12.3(b).

At the time of making our draft decision, we noted that we were expecting updates to the opex step changes to reflect the outcomes of the AEMC's metering rule change determination, which was made subsequent to our draft decision.

20.2 Final Decision

Our final decision is to not accept SA Power Networks' revised proposal as submitted. Our final decision is to:

- Maintain our draft decision capex[13] forecast which SA Power Networks accepted in its revised proposal.
- Substitute a revised metering opex forecast to apply updates to labour cost escalation and inflation.
- Substitute our annual revenue requirement to apply updates to forecast inflation and inputs related to the 2022 rate of return instrument, as well as our substituted opex forecast.
- Maintain our draft decision to reclassify metering to SCS and apply a revenue cap form of control[14] which SA Power Networks accepted in its revised proposal.
- Maintain our draft decision to recover costs through a flat per customer charge to LV customers, regardless of customer, tariff, or meter type[15] which SA Power Networks accepted in its revised proposal.

The reasons for our final decision are provided at Appendix A.

20.3 SA Power Networks' revised proposal

SA Power Networks accepted our draft decision to reclassify legacy metering services as SCS and for such services to be regulated under a revenue cap.[16] SA Power Networks updated its proposal to reflect the latest information available, including the outcomes of the AEMC's metering rule change determination.[17]

20.3.1 Metering revenue

SA Power Networks proposed a total annual revenue requirement (ARR) of $46.0 million ($nominal, smoothed) for the 2025–30 period.[18] To determine its proposed revenue requirement, SA Power Networks used the AER's standardised metering models which apply the building block approach to determine allowable revenue. SA Power Networks' proposed ARR and building blocks are set out in Table 20.1.

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13 AER, *Draft Decision Attachment 20 - Metering Services - SA Power Networks - 2025–30 Distribution revenue proposal*, September 2024, pp. 10–11.

14 AER, *Draft Decision Attachment 20 - Metering Services - SA Power Networks - 2025–30 Distribution revenue proposal*, September 2024, p. 7.

15 AER, *Draft Decision Attachment 20 - Metering Services - SA Power Networks - 2025–30 Distribution revenue proposal*, September 2024, p. 7.

16 SA Power Networks, *Attachment 19 - Legacy metering,* December 2024, p. 13; SA Power Networks, *Attachment 1 - Annual revenue requirement and control mechanism,* December 2024, p. 6.

17 SA Power Networks, *Attachment 19 - Legacy metering,* December 2024, p. 13.

18 SA Power Networks, *19.3 - Legacy Metering PTRM*, December 2024.

Table 20.1 SA Power Networks' revised proposal building blocks and annual revenue requirement ($million, nominal)

Building block component	2025–26	2026–27	2027–28	2028–29	2029–30	Total
Return on capital	0.0	0.0	0.0	0.0	0.0	0.1
Return of capital (regulatory depreciation)	0.1	0.1	0.1	0.2	0.2	0.8
Operating expenditure	9.2	10.0	9.7	8.3	7.2	44.5
Revenue adjustments	-	-	-	-	-	-
Net tax allowance	0.0	0.0	0.0	0.0	0.0	0.1
ARR (unsmoothed)	**9.4**	**10.2**	**9.9**	**8.6**	**7.4**	**45.5**
ARR (smoothed)	**8.7**	**8.9**	**9.2**	**9.5**	**9.7**	**46.0**

Source: SA Power Networks, *19.3 – Legacy Metering PTRM*, December 2024.

20.3.1.1 Capital expenditure

SA Power Networks accepted our draft decision for a total net direct capex of $0.0 million ($2024–25) for the 2025–30 period.[19] SA Power Networks did not propose any direct capex because direct capex relates to investment in new assets and SA Power Networks is not allowed to install new meters.

20.3.1.2 Operating expenditure

SA Power Networks proposed an updated opex value compared to our draft decision, with its new estimate of $41.0 million ($2024–25) for the 2025–30 period reflecting the latest information available.[20]

SA Power Networks developed its opex forecast using the 'base-step-trend' approach, consistent with the standardised metering models, our standard approach for SCS, and the approach used in the 2020–25 period. SA Power Networks' proposal included an adjustment of -$1.3 million ($2024–25) to its base opex to reflect that it will reduce legacy meter inspections or compliance testing. This is in line with the rule changes resulting from the AEMC's metering review.[21]

To establish the trend, SA Power Networks applied the following factors:[22]

- the declining number of meters
- real price changes in labour costs
- an adjustment reflecting the growing diseconomies of scale

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19 SA Power Networks, *19.3 - Legacy Metering PTRM*, December 2024.

20 SA Power Networks, *19.3 - Legacy Metering PTRM*, December 2024.

21 SA Power Networks, *19.1 - Standardised Legacy Metering Expenditure Model,* December 2024; SA Power Networks, *Attachment 19 - Legacy metering,* December 2024, p. 15.

22 SA Power Networks, *19.1 - Standardised Legacy Metering Expenditure Model,* December 2024; SA Power Networks, *Attachment 19 - Legacy metering,* December 2024, pp. 15–17.

- a weighting of 56% variable and 44% fixed costs.

SA Power Networks' revised proposal included a reduction in the amount of its proposed step changes from $34.0 million ($2024–25) in the initial proposal to $10.4 million ($2024–25).[23] This reflected changes resulting from the finalisation of the AEMC's metering review and metering rule change determination subsequent to SA Power Networks' initial proposal. These step changes included incremental costs SA Power Networks will incur as a result of the accelerated smart meter rollout, including:[24]

- Smart meter implementation management
- Customer management and contact resolution
- Billing administration
- Meter exchange management
- Meter storage and disposal.

20.3.1.2.1 Legacy meter retirement rates

SA Power Networks' revised proposal forecast that it would retire 74% of its legacy meters over the 2025–30 period (compared to remaining legacy meters in 2024–25), leaving 145,000 legacy meters in place at the end of 2029–30.[25] This forecast reflected SA Power Networks' "middle peak" rollout profile, which was supported by stakeholders, where retailers will ramp up replacement volumes in the middle of the period.[26] [27] The updated forecast is a reduction compared to the original forecast of 79%, which would have left 122,000 legacy meters in place at the end of 2029–30,[28] reflecting the delayed timelines in the AEMC's *Accelerating smart meter deployment* rule change determination compared to what was signalled in the metering review.

SA Power Networks accepted our draft decision to include a true-up mechanism for legacy metering. The legacy metering volumes will be updated as part of the annual pricing proposal process.[29]

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23 SA Power Networks, *Information request IR#027 – Legacy metering services*, 10 July 2024; SA Power Networks, *Attachment 19 - Legacy metering,* December 2024, pp. 17–18.

24 SA Power Networks, *Attachment 19 - Legacy metering,* December 2024, p. 17.

25 AER analysis; SA Power Networks, *19.1 - Standardised Legacy Metering Expenditure Model,* December 2024.

26 SA Power Networks, *19.1 - Standardised Legacy Metering Expenditure Model,* December 2024.

27 SA Power Networks, *Attachment 19 - Legacy metering,* December 2024, p. 17.

28 SA Power Networks, *19.1 - Standardised Legacy Metering Expenditure Model,* January 2024.

29 SA Power Networks, *Attachment 19 - Legacy metering,* December 2024, p. 19.

A Reasons for final decision

A.1 Classification and form of control

Our final decision maintains our draft decision to accept SA Power Networks' proposal to reclassify its legacy metering services from ACS to SCS and recover costs through the revenue cap form of control. The reasons for these decisions are set out in Attachment 13 and 14.

Under a revenue cap, we set the maximum revenue SA Power Networks can earn for metering services for the first year of the 2025–30 period. For all subsequent years of the 2025–30 period, revenues will be adjusted by the applicable control mechanism formula set out in Attachment 14. This mechanism adjusts revenue caps annually for inflation, an X factor, and any other relevant adjustments.

We also maintain our draft decision to accept SA Power Networks proposal to recover metering costs through a flat per customer charge to LV customers. We consider this approach to be equitable and transparent, and that it is consistent with the reasoning in our guidance we provided in response to the AEMC's metering review.[30]

We consider that transparency in recovering metering costs over the 2025–30 period is important. As such, SA Power Networks will be required to report metering charges separately to other SCS charges in its annual pricing proposals to maintain this transparency.

A.2 Annual revenue requirement

Our final decision is for a total ARR for metering services of $45.6 million ($nominal, smoothed) for SA Power Networks over the 2025–30 period.[31] This is a decrease of $0.4 million ($nominal) or 0.9% from SA Power Networks' proposed total ARR of $46.0 million ($nominal, smoothed) for this period.[32] This reflects the impact on our final decision of the various building block costs listed in Table A.2.

We are applying our draft decision for a flat real price path for years 2–5. This is done by applying 0% X factors in these years. This means that any real price movement is applied in the 2025–26 year. We consider this provides the most certainty and will best support the likely increases in metering costs in the retail component as the rollout is delivered.

30 AER, *Legacy metering services - guidance for revised proposals*, November 2023.

31 AER, *Final Decision - SAPN - 2025–30 Distribution revenue proposal - Metering PTRM*, April 2025.

32 AER analysis; SA Power Networks, *19.3 - Legacy Metering PTRM*, December 2024.

Table A.1 Annual revenue requirement (unsmoothed, $million, nominal)

Annual revenue requirement	2025–26	2026–27	2027–28	2028–29	2029–30	Total
SA Power Networks' initial proposal	13.1	12.7	13.1	13.5	13.5	65.8
Draft decision	6.6	6.5	6.2	5.5	4.6	29.4
SA Power Networks' revised proposal	9.4	10.2	9.9	8.6	7.4	45.5
Final decision	9.4	10.2	9.8	8.5	7.3	45.1
Final decision (smoothed)	8.6	8.9	9.1	9.4	9.6	45.6

Source: SA Power Networks, *19.3 - Legacy Metering PTRM*, January 2024; AER, *Draft decision - SA Power Networks – 2025-30 Distribution revenue proposal - Metering PTRM,* September 2024; *SA Power Networks, 19.3 - Legacy Metering PTRM*, December 2024; AER, *Final Decision - SAPN - 2025–30 Distribution revenue proposal - Metering PTRM*, April 2025.

The AER's post tax revenue model (PTRM) calculates the ARR for each year of the 2025–30 period. This unsmoothed ARR for each year is the sum of the building block costs. Table A.2 shows the component and total building block costs that form the ARR and where discussion on the components that drive these costs can be found within this final decision.

Table A.2 Metering building block components (unsmoothed, $million, nominal)

Building block component	Total – SA Power Networks' revised proposal	Total – final decision	Section where element is discussed
Return on capital	0.1	0.1	A.4
Return of capital (regulatory depreciation)	0.8	0.7	A.5
Operating expenditure	44.5	44.1	A.7
Revenue adjustments	-	-	-
Net tax allowance	0.1	0.1	-
Revenue requirement	**45.5**	**45.1**	**A.2**

Source: SA Power Networks, *19.3 - Legacy Metering PTRM*, December 2024; AER, *Final Decision - SAPN - 2025–30 Distribution revenue proposal - Metering PTRM*, April 2025.

A.3 Regulatory asset base

Our final decision accepts SA Power Networks' asset roll forward and calculation method, with our final decision substitute values based on updated inflation inputs.

The value of the regulatory asset base (RAB) impacts SA Power Networks' revenue requirement, and the price consumers ultimately pay. Other things being equal, a higher RAB increases both the return on capital and return of capital (depreciation) components of the distribution determination. This final decision is set out in Table A.3:

- the opening RAB as at 1 July 2025
- the forecast closing RAB as at 30 June 2030
- a profile of depreciation as set out in section A.5

Table A.3 Summary of metering asset roll forward ($million, nominal)

Summary of asset roll forward	SA Power Networks' revised proposal	Final decision
Opening RAB on 1 July 2025	0.8	0.7
Net capex (total nominal)	0.0	0.0
Regulatory depreciation (total nominal)	-0.8	-0.8
Inflation on opening RAB (total nominal)	0.1	0.1
Forecast closing RAB on 30 June 2030	0.0	0.0

Source: *SA Power Networks, 19.3 - Legacy Metering PTRM*, December 2024; AER, *Final Decision - SAPN - 2025–30 Distribution revenue proposal - Metering PTRM*, April 2025.

We use the roll forward model (RFM) to roll forward SA Power Networks' RAB from the 2020–25 period to arrive at an opening RAB value as of 1 July 2025. This roll-forward calculation accounts for inflation, the weighted average cost of capital, actual net capex and actual depreciation. The amounts are estimated based on forecasts where actual data is not available.

The opening RAB may also be adjusted to reflect any changes in the use of the assets, with only assets used to provide metering services to be included in the RAB. No such adjustments were included in the final decision.

The PTRM used to calculate the annual revenue requirement for the 2025–30 period generally adopts the same RAB roll-forward approach as the RFM, although the annual adjustments to the RAB are based on forecasts, rather than actual amounts.

A.4 Rate of Return

Our final decision on legacy metering services applies the same rate of return as applied throughout our determination, which is set out in Attachment 3.

Attachment 3 states that the final decision uses the 2022 rate of return instrument. This includes updated rates for return on debt, inflation, and equity raising costs.

We have used updated rates in our final decision, including rates for return on debt, inflation, and equity raising costs.

A.5 Regulatory depreciation

Our final decision maintains our draft decision to accept the depreciation schedules proposed by SA Power Networks, with straight-line depreciation to depreciate the asset base within the 2025–30 period. SA Power Networks accepted our draft decision in its revised proposal.

A.6 Capital expenditure

Our final decision maintains our draft decision to accept SA Power Networks' proposal forecast capex of $0.0 million ($2024–25).[33] SA Power Networks accepted our draft decision in its revised proposal.

A.7 Operating expenditure

Our final decision is to not accept SA Power Networks' revised proposal forecast opex of $41.0 million ($2024–25).[34] Our final decision includes an alternate estimate of $40.9 million, ($2024–25) reflecting the base-step-trend estimate provided by SA Power Networks adjusted for updates to labour cost escalation and inflation.[35]

Table A.4 below compares our final decision opex to SA Power Networks' revised proposal forecast opex. It also includes information on the initial proposal and draft decision opex.

Table A.4 Revised proposal and final decision meter volumes and opex

	2025–26	2026–27	2027–28	2028–29	2029–30	Total
Meter volumes (accepted)	487,000	403,000	305,000	212,000	145,000	
SA Power Networks' proposed opex ($million, 2024–25)	11.8	12.0	12.1	12.2	11.9	60.2
Draft decision opex ($million, 2024–25)	6.3	5.9	5.5	4.8	3.8	26.2
SA Power Networks' revised proposal opex ($million, 2024–25)	9.0	9.5	8.9	7.5	6.2	41.0
Final decision opex ($million, 2024–25)	8.9	9.5	8.9	7.4	6.2	40.9

Source: SA Power Networks, *19.1 - Standardised Legacy Metering Expenditure Model*, December 2024; SA Power Networks, *19.3 - Legacy Metering PTRM*, January 2024; AER, *Draft decision - SA Power Networks – 2025–30 Distribution revenue proposal - Metering PTRM,* September 2024; *SA Power Networks, 19.3 - Legacy Metering PTRM*, December 2024; AER, *Final Decision - SAPN - 2025–30 Distribution revenue proposal - Metering PTRM*, April 2025.

Base opex

If we find the business is operating efficiently, our preferred methodology is to use the business' historical or 'revealed' costs in a recent year as a starting point for our opex forecast. We consider that 2023-24 is an appropriate base year, and have used the opex for that year, being $9.0 million ($2024–25), as the base opex. We accept the proposed

33 AER, *Final Decision - SAPN - 2025–30 Distribution revenue proposal - Metering PTRM*, April 2025.

34 SA Power Networks, *19.3 - Legacy Metering PTRM*, December 2024.

35 AER, *Final Decision - SAPN - 2025–30 Distribution revenue proposal - Metering PTRM*, April 2025.

negative adjustment to the base opex of $1.3 million ($2024–25) to remove costs for the inspections and compliance testing which will no longer be required.[36]

Our draft decision applied 2022–23 as the base year, being $8.0 million ($2024–25). We consider that use of the 2023–24 year appropriate to reflect the latest available information. This update best reflects the evolving opex costs relating to the smart meter rollout and coincides with the updated step change amounts. As a result, we are satisfied with using 2023–24 opex as base opex.

Rate of change

We trend the adjusted base opex forward by applying our forecast 'rate of change'. We estimate the rate of change by forecasting the expected growth in input prices, outputs and productivity.

We forecast input price growth using a combination of labour and non-labour price change forecasts. Labour costs represent a significant proportion of a distributor's costs. We use input price weights between labour and non-labour components consistent with SCS.

We forecast the change in output (number of meters) to account for the annual change in operational costs to provide metering services. Our final decision applies SA Power Networks' proposed weighting of 56% variable and 44% fixed costs, being aligned with weightings approved for our 2024–29 determinations. It also applies a 56% economies of scale factor to account for the diseconomies of scale that occur as meter volumes drop rapidly during the accelerated rollout of smart meters.

Legacy meter replacement rates

Our final decision accepts the legacy meter replacement rates proposed by SA Power Networks in its revised proposal. This included revisions to reflect the latest meter replacement rates, as well as the new timelines emerging from the AEMC's final rule determination.

Step changes

Lastly, we add or subtract any components of opex that are not appropriately compensated for in base opex or the rate of change, but which should be included in the forecast total opex to ensure only prudent and efficient costs are recovered.

Our final decision accepts SA Power Networks' revised proposal metering step changes, reflecting the final outcomes of the AEMC's metering review and rule change determination, which were finalised subsequent to SA Power Networks' original proposal (as detailed in section 20.1.2). Our final decision includes step changes amounting to $10.4 million ($2024–25), a decrease of $23.6 million ($2024–25) or 69.4% from the original proposal of $34.0 million ($2024–25).[37]

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[36] SA Power Networks, *19.1 - Standardised Legacy Metering Expenditure Model,* December 2024.

[37] SA Power Networks, *19.1 - Standardised Legacy Metering Expenditure Model,* January 2024; AER, *Final Decision - SAPN - 2025–30 Distribution revenue proposal - Metering Expenditure Model,* April 2025.

We consider that the proposed step changes are prudent and efficient and are appropriate to ensure the timely and effective rollout of smart meters. This includes additional or heightened administrative and regulatory responsibilities, as well as increased stakeholder engagement through the planning and implementation of the legacy meter replacement plans and customer support. These costs also include the heightened cost of disposal and storage of the replaced legacy meters.

CCP30 considered the original proposed step changes to be too high. CCP30 noted that SA Power Networks' reduction in step changes since the original proposal was encouraging.[38]

True-up mechanism

Our final decision reflects SAPN's revised proposal which allows forecast volumes to be updated for actual volumes for the purposes of the metering true-up adjustment.[39]

More information on our consideration of the opex forecast, legacy meter replacement rates, and the true-up mechanism for opex, can be found in our draft decision.[40]

38 CCP30, *Submission on SAPN's revised proposal and draft decision 2025–30,*, January 2025, p. 1.

39 SA Power Networks, *Attachment 19 - Legacy metering,* December 2024, p. 19.

40 AER, *Draft Decision Attachment 20 - Metering Services - SA Power Networks - 2025–30 Distribution revenue proposal*, September 2024, pp. 11–13.

Shortened forms

Term	Definition
ACS	alternative control services
AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
ARR	annual revenue requirement
capex	capital expenditure
CCP30	Consumer Challenge Panel Sub-Panel 30
F&A	Framework and approach paper
LMRP	legacy meter retirement plan
LV	low voltage
NEM	national electricity market
NER	national electricity rules
opex	operating expenditure
PTRM	post-tax revenue model
RAB	regulatory asset base
RFM	roll forward model
SCS	standard control services