

Recovery of residual metering capital costs

EDMI Response to AER Consultation Paper



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1 Introduction

EDMI is pleased to be able to respond to the Australian Energy Regulator consultation paper seeking submissions about an alternative approach to the recovery of the residual metering capital costs through an alternative control services annual charge.

EDMI is a proven global leader in the provision of smart meters, metering services and smart energy solutions. As part of the Osaki Electrical Group (Japan), EDM I are the largest supplier of IEC Smart Meters to competitive roll-outs around the globe. EDM I has been supplying smart metering technology for the Australian market since 1990 and has extensive expertise in operating Energy Solutions on behalf of key local and international customers.

EDMI recognizes the pressing requirement for AER to make a determination in this area and supports its efforts to provide clarity on this matter.

2 Response to Issues Raised

EDMI believes that the industry is undergoing significant change. New products and services are emerging and will continue to emerge as a result of the reforms proposed and already agreed by market regulators. Battery storage, Solar PV, Energy Services and much more is inexorably becoming part of the new energy reality and competitive metering infrastructure is vital to allow innovation and progress.

EDMI supports the work of regulators to support a new competitive market as we enter the era of the “communication of energy” whereby consumers and industry will have more choice over the way their energy is provided.

2.1 Comment on Draft Determination

EDMI strongly supported the AER draft determinations for the NSW electricity distribution networks which moved the cost of stranded metering assets to the Standard Control Services where a competitive meter churn had occurred.

It is EDM I’s position that this draft determination delivered certainty to all market players moving forward, without having a negative impact on the capacity of the market to mature and for the introduction of new products and services. EDM I also submits that the draft determination was complementary to the principles underlying Power of Choice market reforms to give consumers options in the way they use electricity.

2.2 Principles

EDMI understands that the driving force behind energy market reform is to provide greater choice to the consumer and increase competition in the market. As a result, EDM I submits that the following two principles from the Power of Choice review are important when considering the recovery of residual metering capital costs:

- (1) Reform distribution network pricing principles to improve consumer understanding of cost reflective network tariffs and give people more opportunity to be rewarded for changing their consumption patterns; and**
- (2) Expand competition in metering and related services to all consumers, putting greater discipline on competitive metering suppliers to provide services at efficient cost and consistent with consumer preferences;**

In addition, EDM I submits that any alternative approach to the recovery of the residual metering capital costs should:

- Promote a competitive market**
- Reduce complexity for the public**
- Recognize the primacy of the consumer**

2.3 Review of Options

EDMI supports an alternative approach that delivers against the principles identified above and in the Power of Choice review. EDM I further supports an approach that closely matches the original determination.