



Ref: 20211119 JL:NL

19 November 2021

Warwick Anderson
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601
Via email: AERPricing@aer.gov.au

Dear Warwick

Standardised models for regulated metering services

Thank you for the opportunity to review and respond to the preliminary standardised metering models (models) issued by the Australian Energy Regulator (AER) on 25 October 2021. Essential Energy supports the AER's efforts to standardise the models, especially where this enables stakeholders to more readily understand and review the services provided without unduly increasing the regulatory burden on distributed network service providers (DNSPs). We raise a couple of concerns with the proposed models below.

Non-system Capex has been overlooked

While the AER's standardised Metering Capex and Opex model considers System Capex costs under the Comms and IT tab, it does not provide a section to include Non-system Capex costs. It is important that the model reflects all the associated costs of providing metering services and so should be adjusted to allow DNSPs to include a share of non-system Capex costs. It is worth noting that the inclusion of non-system Capex should be extended to all Alternative Control Services models, including the standardised ANS model issued by the AER on 27 August 2021.

Increased level of detail is now required

The Metering Capex and Opex model contains a much higher level of input detail than what Essential Energy has previously provided. In this regard, the regulatory burden has actually been increased for most DNSPs and we would encourage the AER to consider whether the proposed level of input detail is necessary, especially for networks with declining metering service levels.

Flexibility is required while the models are tested

We encourage the AER to apply a flexible approach for those DNSPs who will "test" the initial model in developing the next round of Regulatory Proposals. As the Metering information for the 2024-29 regulatory period is developed and modelled, there is the potential for issues with the Metering models to be identified and it would be appropriate that the AER consider deviations and amendments should this occur.

If you would like to clarify or discuss any aspects of this response please contact our Head of Commercial Development, Andrew Hillsdon on [REDACTED] or [REDACTED].

Yours sincerely

A black rectangular box redacting the signature of Natalie Lindsay.

Natalie Lindsay
Head of Regulatory Affairs