



22 August 2008

Mr Chris Pattas  
General Manager  
Network Regulation South  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3000

**Consultation on ETSA Utilities Distribution Determination 2010-15  
- Metering Services -**

Dear Mr Pattas,

Thank-you for the opportunity to comment on the preliminary framework and approach for the ETSA Utilities 2010-15 distribution price determination.

This joint submission is made by Metropolis Metering Assets Pty Ltd, a NEMMCO accredited Metering Provider for type 3 and 4 metering installations, and Centurion Metering Technologies Pty Ltd, a NEMMCO accredited Metering Data Agent for type 3 and 4 metering installations.

In October 2004 the jurisdictional regulators jointly recommended the unbundling of metering services charges from distribution use of system (DUoS) charges as “a necessary prerequisite for enabling customer choice in metering technologies where there is distributor responsibility for metering services. The extension of competitive metering services to all customers with meters that meet the requirements of a metering installation type 1, 2, 3 or 4 will promote greater customer choice.”<sup>1</sup>

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<sup>1</sup> Joint Jurisdictional Review of the Metrology Procedures, Final Report, October 2004 – page 51

The regulators concluded that customer “choice should not be constrained.....(by) paying for their metering twice, through a metering charge incorporated in network charges and a separate charge to the retailer providing the alternative meter.”<sup>2</sup>

In 2005 the Victorian Essential Services Commission unbundled metering services charges from DUoS charges commencing from 1 January 2006.

Separate charges were determined for:

- meter provision (the supply, installation and maintenance of metering equipment); and
- metering data services (the collection, processing, storage of, and provision of access to, metering data).

While Victorian Distributors remain exclusively responsible for the provision of type 5, 6 and 7 metering installations and associated data management services, Retailers retain the right to install remotely-read interval meters (type 4 metering installations – or ‘smart meters’) for small customers through competitive service providers.

Retailer avoid the Distributors’ unbundled metering services charges upon a smart meter being installed and can therefore consider competitive pricing proposals on their merits.

This has enabled competition between the basic metering services offered by Victorian Distributors and smart metering services offered by companies such as ours to the benefit of consumers in terms of both price and service.

For example, PowerCor provides a basic single-phase import/export meter upgrade for \$469.20. [REDACTED]

Distributors will not upgrade a meter until after the solar system has been installed and a Certificate of Electrical Safety is obtained from Energy Safe Victoria. This delays the payment of rebates and access to feed-in tariffs by 6-8 weeks and is estimated to add up to \$200 to the cost of an installation. [REDACTED]

Typically, Distributors require the electrical contractor responsible for the installation of a solar system to be present when the meter is upgraded (it is unclear why) adding a further \$100-\$200 to the cost of the solar installation. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] covering the operational costs of providing the smart meter, collecting and processing the metering data on a daily basis, and providing each customer with on-line web tools to access their consumption data.

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<sup>2</sup> Ibid.

This has seen an increasing number of 'greenfield' meter installations and upgrades redirected from the Distributors to us right across the state of Victoria.

Consumers in South Australia are disadvantaged because metering services charges remain bundled with ETSA's DUoS charges and will remain disadvantaged if the AER does not unbundle metering services charges from 1 January 2010.

In July 2007, Metropolis & Centurion were engaged by Origin Energy to deliver a versatile and innovative smart metering solution to 7,000 homes and businesses in the northern areas of Adelaide for the Adelaide Solar City – a Federal Government initiative designed to demonstrate how solar power, smart meters, energy efficiency and new approaches to electricity pricing combine to provide a sustainable energy future in urban locations.

By late 2007 the project had been reduced to 5,000 sites because there was no way of avoiding ETSA's metering charges – even though ETSA would no longer be providing metering services to those sites. Two thousand Adelaide residents have been denied the opportunity to participate in the project. Even at 5,000 homes and business, Origin will pay in excess of half-a-million dollars to ETSA for services no longer being provided, which ultimately impacts on all residential consumers.

As the project matures, sites will inevitably switch to other Retailers. [REDACTED]

[REDACTED] The alternative is for the Retailer to engage ETSA to replace our meter replace with a basic meter at a cost of several hundred dollars.

But by unbundling ETSA's metering charges from its DUoS charges, the financial impact on Retailers and Solar City customers will be as it is in Victoria. Retailers can offer customers the same pricing whether the home is fitted with a basic meter provided by ETSA or a smart meter provided by us.

On 14 August 2008, Mr Les Owens, Chief Executive Officer of ETSA, wrote to consumers who have installed solar systems at their properties advising that in order to access the 44¢/kWh feed-in tariff available in South Australia they require a meter upgrade *at their own cost*. ETSA's "current charge to supply and install a single phase dual register basic import/export metering equipment (sic) is \$434.50".

[REDACTED] which cannot currently be offset by avoiding ETSA's metering charges.

[REDACTED]

Only by unbundling metering service charges from ETSA's DUoS charges can South Australian electricity consumers truly realise the savings we offer. And with access to their daily usage data<sup>3</sup> consumers have the opportunity to manage their behaviour to take advantage

[REDACTED]

of time-of-use pricing so that smart meters save them money and reduce green house gas emissions.

The Australian Energy Regulator has stated that it's preliminary position is to classify<sup>4</sup>:

1. standard small customer metering services (type 6-7 metering installations) as direct control services;
2. non-standard small customer metering services, and type 5 metering installation services, as negotiated distribution services;
3. all large customer metering services as negotiated distribution services; and
4. two exceptional cases of type 1-4 meter provision services identified above as direct control services.

The Australian Energy Regulator notes that metering services are generally accepted as falling into two broad categories<sup>5</sup>:

- meter provision services – the provision, installation, routine inspecting and maintenance of metering installations; and
- energy (ie. metering) data services (which are defined in the NER) – which involve:
  - collation of energy data from the meter or meter/associated data logger
  - the processing of the energy data in the metering installation database
  - storage of the energy data in the metering installation database, and
  - the provision of access to the data for those parties that have rights of access to the data.

The Australian Energy Regulator states further that “service classification effectively determines two key aspects of the distribution determination<sup>6</sup>:

1. whether the service should be under a direct price or revenue control, a ‘negotiate-arbitrate’ framework, or no price or revenue control – that is, the form of control that will apply to the service; and
2. whether the costs of providing the service should be recovered by ETSA Utilities through distribution use of system DUoS tariffs paid by all or most customers, or through separate tariffs paid by the individual customer requesting the service.

Metropolis and Centurion agree that it is appropriate to classify metering services into the four categories described.

Metropolis and Centurion also consider it appropriate to define charges separately for meter provisioning and data management services in each category – particularly where that

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<sup>4</sup> Australian Energy Regulator Framework and Approach Paper, ETSA Utilities 2010-15, June 2008 – page 37

<sup>5</sup> Ibid. – page 32

<sup>6</sup> Ibid. – page 17

category is to be regulated as a direct control service – to reflect the two forms of metering accreditation defined under the National Electricity Rules.

Most importantly, however, and for the reasons outlined in the body of this submission, Metropolis and Centurion consider it essential that all categories of metering service charges – with particular emphasis on type 5 & 6 metering services for small customers – be unbundled from DUoS.

When a smart meter is installed, ETSA no longer provides a meter provisioning or data management service to that customer and therefore avoids the cost of maintaining the meter, collecting, processing and distributing the data. It is inherently inequitable to allow ETSA to recover costs it no longer incurs.

Thank-you again for the opportunity to comment on the preliminary position paper and we look forward to being further involved in this process.

Yours sincerely,

Marco Bogaers  
Managing Director

14 August 2008

The Resident  
[REDACTED]

Dear Solar Customer,

I am writing to you in relation to the solar photovoltaic system which you have installed at your property.

You may be aware that as a part of South Australia's Solar Feed-In scheme, a feed-in payment of 44 cents per kilowatt hour is paid for electricity exported to the grid. This payment is designed to appear automatically on your electricity bill as a credit against your electricity charges.

Our records indicate that you may have a solar voltaic system connected to your premises and that you have a meter which is not suitable to record electricity that is exported back in to the Network.

In order to access the 44c/kWh feed-in payment you will need to upgrade your meter, however the meter upgrade will be at your cost. The current charge to supply and install a single phase dual register basic import/export metering equipment is \$434.50 (GST inclusive). Should you wish to upgrade your meter we ask that you contact your Electricity Retailer and discuss this request.

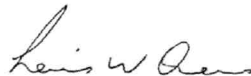
It is not mandatory for you to change your meter and we are aware that some installations export little or no power and therefore will receive minimal benefit from the feed-in payments. You may wish to speak to your solar PV installer if you need assistance in making this decision.

In short, we recommend that you:

- Assess whether the feed-in scheme will benefit you.
- Choose a meter upgrade if you wish to access the feed-in payments.

Included with our correspondence you will find a letter from the Premier of South Australia, Mike Rann, notifying you of South Australia's Solar Feed-In Law, which commenced on July 1 2008. Also included is a brochure on the Feed-in scheme.

Yours sincerely



Lewis W Owens  
**Chief Executive Officer**