



9 April 2009

Chris Pattas
General Manager
Network Regulation South
Australian Energy Regulator
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by email: aer inquiry@aer.gov.au

Dear Mr Pattas,

INTERVAL METER REASSIGNMENT REQUIREMENTS DRAFT DECISION

Origin appreciates the opportunity to comment on the Australian Energy Regulator's (AER) Draft Decision on Interval Meter Reassignment requirements.

Origin is concerned that the requirements, as proposed, will confuse customers and create unnecessary duplication. The customer's perspective is central to deliberation on these matters.

Origin takes the view that the following principles must be considered when determining network tariff reassignment requirements resulting from the move to interval meters:

- Mass market customers are generally unaware there is a network tariff component in their retail charge - it is the total retail charge which is of interest to customers - so requirements for retailers to notify customers about potential changes in network tariffs should not be mandated.
- Any additional requirements for retailers to inform customers of changes to their retail charges as a result interval meter tariff reassignment should align with existing provisions in the Victorian *Energy Retail Code*, which already require retailers to inform customers of all changes to retail tariffs.
- Retailers should not be exposed to increases in network tariffs where practical impediments or regulatory restrictions outside a retailer's purview prevent a retailer from passing these increases on.

Origin is also concerned about the treatment of tariff re-assignment for dual element meters. In the AMI program, distributors have discretion to move customers from multiple element meters to single element meters. When this occurs, this will have an immediate impact on customer bills. Retailers must be given adequate notice that this will occur, so that they can anticipate the impact and manage this transition.

Meter exchange not automatically aligned with changes in network or retail tariffs

The goal of the Victorian advanced metering infrastructure (AMI) program is to replace type 6 accumulation meters with type 5 remotely-read interval meters. However, as noted by the AER, not all newly installed meters will be used as interval meters in the first instance; some will be used as type 6 meters until communication systems are in place to support remote interval readings.

Even where type 5 functionality is available at meter exchange and network time-related tariffs are introduced, retail prices may not change, because in some cases contractual or regulatory requirements will preclude price changes in the short term. Thus, the exchange of meters may not have an immediate impact on a customer's bill.

This distinction is significant because the Draft Decision intends that retailers communicate with customers about the impact of AMI at the same time as the meter is changed, yet for customers there may be no impact on charges until some considerable time after the meter has been changed.

Duplication of notifications

Under arrangements proposed in the Draft Decision, customers will receive information on meter exchange twice. First, they will be notified by the retailer at least 35 days prior to the meter exchange that the meter is to be changed and that this may lead to a tariff re-assignment. Second, customers will be notified by distributors, with a window of dates when the exchange is to occur. In most cases, it will be only after the meter has been installed - sometimes well after - that the DNSP will determine whether to apply a new network tariff.

Evidently, DNSPs must communicate with customers about an imminent change of meter. However, Origin would question whether retailers should also be required to notify customers at this point, in a parallel communication, raising the possibility of a change in tariff but providing no reliable information on this. The only information that can be reliably communicated to customers by retailers prior to meter exchange is that their meter is to be changed on the basis of a government mandate. Customers will learn this directly from DNSPs in any event.

In Origin's view it would be more logical - for both retailers and customers - to decouple meter exchange from retail communications on prices. Managing meter exchange is a task for DNSPs, as it relates to physical metering infrastructure. Retailers are already required to notify customers of any change in retail prices, so they should be given scope to communicate with customers on AMI in ways they believe support the commercial relationship and build confidence in the technology.

In Table 1, over, the requirements proposed in the Draft Decision are integrated with the communications plan approved by the Victorian Infrastructure Steering Committee.



Table 1. Summary of processes associated with AMI meter exchange

Timeline	Vic. Infrastructure Steering Committee process	AER proposed requirements	Customer perspective
<i>90 days prior to meter exchange</i>	DNSP notifies retailer of forecast rollout volumes		
<i>45 days prior to meter exchange</i>		DNSP to notify retailer of specific NMIs* to be changed no earlier than 45 days	
<i>40-20 days before meter exchange</i>	DNSP to provide a general notification to all customers that DNSP will change meter, to provide customers with DPI letter explaining government mandate	At 35 days prior to meter exchange, retailer is to notify customer that DNSP will change meter, that network tariff may change and provide letter from DPI explaining mandate	Customer becomes aware that the meter is to be exchanged. The possibility of an impact on their retail tariff (through a change in the network tariff) is implied but not adequately explained.
<i>4-10 bus. days prior to meter exchange</i>	DNSP to notify retailer of specific NMIs* to be exchanged		
<i>(same day as previous)</i>	DNSP to notify specific customers of proposed dates within which meter exchange		Customer is informed again that the meter will be changed. Dates are laid down. Issues relating to tariffs and their bill are not addressed.
<i>Meter exchange</i>	Meter is exchanged, DNSP to communicate meter exchange completion advice		Customer learns information on practical significance of new meter. Issues relating to tariffs not addressed.
<i>Immediate post meter exchange</i>	DNSP provides post-exchange notification to include AMI education material, contact details etc		Further information on meters is provided. Issues relating to tariffs not addressed.
<i>Pre 2012, but up to one year following meter exchange</i>	Network tariff is re-assigned and retailer becomes aware of this via MSATS.		
<i>Up to six months following tariff re-assignment</i>	Customer's retail tariff may change as a result of pass through of the network tariff change		Retailer is notified that retail tariff has changed, as required in <i>Energy Retail Code</i> .

*NMI: National Meter Identifier

As outlined above, Origin would argue that the requirement in the bolded cell in table 1 is unnecessary. Furthermore, if retailers are required to inform customers that network tariffs may change at some point in the future, then this is certain to cause confusion. This is particularly the case as:



- few customers would be aware their retail bill reflects a network tariff component or understand the details of the network tariff;
- the DNSP may or may not change the network tariff at the time of meter exchange, and
- the potential change of network tariff in the future may or may not have any impact on customers' retail tariff or their bill.

The *Energy Retail Code* currently provides that a retailer must inform customers of any change to their retail prices. As this requirement extends to any increase in retail charges, it effectively covers any increase stemming from a change in network tariffs. Retailers inform customers of changes in their tariffs and costs via the billing process, which is the most recognisable channel for communicating this information.

Given requirements in the Code, Origin contends it is unnecessary to mandate a separate and additional communication between retailers and customers ahead of meter exchange. Origin would also question the argument that a 35 day notice period is required to give customers adequate time to change retailers in the event they are unhappy with a change in their prices, particularly as in many cases the retail tariff may not change. Customers can initiate a change in retailer at any time and the process can take up to 3 months depending on where the customer is in the cycle of meter reads.

Retailer communications with customers on AMI will not be limited to changes in retail prices. Retailers will have options to integrate time-related data into the customer interface in a number of ways, with a view to educating customers on the benefits of the technology. Retailers have a strong commercial incentive to communicate the implications of AMI in a way that is meaningful to their customers and which their customers find acceptable. Currently, retailers have scope to determine their approach, provided Code requirements to communicate price changes are met. Origin would argue this is appropriate and adequate.

Requirements on distributors to provide tariff information

Origin notes that interval meter reassignment requirements in this Decision relate to changes in network tariffs not retail tariffs. Origin maintains that when network tariffs change, effective communication between distributors and retailers is crucial, since it is retailers who bear responsibility for integrating network tariffs in ways acceptable to their customers. For these reasons, it is vital that distribution network service providers (DNSPs) give ample notice to retailers of changes in network tariffs.

As outlined above, effective communication between distributors and retailers on meter exchange - and separately on network tariffs - is of crucial importance. As made clear in Origin's submission to the Essential Service Commission's Consultation Paper on network tariffs reassignment, it is vital that retailers are made aware of changes to network tariffs at the earliest possible opportunity.

To this end, DNSPs should provide retailers with detailed mapping of tariff changes which are planned following the move to time-related pricing. This should include a list of all existing tariffs and their equivalents under AMI and should be made available to retailers at least three months prior to changes in tariffs. Information specific to



individual meters should be provided no later than 45 days prior to the tariff change. This will give retailers time to understand the number, location and type of customers likely to be affected by changes in network tariffs, and to plan how to accommodate that impact.

Replacement of dual element meters

In the case where DNSPs replace dual element meters with single element meters, they should be required to provide immediate notification to retailers that clearly identifies that this has occurred. This is principally a concern where a customer has a dedicated circuit appliance (water or slab heating) and has originally been assigned to a general usage tariff and a separate dedicated circuit tariff (eg a General Domestic and Y6 tariffs).

To the extent that distributors replace dual element meters with single element meters, there will be an immediate impact on the customers' network charges and retail bills - irrespective of whether the network assigns the new single phase meter to a general tariff or a time-of-use tariff. This is because the electricity usage data relevant to the operation of the dedicated circuit appliance ceases to be available from the point of meter changeover.

In Origin's view, this is one of the most significant unresolved issues facing the rollout process (noting that there have already been instances of this problem in at least one distribution area that have caused considerable customer frustration and retail costs). DNSPs must provide retailers with advance notice on their approach to dual element meters, so retailers can anticipate the impact and manage this transition.

Category of customer covered by notification requirements

Information requirements should apply to all customers with annual consumption less than 160 MWh, not only to customers with annual consumption less than 20 MWh as per clause 2.1.22 of the *Electricity Distribution Price Review 2006-10*. The 160 MWh threshold is easier to define.

Summary

Origin supports the notion that reassignment to a TOU network tariff should only occur if network charges are set on the basis of interval data.

Origin sees notification from DNSPs on meter exchange as a separate process from retailers' more general communications with customers on AMI and possible related tariff changes. The DNSP notification should be a means for alerting customers to an imminent meter change and for arranging same. This can include information on the Government decisions mandating AMI.

Mandating a separate letter from retailers to customers outlining the meter change process and raising the possibility of future network tariff changes is unnecessary in Origin's view. Instead, retailers should have leeway to determine the appropriate way to communicate with customers on the impacts and benefits of AMI technology,



keeping customers informed of any changes in their retail tariffs as per requirements in the Retail Code.

Lastly, Origin maintains that DNSPs should be required to make general information on the transition to TOU tariffs - including a tariff map - available to retailers no later than three months before the tariff change is proposed, with meter-specific information provided no later than 45 days prior to meter exchange.

Should you wish to further discuss any aspects of this submission please contact Steven Macmillan in the first instance, on (03) 8665 7155.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Randall Brown".

Randall Brown
Regulatory Development Manager