

POWERCOR AUSTRALIA LTD

**SUBMISSION TO THE AUSTRALIAN
ENERGY REGULATOR**

ALTERNATIVE CONTROL SERVICES

**ADVANCED METERING
INFRASTRUCTURE: REMOTE METERING
SERVICES**

13 August 2010

POWERCOR AUSTRALIA
AMI SERVICES CHARGES SUBMISSION

TABLE OF CONTENTS

1. BACKGROUND	3
1.1 GUIDELINE 14 REQUIREMENTS – SECTION 5.5	3
1.2 GUIDELINE 14 REQUIREMENTS – SECTION 5.6	4
2. SUMMARY OF PROPOSED CHARGES	5
APPENDIX 1 – PROPOSED RATES.....	6
APPENDIX 2 – AMI SERVICES RATES MODEL.	7

POWERCOR AUSTRALIA
AMI SERVICES CHARGES SUBMISSION

1. Background

In June 2010 the Australian Energy Regulator (**AER**) released the *Draft Decision Victorian electricity distribution network services providers, Distribution determination 2011-2015 (Draft Determination)*. In this Draft Determination the AER indicated that it would “regulate the new services that are facilitated by AMI (including all remote services) under the DNSPs' distribution licences and Guideline 14¹”

This application provides a pricing proposal for AMI related services (*AMI Services*) including:

- Remote Meter Connection; and
- Remote Meter Disconnection.

These services are provided in accordance with the “Minimum AMI Service Levels Specification (Victoria)”².

In addition to these services Powercor Australia Ltd (**Powercor**) proposes the “Remote Meter Configuration” also be considered.

This submission is being made in accordance with *Electricity Industry Guideline No. 14 Provision of Services by Electricity Distributors (Guideline 14)*.

As new AMI services are added further submissions for pricing will be submitted.

1.1 Guideline 14 Requirements – Section 5.5

Section 5.5.2 of Guideline 14 details the minimum information the distributor must provide when proposing a change to the excluded services statement, these are outlined in sections 5.5.1(a), (b) and (d).

1.1.1 A description of the service provided must be detailed as outlined in 5.5.1 (a)

- Remote Meter Connection - this service covers the requesting by an authorised agent to connect a customer’s supply at the meter by way of using the AMI infrastructure.
- Remote Meter Disconnection - this service covers the requesting by an authorised agent to disconnect a customer’s supply at the meter by way of using the AMI infrastructure.
- Remote Meter Configuration – this service includes the receipting of a request for a change to a meter configuration from an authorised agent and, where possible, undertakes that meter reconfiguration via the AMI infrastructure.

¹ Draft Determination, p 835

² <http://www.new.dpi.vic.gov.au/energy/projects-research-and-development/smart-meters/advanced-metering-infrastructure-minimum-ami-service-levels-specification-vic-sept-2008>

POWERCOR AUSTRALIA
AMI SERVICES CHARGES SUBMISSION

1.1.2 An explanation for any change in the distributor’s proposed charge must be detailed as outlined in 5.5.1 (b)

There are no changes to existing charges for the 2010 regulatory year, nor does this charges application propose changes to those proposed in Powercor’s 2011-15 Revised Regulatory Proposal (RRP). Rather this proposal includes charges for new services to be provided.

1.1.3 Details of what is required of the distributor in providing the service is required per 5.5.1 (d)

AMI Services as proposed in this application typically involves the following steps:

- receipt of a request for AMI services;
- validate that the service can be performed remotely;
- validate that request conforms to business rules to ensure customer expectations and maintain the health and safety of customers and staff;
- execute the work instruction via the AMI infrastructure; and
- confirm back to the requestor the outcomes of the work activity

In developing these services Powercor has only used back-office labour charges related to these services. There is no field labour component in these charges.

1.2 Guideline 14 Requirements – Section 5.6

Section 5.6.2 of Guideline 14 highlights the principles that the AER will consider when deciding whether charges are fair and reasonable.

1.2.1 Cost of service provision as outlined in 5.6.2 (a)

At the time of making this submission Powercor has not commenced providing remote AMI services. Therefore, Powercor has provided a submission based on a reasonable estimate of costs that will be incurred to provide these services.

The models used to develop these charges are an adaptation of equivalent field based services as proposed by Powercor in its RRP. As noted by the AER in the Draft Determination *“The AER considers the general methodology adopted ... to build up 2011 alternative control services costs is transparent and reasonable.”*³

Additionally the Draft Determination highlights that the *“The AER accepts the hourly labour rates for CitiPower’s and Powercor’s back office staff as reasonable.”*⁴ Therefore the AER should as a part of its assessment consider the approach on costing AMI services to be equally fair and reasonable.

Details of the costs can be seen in the models listed in Appendix 2.

³ Draft Determination, p 854

⁴ Draft determination, p 855

POWERCOR AUSTRALIA
AMI SERVICES CHARGES SUBMISSION

1.2.2 Cost allocation as outlined in 5.6.2 (b)

Costs incurred by Powercor in providing services are allocated in accordance with the approved *Cost Allocation Methodology (CAM)*, accordingly the costs for these services are allocated to Alternative Control Services and not included in Standard Control Services.

1.2.3 Cost differentials as outlined in 5.6.2 (c)

Powercor has developed differential pricing across each AMI Remote Service type. It does not see any reason to differentiate pricing across customer class, region or any other segmentation.

1.2.4 Simplicity as outlined in 5.6.2 (d)

To simplify the pricing structure, Powercor has distilled all of these cost inputs into a common model to develop a single price for each service type.

2. Summary of proposed charges

Powercor has developed AMI Services prices in response to the AER's draft determination, these charges reflect the cost of providing AMI remote services.

Powercor's AMI Service charges are shown in Appendix 1.

Finally Powercor proposes that these charges be escalated year on-year in accordance with the rate of change of the equivalent field based services as proposed in the RRP.

If you wish to discuss any of the matters raised, please do not hesitate to contact me on (03) 9683 4469.

Yours sincerely

[signed]

Matthew Serpell
MANAGER, NETWORK PRICING

POWERCOR AUSTRALIA
AMI SERVICES CHARGES SUBMISSION

APPENDIX 1 – Proposed rates

The following AMI Services alternative control services are to be effective from 1st January 2011.

AMI Service Type	Fee per service (\$'2011) GST Exclusive
Remote Connection	\$6.23
Remote Disconnection	\$6.23
Remote Meter Configuration	\$27.95

POWERCOR AUSTRALIA
AMI SERVICES CHARGES SUBMISSION

APPENDIX 2 – AMI Services rates model.

The attached model can be accessed in the electronic version of this document.