



STOP SMART METERS AUSTRALIA INC

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Australian Energy Regulator
By email: AMIcharges2015@aer.gov.au

To whom it may concern

Submission on proposed 2015 AMI charges applications

Thank you for the opportunity to comment on the proposals received by the AER from the five Victorian electricity distributors for charges to apply to smart meters in 2015.

Stop Smart Meters Australia (SSMA) is a volunteer-based advocacy group which incorporated as an Association in April 2013 in response to the community's objections to the Victorian AMI rollout. Paramount within our legal purposes is to provide support and assistance to people opposed to the forced rollout of smart meters on the grounds of cost, health, privacy, security and/or safety issues.

SSMA objects to the imposition of additional electricity charges on Victorian electricity customers. Specifically, whilst the current proposals from the distributors only relate to revised charges for the year commencing 1 January 2015, and fall under the umbrella of the original budget set by the AER in its *Final Determination, Victorian Advanced Metering Infrastructure Review 2012–15 budget and charges applications*, SSMA contends that any additional charges must be viewed within the overall context of the AMI cost burden placed on Victorians.

AMI cost burden on Victorians

Deloitte's advanced metering infrastructure cost benefit analysis, submitted to the Department of Treasury and Finance on 2 August 2011¹, identified a Net Present Value (in 2008 dollars) of \$2.349 billion dollars for total AMI program costs over the 2008 to 2028 time frame. This figure would obviously be higher if expressed in current dollars, and if subsequent cost overruns were incorporated. And who will be bearing the majority of these costs? As stated by Doug Houseman, in an article titled 'Who benefits from AMI?' contained in Appendix B of Deloitte's report "In the end of course the customer will ultimately pay the cost – they always do."

And what about the possible benefits which might accrue to customers as a result of this investment in AMI? The AMI program, from its onset, primarily focused on achieving objectives set by the Government, and endorsed by industry. Sadly, according to Deloitte's

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2011 analysis, over 2008-28, the "Victorian AMI Program will result in net costs to customers of \$319 million (NPV at 2008)." Three years on, even this poor outcome appears unachievable.

SSMA believes it is unacceptable for the five electricity distributors to continue to hide behind the Victorian Government's decision to mandate AMI. The distributors were responsible for choosing the technology which underpins their AMI rollouts. The distributors must therefore be held directly accountable to Victorians for the deployment of "unproven technology not yet proven to be sufficiently mature for installation on a mass scale in the technical environment present in Victoria." ⁱⁱ

It is unacceptable that consumers should be paying for the poor decisions of electricity distributors. In normal commercial practice, poor investment strategies lead to a reduction in profitability. Consumers, despite being significant stakeholders in the project, were never consulted. It is entirely inappropriate that they should now, as a largely captive audience, be wearing the consequences.

In addition to major technical issues preventing full deployment of AMI functionality, AMI communications rely on the use of pulsed microwaves to transmit data. To date, there is no study, anywhere in the world, which has shown that wireless AMI technology is safe, and that it does not pose a long-term threat to the health of humans and the environment.

SSMA believes that it is only a matter of time, in light of recent research, before wireless transmissions are upgraded from their classification, given in 2011, as a Group 2B carcinogen (possibly carcinogenic to humans) to a Group 2A carcinogen (probably carcinogenic to humans). In addition, a large number of independent peer-reviewed studies has already shown that exposure to radiofrequencies in the microwave range results in a plethora of highly unwanted biological outcomes, such as DNA single strand and double strand breaks, breaching of the blood-brain barrier, increased production of heat-shock proteins and increased permeability of cell membranes.

This issue has major implications in regards to the Victorian electricity distributors' decision to opt for wireless AMI networks in preference to wired solutions. Is re-design of the AMI networks, both to overcome technical difficulties and to address safety issues, going to be another cost which Victorian consumers will have to bear in years to come?

Specific comments

SSMA understands that the AER, as the responsible regulator, has an obligation to consider the long term interests of consumers.

SSMA contends that any Service Charges in excess of the AER's previously set Determinations for the 2012-15 period are not fair and reasonable.

AusNet Services, in particular, is proposing to increase its service charges although, unlike the other Victorian electricity distributors, it is not proposing a manual meter read fee. Nevertheless, the increase from \$157.60, as set out in the AER's Final Decision in February

2013 pursuant to the Australian Competition Tribunal's orders, to \$208.87, represents a significant imposition on customers.

Furthermore, SSMA contends that it is unacceptable for AMI costs to be passed on to customers who do not have a smart meter as this is neither fair nor reasonable.

Notwithstanding that these costs are within scope, it is clearly contrary to the interests of consumers to be paying fees for services which they are not receiving. All customers have been paying an AMI service fee since 1 January 2010, whether or not they have a smart meter. All customers with smart meters have also been paying this fee since 1 January 2010, whether or not their smart meter is communicating.

The electricity distributors appear to be accruing windfall savings due to a consequent reduction in capital outlay for smart meters, in respect of customers who have refused a smart meter or where a smart meter has been unable to be installed for other reasons.

The legislated rebate of \$125 to compensate those customers who did not have a remotely read smart meter, or smart meter capable of being remotely read if activated, as of 30 June 2014, provides partial compensation to customers who have not refused a smart meter, and where there are no access or installation issues. However, this rebate has not been extended to all customers who do not have a communicating smart meter as of 30 June 2014.

SSMA accepts that the reduction in overall numbers of smart meters leads to a lessening in economies of scale in other areas of AMI expenditure, but does not believe this provides sufficient reason for denying redress to customers who have been paying for services which are not being delivered.

SSMA contends that the 2015 manual read fees proposed by Jemena, United Energy, CitiPower and Powercor should not be applied to any customers as this charge is not fair and reasonable.

In particular, SSMA believes it is inappropriate for electricity distributors to recover meter read fees *in addition* to the imposition of AMI service fees on customers who have refused a smart meter. Although meter read fees have been provided for in the Order of Council gazetted on 5 August 2014, and are therefore in scope, it is not fair or reasonable that power distributors are able to claim both fees.

SSMA contends, in particular, that any manually read meter installed on the premises of a person who has medical documentation supporting an electro-hypersensitivity functional impairment should be exempted from being subjected to a meter read fee.

SSMA is currently in receipt of in excess of 250 unsolicited reports alleging a variety of adverse symptoms as a result of exposure to smart meter emissions. In certain instances, these have been life-threatening. Adverse reactions to smart meter emissions have also resulted, for some, in loss of employment, social dislocation, major expenditure to install radiation shielding and unwanted family separations. SSMA believes that electricity

distributors have a duty of care to mitigate costs associated with meter read fees in these instances.

14AAB.11 (c) (iii) of the 5 August 2014 Order in Council stipulates that holders of a Pension Concession card or specified Health Care or Department of Veterans' Affairs Gold card are exempt from a manual meter charge where there is an inability to install because of a defect in the electrical installation at the premises. SSMA contends that this provision should be extended to all holders of the aforementioned cards who are receiving manual meter reads.

SSMA recognises that this provision has not been given legislative recognition, but believes that it is a fair and reasonable accommodation. Low income customers and pensioners have been particularly impacted by the cost increases which the AMI rollout has led to as they use less discretionary electricity and electricity charges represent a greater portion of their outgoings as compared to the rest of the population.

Furthermore, SSMA contends that the proposed 2015 manual meter fees of the four electricity distributors who are proposing meter read charges, whilst in scope, fail to pass the prudence test.

SSMA takes issue with the magnitude of the manual read fees which the four Victorian distributors are proposing to claim. Specifically:

- SSMA contends that the special meter read charges provide distributors with an inflated rate of return on meter reads. The special read fee is appropriate for once-off, isolated instances of meter reads which occur outside of the scheduled meter reading cycle, and does not reflect the economies of scale which are available to electricity distributors in the current circumstances due to the number of meters which will require manual reads on account of refusals, inability to access, inability to install or technical barriers preventing communications.
- In addition to the significant numbers of consumers who have refused a smart meter, in rural areas, in particular, there are many smart meters which are unable to be remotely read for technical reasons. Given this situation, it is unfair that consumers who have refused a smart meter should be cross-subsidising the meter reads of people who have smart meters that are incapable of being remotely read for other reasons and who are not being subjected to a meter read fee.
- None of the electricity distributors who are proposing to introduce meter read fees have given any thought, whatsoever, to meeting commercial best practice standards observed elsewhere in the world for reducing the cost of meter reads. For instance, in some areas of Germany, customers are mailed a form on which the customer is required to enter the reading, thus only necessitating occasional visits by a meter reader to verify regular readings. Elsewhere, in France, meter readers only visit on an annual basis, with interim readings being based on estimates. SSMA contends that Victorians should also be given a viable option by which they can reduce meter read fees, if they so choose. As it stands, consumers' interests are not being served if the distributors continue to take a 'business as usual' approach in regards to meter read fees.

SSMA trusts that our input will be given due consideration and looks forward to seeing how the AER has considered these recommendations.

Yours sincerely ,



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References

ⁱ Deloitte, 2011, Advanced Metering Infrastructure Cost Benefit Analysis report, Available: http://www.smartmeters.vic.gov.au/__data/assets/pdf_file/0003/138927/Deloitte-Final-CBA-2-August.pdf

ⁱⁱ Victorian Auditor-General 2009, Towards a 'smart grid' – the roll-out of Advanced Metering Infrastructure, Full report, Available: <http://www.audit.vic.gov.au/publications/2009-10/111109-AMI-Full-Report.pdf>