



10 December 2010

**Mr Chris Pattas
General Manager
Network Regulation South
Australian Energy Regulator**

By email: aer inquiry@ aer.gov.au

Advanced Metering Infrastructure Bring forward service fee proposed by Citipower and Powercor

Dear Mr Pattas,

AGL Energy Limited (**AGL**) welcomes the opportunity to provide comment on the 'Advanced Metering Infrastructure (**AMI**) bring forward service fee (**fee**)' application proposed by Citipower and Powercor to the Australian Energy Regulator (**AER**).

Citipower and Powercor have advised that the basis for introduction of the fee is due to a strong customer trend for the early installation of AMI meters ahead of the scheduled roll out. This is triggered by the desire of customers to access the premium feed-in tariff (**PFiT**). The proposed fee is to apply in the situation when the customer or customer representative requests the early installation of an AMI meter ahead of the scheduled roll out.

During a recent Solar Installation Forum¹ Citipower and Powercor advised that an AMI meter would be the default type of meter for:

- new installations;
- additional meters; or
- alteration to meter configurations which included, but was not limited to, PFiT installations.

It is our view that the early installation of an AMI meter is due to the introduction of this revised metering policy. Where a customer requests the installation of metering to support PFiT, it is the distributor who determines the appropriate metering to enable the customer to receive the benefits of PFiT. A bi-directional meter is required to be installed to enable the customer to receive the benefits of PFiT and not necessarily an interval or an AMI meter.

The revised metering policy is driving the trend for early installation of AMI meters rather than any request for a meter being received by Citipower and Powercor from a customer or the customer's representative. Installation of an AMI meter by Citipower and Powercor today merely reduces the total number yet to be installed.

The application made by Citipower and Powercor for the fee contains ambiguity surrounding when they intend to apply the new fee. It is our view that there are two possible scenarios:

1. To charge the new fee in addition to the existing truck visit fee
2. To substitute the existing truck visit fee with the new (lower) fee

¹ Solar Installation Forum conducted by Citipower and Powercor on 23 February 2010



Under no circumstances does AGL support the introduction of the fee if it is to be applied under scenario 1. If the fee is to be applied in addition to the existing truck visit fee we request that the AER require the proposers to prove that the additional costs are reasonable and provide further justification for the introduction of the fee. There appears to be no foundation for the establishment of this fee as the installation of AMI meters is being recovered across the entire distributor customer base through increased network charges and a truck visit fee is charged for the costs incurred by the distributor to attend the site.

Whilst it may be interpreted that the application for the fee relates to scenario 2 it is very unclear which scenario the fee is to apply. We request that the application is amended to make this explicit. Further, if scenario 2 is the intended position, then we see that a similar fee reduction should apply to new connections and other meter alterations in addition to PFIT when an AMI meter is installed.

AGL supports the introduction of this fee if it is to be applied as a substitute for a truck appointment fee as in scenario 2 above. This reflects the costs associated with the installation of an AMI meter already being recovered through the increased network charges. The new fee would recover the costs involved in travelling to the site ahead of the scheduled roll-out as outlined in Appendix 1 – Bring Forward Fee Model of the Citipower and Powercor proposals.

Should you have any questions in relation to this submission, please contact Sallie Proctor, Manager Regulatory Compliance and Advice on (03) 8633 7871 or at SProctor@agl.com.au

Yours sincerely,

A handwritten signature in blue ink that reads 'N Wallis'.

Nicole Wallis

Manager Retail Markets Regulations

- > Being selected as a member of the Dow Jones Sustainability Index 2006/07
- > Gaining accreditation under the National GreenPower Accreditation Program for AGL Green Energy®, AGL Green Living® and AGL Green Spirit
- > Being selected as a constituent of the FTSE4Good Index Series