



Decision

**Advanced Metering Infrastructure
2011 revised charges**

October 2010

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Contents

1	Introduction	2
2	Key findings	2
3	Approved 2011 metering charges.....	4

1 Introduction

In 2006 the Victorian Government decided that there should be a rollout of advanced interval meters (also called ‘smart meters’) to Victorian electricity customers. The rollout timeframe, specifications and regulatory arrangements are detailed in an Order in Council.

In October 2009, the Australian Energy Regulator (AER) made a final determination on the Advanced Metering Infrastructure (AMI) initial budget and initial charges applications of the Victorian distribution network service providers (DNSPs) for the period 2009-11. That determination set AMI charges for 2010 and 2011 for customers who consume less than 160MWh of electricity per annum.

The regulatory regime for AMI permits the Victorian DNSPs to lodge a charges revision application, for charges to apply in 2011, based on known actual expenditure and revenues and updated expenditure and revenue forecasts since the AER’s initial decision in October 2009.

On 31 August 2010 the DNSPs submitted their charges revision applications to the AER. The applications included AMI expenditure and revenues for 2009; an audit report for 2009 attesting to this expenditure and updated forecasts of expenditure and revenues for 2010 and 2011.

In accordance with the Order in Council, the AER’s role is to determine revised AMI charges to apply in 2011 by 31 October 2010, taking into account updated information.¹

2 Key findings

The AER has assessed the Victorian DNSPs revised charges applications in accordance with the Order in Council and found that:

- all Victorian DNSPs incurred actual expenditure that met the requirements of the Order in Council
- the 2011 metering charges proposed by the Victorian DNSPs are consistent with their actual expenditure and revised forecasts

In accordance with actual expenditure outcomes, the AER has approved a reduction in AMI charges for CitiPower and Powercor for 2011 as compared to what had been forecast in the AER’s previous 2009 determination. This is a result of lower actual expenditure in 2009 compared to the AER’s approved forecast for 2009.

¹ The regulatory arrangements relating to the AMI rollout are set out in an August 2007 Order in Council made by the Victorian Governor in Council under sections 15A and 46D of the Electricity Industry Act 2000. The Order in Council was amended on 25 November 2008, 22 January 2010 and 31 March 2009 (the ‘revised Order’), setting out the regulatory framework and the AER’s role, including the determination of AMI budgets, revenues and charges.

Again in accordance with actual expenditures, the AER has also approved proposed increases in AMI charges for Jemena Electricity Networks (Vic) Ltd (JEN), SP AusNet and United for 2011, which are consistent with those previously approved by the AER in 2009. This means the charges will increase in 2011 as originally determined by the AER in 2009, as actual expenditures are close to or above those forecast previously.

3 Approved 2011 metering charges

As a result of its analysis, the AER has approved, for 2011, a reduction in charges for CitiPower and Powercor and increased charges for JEN, SP AusNet and United Energy. This is set out in table 1 and is consistent with the regulatory principles outlined in clause 4 of the Order in Council.

Table 1: Comparison of 2010 and approved 2011 metering charges, (\$nominal, GST exclusive).

Distributor	Meter type	2010 charges	Approved 2011 charges	Variance, per cent
CitiPower	Single phase	104.79	91.38	-12.8
	Three phase direct connected meter	136.98	119.44	-12.8
	Three phase current transformer connected meter	172.99	150.85	-12.8
Powercor	Single phase	96.67	95.01	-1.7
	Three phase direct connected meter	127.50	125.32	-1.7
	Three phase current transformer connected meter	168.94	166.05	-1.7
JEN	Single phase single element meter	134.63	136.70	1.5
	Single phase single element meter with contactor	134.63	136.70	1.5
	Three phase direct connected meter	165.46	167.99	1.5
	Three phase current transformer connected meter	183.95	186.77	1.5
SP AusNet	Single phase single element	86.10	93.83	9.0
	Single phase, two element with contactor	98.93	107.81	9.0
	Multiphase	119.51	130.25	9.0
	Multiphase direct connected with contactor	132.58	144.49	9.0
	Multiphase current transformer connected	170.71	186.05	9.0
United Energy	Single phase single element meter	71.80	92.12	28.3
	Single phase single element meter with contactor	73.30	94.02	28.3
	Three phase direct connected meter	81.01	103.89	28.2
	Three phase current transformer connected meter	86.40	110.82	28.3

Source: AER analysis