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Our Reference: UE-SU-01

Chris Pattas
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Australian Energy Regulator
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Interval Meter Reassignment Requirements

Dear Chris

This submission is prepared on behalf of the following five Victorian distribution businesses (the Companies):

- Citipower;
- Jemena Ltd;
- Powercor;
- SP Ausnet; and
- United Energy Distribution.

Generally, the Companies welcome the Interval Meter Reassignment Requirements, Draft Decision, 13 March 2009 (**Draft Decision**) of the Australian Energy Regulator (AER). It allows the Companies to reassign network tariffs to end-use customers so that the benefits of the AMI roll-out can be more easily realised.

There are however, a number of points the Companies wish to make.

1. Form of Distributor notification to Retailers to include efficient electronic processes

The Draft Decision proposes that the Companies notify electricity retail businesses (Retailers) in writing at least 45 days in advance of any reassignment. Whilst the Companies have no objection to providing 45 days notice, they do wish to clarify the form of notification. In particular, the Companies would like to confirm that the distributor obligation to provide the notification in writing could be achieved using an industry agreed method, which may include any of the following methods:

- Notification via a standard e-mail;
- Notification via an excel spreadsheet list; or

- Amendment to the B2B procedures e.g. the addition of a network tariff notification in the one way notification process.

The Companies seek the AER's commitment that the distributor obligation to provide notification in writing could be achieved using any of the aforementioned efficient electronic process.

2. Consistent process sought for all customers impacted by AIMRO

The Companies note the AER recognition that direct notification by the Distributor of a Network Tariff change will result in potential customer confusion as this change may not result in a Retail Tariff change and even if it did would result in two notifications going to the customer. Therefore we welcome the AER statement that "the AER considers that the Distributors could meet their obligations under the Electricity Distribution Price Review (**EDPR**) by notifying customers about an impending reassignment to a TOU network tariff through the Retailer".

2.1 Consistent approach for all rollout customers

The Companies note that the notification process of tariff reassignment for those customers identified in section 2.1.22 (i) and (ii) of Volume 2 of the EDPR for customers greater than or equal to 20MWh pa differs to the process for customers below 20MWh pa identified in the Draft Decision.

The Companies are planning a uniform roll-out schedule for both these customer segments to obtain the maximum efficiency. By implementing two different notification requirements, the roll out schedule will be compromised, therefore adding costs to customers because of inefficiencies.

The Companies are of the view that aligning the notification requirements to both customer groups will deliver a more efficient outcome.

Consistent with this, the Companies request that the AER accept that the distributor notification to customers above 20MWh pa under Volume 2 of the EDPR Clause 2.1.22 (ii) and 3.1.14(ii) is able to be achieved via the distributor's notification to the Retailer, in the timeframes in the Draft Determination, and in conjunction with requirements for the Retailer to notify the customer of any distribution tariff change (see Section 7). This acceptance would in effect be an AER "no action" with respect to the literal interpretation of the EDPR clause re notification of customers above 20 MWh pa.

2.2 Missing customer segment

The Companies note that the original EDPR, 2006-10 Volume 2 clauses 2.1.20 and 3.1.12 regarding tariff reassignment was based on the Essential Services Commission (**ESC**) Final Decision to roll out manually read interval meters (**IMRO**) only to certain customers. In relation to the ESC IMRO decision, customers with multi-phase or dedicated heating circuits were to receive interval meters whilst other customers (single phase, single element) would only receive interval meters on a new and replacement basis.

Based on this roll out approach, the EDPR covers the tariff reassignment process for the above 20MWh pa customers impacted by IMRO (Vol 2, Clauses 2.1.22 (ii) and 3.14(ii)) and requires the regulator to develop a tariff reassignment process for the customers below 20MWh pa (Clause 2.1.22 (iii)). Hence customers who consume more than 20MWhpa and are single phase with non-off peak single element meter, are missed in terms of the tariff reassignment arrangements in the EDPR.

The Companies are of the view that an appropriate notification process should also cover this 'missing' customer segment. As such, the Companies believes that the AER should expand the scope of its Interval Meter Reassignment Requirements Draft Decision to also include this 'missing' customer segment, and that the process should be consistent with the notification process which the Companies are proposing in this submission.

2.3 Clarification of advice to end-use customer?

The draft decision states on page 18 that:

“The following information is to be provided in the distributor’s notification as the interval meter reassignment requirements”;

“Advice to the customers about how they can obtain more information on interval meter tariffs (for example, from the Victorian Department of Primary industries website)”.

This requirement seems at odds with other parts of the AER’s decision where on page 17 it states:

“The AER’s view is that Retailers should provide the information that forms part of the interval meter reassignment requirements to their customers. It will be at the Retailers’ discretion to provide any additional information to their customers about tariffs or AMI”.

Hence consistent with this decision the non-discretionary content of what is in the customer notification should be clearly allocated to the Retailers not the Distributors.

3. Tariff Reassignment basis and timing

3.1 Basis of Tariff Re-assignment

In section 2.1.1 of the Draft Decision, the AER states that:

“The AER is of the view that reassignment to a new TOU network tariff is permissible where interval data is collected from that meter for that connection point, such that the interval data is used by the distributor for the purpose of setting its network tariffs.” (page 10)

Taken literally, this implies that the distribution business needs to collect interval meter data for the purposes of designing tariffs. Furthermore, this implies that a

certain amount of time must transpire to collect data and design tariffs before reassigning customers to the newly designed tariffs. Ultimately this would result in tariff reassignment some time after the interval meter is installed.

The following is suggested as alternate wording:

The AER is of the view that reassignment to a new TOU network tariff is permissible where interval data is collected from that meter for that connection point, such that the interval data is provided by the distributor to market participants and NEMMCO..”

3.2 Flexibility in the meter lifecycle

Section 2.1.1 of the Draft Decision highlight’s the issue that Powercor and CitiPower raised with the Essential Services Commission of Victoria (ESCV) that the change over to AMI metering will not support some existing tariff options, particularly where two measurement elements are replaced with a single element¹. If as is planned by Victorian distributors, meters early in the rollout are as a transitional step installed as non –interval meters and continue to be read manually, there will not be interval data until some time after the meter exchange.²

There are many customer installations in Victorian networks which currently have two measurement elements, and therefore some flexibility is required with regards to the timing of the network tariff reassignment relative to when interval data is used as the basis of tariff charges. To cater for this variety of circumstances, we propose the following additional wording in the Final Decision:

The AER understands that reassignment to a TOU to an appropriate tariff will occur where the new meter cannot support the reading requirements of the old tariff, for example consolidation of a customer’s controlled load onto a ToU tariff, where the meter may continue to be register read due to a need to test the communications infrastructure rollout. The AER accepts that in these circumstances it is the meter change over rather than a change in read type that will trigger the change in tariff. (It should also be noted that a subsequent change to read method may also warrant a further change in tariffs at a later date).

4. Notification flexibility

The Companies are in agreement with the AER’s Draft Decision to mandate certain notification periods to advise customers (through the retailer) that network tariffs will change.

¹ It should be noted by the AER that the minimum Victorian policy requirement is a single element meter, and hence subject to individual distributor strategy and meter price review cost recovery decisions, this minimum DPI requirements requires a mandated tariff change for dedicated off peak heating consumers

² This non interval to non interval transitional arrangement is consistent with the broad rollout approach in Victoria and allows a period of remote meter read testing before the formal change to interval data in the market.

The notification of the intended tariff change will be based on the interval meter roll out schedule. Whilst every effort will be made to adhere to the required notification period there will be some anomalies, from time to time, that result in variations in the actual roll out. These anomalies must be allowed to ensure maximum efficiency in the roll out process; unless flexibility is granted then the roll out program will incur additional cost.

These anomalies could result from:

- accelerated installation and/or tariff change where the notification timing cannot be achieved because of for example specific customer requests to change the meter at a date and/or time that is different to that in the program schedule; and
- meter exchanges and/or tariff changes that are planned and for which retailer and customer notifications are sent, but which do not occur because for example unexpected installation difficulties that cause delays.

The Companies therefore seek to minimise the roll out costs by allowing for flexibility in the notification period. Therefore, the Companies believe that the AER should draft the 45 days notification requirement as a 'best endeavour' requirement.

5. Definition of ToU Network Tariffs - Transmission determination

The AER has attempted to define ToU network tariffs in appendix A. As a part of this definition there is an attempt to link the transmission tariff to the transmission determination, however the distribution business is not bound to the decisions in the transmission determination, and hence this link to the transmission determination, is inappropriate.

It is preferred to minimise terms and definitions and therefore reference to the distribution and transmission ToU tariffs, which are already defined in the EDPR. Therefore the companies recommend the Electricity Distribution Code amendment for clause 9.1.14 appear as:

No later than 45 *business days* before reassigning a *customer* who has an annual electricity consumption of less than 20/MWh to a *time of use distribution tariff* and/or a *time of use transmission tariff*, the *distributor* must provide to the *retailer* for that *customer* a notice in writing that sets out the information required by the *interval meter reassignment requirements*.

6. Tariff reassignment takes precedence over Electricity Customer Metering Code

Clause 3.1 of the Electricity Customer Metering Code provides for the distributor or retailer to seek agreement prior to the introduction of the new tariff or a change to the existing tariff.

If a **distributor** or a **retailer** wants to introduce a new distribution or retail tariff or change an existing distribution or retail tariff which requires new or

different **metering equipment** or for existing **metering equipment** to be operated in a different manner, the **distributor** or the **retailer** must seek agreement with the **retailer** or **distributor** (as the case may be) prior to the introduction of the new tariff or change to an existing tariff.

The Companies believe that the AER's Final Decision on tariff reassignment should specify that the aforementioned requirement to 'seek agreement' is met by the general communication provided by the distribution business to the Retailer with regards to the tariff reassignment, otherwise, the AER should overwrite this requirement for the purpose of the AMI roll out.

7. Efficient customer notification processes should be adopted

Where the distributor changes a network tariff on a meter exchange or at a later point when remote communications is available and delivering timely data, the retailer may or may not amend their retail tariff to the customer. Today, where a retail tariff is altered, the Retail Code specifies that the retailer must advise the customer as soon as practicable and in any event no later than the customer's next bill.

As stated previously, the Companies believe that an efficient and consistent process should be adopted for all customers. To facilitate a process where the retailer must notify the customer where there is also a change in retail tariff prior to retail tariff reassignment, and to enable more flexible notification to the customer on their next retail bill where only the distribution tariff is altered, the Companies propose the following amendments to the Energy Retail Code.

26.8 No later than 10 business days after receiving a notice referred to in ~~clause 9.1.14 of the Electricity Distribution Code~~ from a distributor, the retailer must inform the relevant customer in writing as soon as practical after that notice if the customer's retail tariff will be affected, in any event, no later than the customer's next bill.

Should you have any questions regarding this submission, please do not hesitate to contact me on (03) 8540 7818.

Yours sincerely

Andrew Schille
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