



16 April 2008

Manager MCE Secretariat
Department of Industry, Tourism and Resources
GPO Box 9839
CANBERRA ACT 2601

Dear Sir/Madam

Aurora Energy welcomes the opportunity to comment on the phase 2 Cost Benefit Analysis of Smart Metering and Direct Load Control.

We note the inference that on a national basis the results of the cost benefits analysis appear to indicate that a smart meter rollout could be justified on avoided meter costs and business efficiencies alone, and that there are likely additional benefits resultant from reductions in greenhouse gas emissions.

However the Overview Report also acknowledges that there is a degree of uncertainty in the estimation of both costs and benefits associated with a smart meter rollout, and that an increase as low as 5% in costs or a similar percentage decrease in benefits would result in a negative net benefit case. Given the uncertainty of the estimates, in our view there would appear to be a considerable risk of a cost and benefits swing of greater than 5%.

While a positive minimum net benefit case has been predicted nationally, on a jurisdictional basis this result is confined to the states of New South Wales, Queensland and Western Australia. The remaining jurisdictions of Victoria, South Australia, Australian Capital Territory and Tasmania would require costs to be at the low end of the range or benefits to be at the high end, and in some cases both in order for there to be a positive minimum net benefit case.

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COAG has endorsed a national mandated rollout of smart meters to areas where benefits outweigh costs, and while nationally it is likely there may be a positive net benefit, it appears that in a number of jurisdictions including Tasmania, a positive net benefit is unlikely.

Aurora Energy concurs with the jurisdictional findings of the analysis and Section 18.2 of the report “that a national mandatory rollout of smart meters may not be justified in all jurisdictions.” In particular it remains our view that there is not a positive net benefit case for a mandated smart meters rollout in Tasmania and therefore should not occur.

Yours sincerely,

Darren Hill
Manager Sales, Marketing & Regulation