



CTrade International ACN 127741155 ABN 78127741155

PO Box 51
Hastings Point NSW 2489
AUSTRALIA

B 1300 855 805 P 02 66764550 F 02 66760778 E m.watt@ctrade.com.au

12th May 2008

Sent via e-mail: mcemarketreform@industry.gov.au

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

Dear Manager

Re: Smart Meters Cost Benefit Analysis – Phase 2

Please find attached our response to Phase 2 of the cost benefit analysis. Thank you for the opportunity to offer our input.

Mike Watt
Managing Director
CTrade International

CTrade International is a renewable energy company formed to expand the choice and affordability of renewable energy products in a post emissions trading environment.

CTrade will be representing government, commercial and residential consumers/ generators in the Australian market.



CTrade would like to respond to the report in two ways. Firstly we offer our support for a contestable market as reflected by the retailer led rollout. Secondly our concerns that efficiency and generation benefits associated in smart metering has been lost while focussing on demand side management.

Support for a contestable market

We consider that the true cost difference between a retail and distributor led roll-out is negligible at transition but the loss of further innovation under a distributor-led rollout diminishes the benefits of AMI substantially. The consultants have not considered this, at all, and the open market scenario must be the first choice. Exclusive rights associated with any proposal has the ability to reduce the competitive environment that has already been realised in the NEM. The Energy Reform Implementation Group supports this view

“The increase in the level of independent, decentralised decision-making in generation and retail in the NEM, driven by an increase in the extent of competitive forces, has been the primary driver for the efficiency gains to date. The increase in the level of competitive pressures has increased the utilisation and performance of generation assets and lowered operating costs and driven real efficiency gains through the NEM-wide dispatch of generation.”

Energy Reform Implementation Group. Council of Australian Governments 2007

It is essential that the framework encourages all the benefits that advanced metering infrastructure can provide and does not limit its potential. Limiting the access to the smart metering market with exclusivity will create lock-in for a technology in its infancy. A robust and competitive market is essential to drive the advancing technology in this area.

Efficiency and generation possibilities for smart metering

We need to consider the next phase of Advanced Metering Infrastructure and move away from our current focus on demand side. We need to consider the true advantages of a digitised structure.

A grid that knows real-time current supply and demand positions.

A grid possessing the ability to analyse and integrate into the home, business, or property.

A grid offering digital management of demand as well as the management of distributed generation.

In essence the realisation of an intelligent grid. This will be the path of a post emissions trading model.



Current research at the CSIRO states.

“The full potential of DE could be realised with small scale renewables (wind, solar) or high efficiency clean engines, located close to consumption, coupled to energy storage and demand management with intelligence that provides 100 per cent supply reliability and sustainability and offers any surplus to support other consumers on the Grid.” [CSIRO Energy transformed flagship.](http://www.csiro.au/partnerships/CenDEP.html)

<http://www.csiro.au/partnerships/CenDEP.html>

Low Emission Distributed Generation offers a more efficient grid with reduced peak power load and the reduction of centrally dispatched consumption. Any infrastructure that reduces the need for centrally dispatched electricity is in direct conflict with the core business structure of distribution companies. Placing these companies in an exclusive position to control this new technology may create a conflict of interest. The ability of Ctrade to operate in an open and innovative market may be lost with exclusive control of this technology. In fact to protect business models I would imagine any company with a controlling monopoly will not deal with Ctrade at all. This will reduce the viability of our business model and therefore the path to Low Emission Distributed Energy.

The concept of Minimum Requirements will change quickly as this technology matures. What seemed futuristic will quickly become routine as we realise the full impact of this technology. For distributed generation to work smart meters are required so that output can be accurately measured at the same connection point at which power may also be consumed. As this is not specified as a minimum function companies like Ctrade require the ability to upgrade the metering with a minimum of fuss. Thus far, our experience suggests that seeking a meter upgrade in a monopoly environment will be anything but hassle free - adding costs and delay. By limiting the access to the smart metering market, the future technological development towards innovation may be compromised.

Also the importance of recording and analysing ones carbon footprint will become essential information in a post emissions trading world. This was identified at the 2020 summit.

“Before 2020 all Australians could have the tools to enable them to measure and manage their personal carbon footprint. This could include access to smart meters for energy and water consumption.” *Australia 2020 Summit- Initial Summit Report.*

Currently we are starting the process to a de-carbonised economy. This will be a massive undertaking and require the help of all Australia to do it. It will require completely different thinking and companies with new organisational structures to tackle the problem. New innovative companies must be encouraged into the market not regulated from it with exclusive rights.

