

Responses to phase 1 reports from ETSA Utilities;

Regulatory Impact Statement;

Do we agree the definition of the problem? Yes

Q1. We support the findings to some degree.

Q2. Likely impacts on consumers of Option A. There would likely be a lack of clarity of societal benefits or benefits to other parties.

Q3. There may be a resultant higher cost of meters and software production due to State differences in a relatively small market like Australia.

Q4. Yes , we do not support Option B.

Q5. Customer and societal benefits will not be considered or included under option B.

Q7. Functions under option C; we support the concept of option C with added jurisdictional functionalities supported by sound business cases not just costs and benefits.

Comment on functionality 19 ; useful for the purpose of measuring customer service levels only, not able to be used to determine repairs for QS problems as much more detailed information is needed eg from polyloggers at each site before proposed network upgrades are planned and undertaken. But would indicate a possible problem. The benefits outlined by CRA stream 1 are therefore over stated. Detailed site visits are still required. We previously indicated that we could see some benefits from functionalities 11 & 12.

Q8. No opinion on these functionalities at this time. We previously suggested that there may be some benefit from functionality 24.

Q9. Jurisdictions should be able to determine which extra functionalities may be of benefit to them eg 17, so do not see the benefit in ruling out functionalities.

Q12. The benefit to consumers of national set of functionalities are apparent when people move interstate and still understand their consumption messages and indicators without needing to be re-educated. That is a national understanding of customers no matter where they re-locate to over their lifetime, or when younger consumers move with work or study

In addition to our comments on the RIS and input and support for the joint ENA response,

Stream 1

Page ii, para 4; rollout to areas where benefits for consumers outweigh the costs.

This means that firstly a jurisdictional and a regional cost benefit is required. That is the costs and benefits are very different from State to State and also from outer rural areas to city areas within those jurisdictions. For example a customer in suburban Adelaide as opposed to one 50km north of whoop whoop where there is no mobile phone or even CDMA reception. We are undertaking this costs benefit analysis for SA ourselves, using an independent international consultant. Results will be available mid 2008.

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Phase 1 covers the functionalities but some of the assumptions made are not sound. For example, functionality 21, in SA as we have a CMEN system we do not have a significant problem with earth neutrals and no ongoing testing so no benefits would accrue for this.

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Functionality 19, this information would not reduce QS investigation costs in fact quite the opposite. Manual polylogger tracking of load and voltage over time would still be required to analyse voltage levels and phase imbalance before undertaking remedial works. So no benefits for this one in SA and probably a skyrocketing budget for voltage upgrades, which were previously not known.

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Functionality 10, power factor measurement even for 3 phase residential customers is such an insignificant issue that it is not worth listing. So no benefit in SA for item 10.

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Item 11, cost of installing import export metering. This is not a benefit to the distributor or retailer in SA but to the customer who pays for the conversion.

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Remote time clock synchronisation; In SA this would have been a benefit in the past but since our State Govt has banned electric hot water systems in new homes and now even for replacement systems anywhere there is gas this DM tariff is falling rapidly in volume. So no benefit in SA.

Tamper detection is an extremely small problem in SA >1% and is picked up by meter readers where it occasionally does occur. With no on-site meter reading or re-connection, larceny of supply will rise over time. So a negative benefit in SA. In Italy this was a significant issue and therefore a significant benefit to suppliers as long as new ways of larceny are not evolving.

Costs of maintenance of meter infrastructure will significantly increase with SMI especially the comms. This is already starting to become evident in trials across Victoria. Until the data from PCA/CP becomes available in early 2008 it is not possible to define roll out (transition costs) or future maintenance costs, but they will certainly be an order of magnitude higher at least. In addition the short life of SMI (12 to 15 years) compared to existing meters in SA with an average life expectancy of 25 to 30 years, must be taken into account especially in the jurisdictional cost/benefit analysis. By replacing some meters with SMI we would be reducing the benefits considerably ie replacing a meter with 20 years life remaining with one that will last at most 15 years.

For the phase 1 report to be sound and credible to all stakeholders the benefits should be carefully reviewed as many are overstated. The unknown benefits and roll-out costs are a considerable business risk. Take up of time of use tariffs by consumers is critical to ensure the viability of SMI as other means such as mandatory DM without SMI will deliver many of the benefits at a fraction of the cost and without the ongoing costs or risk of stranded high value assets. Smart operating devices can be fitted at the time of manufacture to A/C and operated by existing comms (wireless) in SA delivering the benefits of load management and reduced greenhouse emissions and no additional costs ie Scenario 3. But this scenario seems to have been lost.

We understand that benefits exist, but where the customer pays for a service at present which does vary between jurisdictions, then the final report must identify where the costs and benefits settle. On the whole we believe the benefits are to the customers and society. This was the original intention of the initiative and as in Europe and Victoria this must be recognised by State Governments and Regulators so that when technology upgrades are for

everyone's benefit then the deliverers of the technology must be able to recoup their costs either from the government or as a user pay system.