

ETSA Utilities submission in Response to the final SMI Phase 2 reports:

In report "Work Stream 6" by EMCa the cost of meter installation has been understated for SA by a significant amount. This was due to a 'hold up' in the flow of data and estimates from an interstate meter installation contractor were used in lieu. The actual costs were revised and forwarded on 17/3/08 and should now be amended accordingly.

The revised installation cost should be used to revise the roll-out costs for SA and in "Stream 2" the ongoing costs as the same incremental costs would apply at the 10year and 19year replacement intervals in the 20 year business case.

Scenario 3 (ie non smart meter direct load control) although much cheaper and with legislative backing delivers significant benefits, although may not provide all the customer benefits that SMI does, but it would level 'peak load' thereby providing network benefits and potentially reduce GHG emissions, plus it would go a long way to keeping the cost of power reasonable for consumers.

ETSA Utilities is currently undertaking DLC trials which began 18 months ago and have engaged KEMA International in London to independently undertake a business case analysis for the SA jurisdiction on DLC and SMI. Their comprehensive report should be finalised by July 2008, which will include information from European SMI implementations. We are keen to undertake SMI trials with cost recovery, as well as continue to assess and develop our DLC trials to determine what works best for SA and in that analysis we are not only considering DB benefits but societal and environmental benefits.

CRA report item 6.1. Meter change over rate; Some data needs correction as follows,

Meters replaced in 2007; 4,000. Meters planned for replacement in 2008; 7,500 - 8,000 as part of our bulk meter replacement programme. The ETSA bulk meter replacement programme for 2008 has a budget of \$2.4m.

800-1,000 meters are replaced each year due to faults ie 0.075 - 0.094% pa. ie \$0.45m pa

Direct connected meters as at Jan 2008; 1,063,000
sample tested in-line with AS 1284.13

In the last 2 years we tested in situ 1080 meters ie, 540 pa this is in line with the sample test size required by the AS.

Also investigated 910 billing enquiries in the 2 year period.

This still is a far cry from the avoided cost stated by CRA in section 6.1 of \$8.5m - \$14.5M pa.(table 67 app H) for a meter replacement programme. ETSA figure for 2008 planned plus unplanned $2.4 + 0.45 = \sim \$3.0m$.

CRA's estimate of meter replacement rates of 2.70% for elec mech & 7.17% for electronic meters (6.1.1) are orders of magnitude higher than our rate of about averaged 0.40% pa. The growth rate range for SA also seems a little low at 1.00-1.20% (appendix E table 65) as we estimate it to be around 1.88% pa.

CRA report item 8.2, Time Switch Replacement;

ETSA Utilities does not specifically have a replacement plan for time-switches, rather a fix on failure practice, so if a time-switch fails at a controlled load installation (eg. supply for water heating), both the meter and time-switch would be removed and a new two element meter (with integrated electronic time-switching) installed. Individual time-switches (mechanical or electronic) are replaced on failure with new electronic time-switches.

ETSA Utilities installs time-switches of three different types/ ratings and in the immediate past 12 month period replaced approximately 2,700 units. The cost of time-switch installation was approximately \$970,000 which includes labour.

In the immediate past 12 month period ETSA Utilities attended only 120 metering sites for adjustment of time-switches. The cost would involve labour (& transport) only ~ \$12,000. Requests for time-switch adjustment are received mainly from retailers.

Section 8.2 estimates that ETSA spends \$1.7m pa on time switch replacement which should be adjusted to \$970,000 pa.

CRA report page 23 and table 67 on page 124, and page 103 figure 11.3 of NERA report, Pre-payment Meters;

The report estimates the cost of installing PPM is \$3m pa for SA. This is equal to 10,000 meters pa. 10,000 meters per year for the life of the model is not sustainable. There are currently plans to have 10,000 prepayment meters in Adelaide within 3 years ie, \$1m pa not \$3m for each year of the business case. The net benefit is not therefore as assumed in the model, as the installer would earn no more than a margin of no more than \$180K over the 3 years. Consequently 1% of the existing population of meters for 20 years is an over estimation of the requirement for PPM and an over estimation of the benefit.

EMCa report page 64, Installation Rates

The rate used for SA is 14 - 16 meters per day excluding difficult installations. We understand that there is no need for commissioning, but still feel that the rate is too high. We believe the rate for SA should be closer to 10 per day. The time to install comms. is not included here but is significantly understated.

EMCa report pages 67, 164 and 167, Install costs.

We have previously provided revised install costs (17/3/08) which have been confirmed as received but not as yet included in the reports. As the costs in the table for SA are significantly low.

EMCa report page 104, Customer fatigue in heat waves;

Heat wave consecutive days for 2007/08 was 14 days the longest on record (albeit late in the summer), so if climate change is becoming evident this type of event will become more probable in future.

EMCa report page 68 table of average installation costs per jurisdiction note Difficult Installations;

The issue of difficult installations for SA particularly asbestos meter boards has been understated. In our response to the issue we stated that we do not have a problem with these boards, that did not mean that we do not have any. What we would have gone on to say is quizzed on this is that we have safe work procedures for handling these boards and if at all unsure even then we request the customer to replace the board before fitting new meters.

The NERA report discusses new meters that fit the same holes and footprint of existing common meters but this would not be practical due to the great variety of meters that exist.

An estimate is in SA, 1% of residential and 5% of small business meter boards would be asbestos.

Another issue is that the new meters are much lighter and only last 10 - 12 years, the wiring supports the meter to a great extent and double sided tape would more than adequately fix the new meter to an old asbestos meter board if in good condition. The number of difficult installations due to wiring we estimate to be 3.3% (based on our experiences with recent bulk meter changes across SA) with an average cost to the customer of \$500 (assuming 3 hours for an electrician to rectify).

We have had input into the ENA submission, and therefore agree with its key points. We support the position of a Distributor lead roll out of SMI where the business case supports the benefits outweighing the costs. This is certainly not case for SA, but we could undertake significant SMI trials if guaranteed cost recovery for those trials and ongoing cost recovery for incremental increased support. Such trials would demonstrate without any further debate the real SA benefits and costs to ETSA, govt agencies and the customers/public who at the end of the day pay for or subsidise such initiatives.

The introduction of TOU tariffs we agree would be critical to the success of an SMI roll-out to deliver the assumed benefits as would the installation of some form of in-home display paid for either by the retailer or customer. Displays need not be a separate device these days but a unit would be required to send a display to some screen in the home such as the TV or PC.

The value of deferred augmentation which varies greatly between the jurisdictions has a great part to play in such states as NSW having a clear benefit. When one looks at the network configuration this can be explained. To defer a 20 -40 MVA substation by one year in several areas soon adds up to \$20m. In our case with small zone substations of 4MVA and little spare capacity for customers failing to switch off load on the last day of a heatwave, even if we were to defer augmentation for 1 year the benefit is about \$400k. The risk of deferring augmentation needs to be accepted by the community as the consequence of an error in sustained reduced capacity supported by customer behaviour is load shedding at the peak time of use ie 4 - 6pm. The real risk for us is that augmentation deferral would not be realised in subsequent years of the business case for that jurisdiction.

For businesses such as ours to deliver mostly societal benefits which we are not discounting in any way, there must be a structure in place for full cost recovery.

We have worked closely with those engaged in the commonwealth review and appreciated the opportunity to provide input on behalf of the SA jurisdiction DB. The experience has been useful and has gone a long way to highlighting the issues which need addressing, collection of actual costs, understanding of benefits and guiding future metering strategy for our business.

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