

Ministerial Council on Energy Statement of Policy Principles

Recitals

Noting that an objective of the Australian Energy Market Agreement (AEMA) is to establish a framework for further reforms to strengthen the quality, timeliness and national character of governance of the energy markets to improve the climate of investment;

Noting that in April 2007 the Council of Australian Governments committed to a national mandated roll-out of electricity smart meters to areas where the benefits outweigh the costs;

Noting that in December 2007, the Ministerial Council on Energy agreed that under any roll-out plan a consistent national minimum functionality for smart meters is necessary to maximise the benefits of smart meters across all stakeholders;

Noting a cost benefit analysis of smart meter functionality and costs and benefits of deployment has been conducted and has estimated the net benefits of smart meters which can be quantified at this point in each jurisdiction, and that these net benefits varied between jurisdictions such that some jurisdictions have a risk of a negative net outcome;

Noting the Ministerial Council on Energy decisions in December 2007 and June 2008 concerning the national minimum functionality and roll-out; and

Noting that national consistency is primarily important for the National Electricity Market and Western Australian and Northern Territory decisions on smart meters need to take into account their specific market circumstances

In accordance with clause 4.4(a) of the Australian Energy Market Agreement and s. 8 of the National Electricity Law, the Ministerial Council on Energy issues this Statement of Policy Principles in respect of the National Electricity Market consistent with the national electricity objective:

1. To promote competitive retail markets and maximise the benefits of a large scale accelerated roll-out of smart meters to residential and other small customers, there should be a national minimum functionality supported by a national regulatory framework for smart meters.
2. To maximise the net benefits of a mandated roll-out of smart meters in a timely manner and capture the operational benefits for distribution network service providers, distribution network service providers will be legislatively obliged to roll out smart meters to some or all residential and other small customers in those jurisdictions where a mandated roll-out will take place.
3. A distribution network service provider who is obliged to roll out smart meters should have exclusivity over meter provision and responsibility for related metering data provision in respect of the customers covered by the mandate during the period in which the distribution network service provider must complete that mandate.
4. The regulatory framework for distribution network tariffs, consistent with the revenue and pricing principles, should ensure that distribution network service providers:
 - a. are able to recover in a transparent manner the costs directly resulting from meeting the mandated service standards for smart meters and the costs of their existing investment which has been stranded by any mandatory roll out; and
 - b. promptly pass on cost efficiencies resulting from the installation of smart meters to tariff classes affected by the costs of a smart meter roll-out.