POLYMETERS RESPONSE INTERNATIONAL LIMITED
83 Northern Road, Heidelberg West, Victoria 3081, AUSTRALIA

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

Dear Sir/Madam

**Subject: Response to Regulatory Impact Statement Draft 2007103**

PRI welcomes the opportunity to comment on the aforementioned RIS.

PRI supports the consultative process that MCE is undertaking with the objective of setting a minimum standard for Advanced Metering System Nationally to ensure minimum cost whilst maximising the functionality of the deployment in accordance with COAG and MCE objectives.

PRI have been involved in Advanced Metering Infrastructure (AMI) consultation processes around the world and view the establishment a national minimum specification as a world leading initiative. In our view a national specification will provide the frame work and volumes to attract investment and encourage innovation in the Australian AMI sector.

PRI have made investments in communication technology that will provide the desired level of functionality stated in Phase 1 and support the development of functions for phase 2. Our solutions Utilise Intermoco's DLC and GPRS communication and NMS whilst still maintaining a meter point multi vendor offering, providing competition of supply sought by MCE.

Our response to the RIS is limited to our area of expertise the design manufacture and supply of Advanced metering systems.

N A Maitland

Nigel Maitland
Manger Solution Sales

entity™ Telephone: +61 (3) 9450 1500 E-mail: PRI-Australia@pri.co.uk
Facsimile: +61 (3) 9457 6327 ARBN: 108 417 705 ABN: 58 108 417 705

POLYMETERS RESPONSE INTERNATIONAL LIMITED
83 Northern Road, Heidelberg West, Victoria 3081, AUSTRALIA

# Response to Questions as requested

1. **Do you agree with the problem definition in the RIS.**
   **Problem Definition is:**
   a) **Should there be a defined national minimum functionality for smart meters within the National Electricity Rules**
   b) **If so, which of the proposed advance smart meter functions should be included in the minimum standard.**

   The problem definition is framed around the implicit assumption that deployment of Smart Meters, that is interval meter with 2 way communications and load management capability, is the only option available to deliver a desired policy outcome. As such it is an acceptable problem definition.

   An alternative approach may be that the problem definition should be redefined to developing regulation that is focused on:
   a. Getting the information that the consumer needs to more effectively manage their consumption of electricity.
   b. Providing information and tools to the retailers and distributors to enable them to more effectively manage peak load.

2. **What is your view of the options raised by the RIS and the associated Analysis.**

3. **Do you agree with the benefits, risks and impacts identified in this RIS**

4. **What are your views on the analysis and conclusions of the overall cost-benefit analysis of specific functionality.**

   These three questions above were answered in a block for each of the three options.

   Option A Status Quo:

   Each Jurisdiction that has decided on a smart meter or interval meter roll-out pursues its own minimum functionality and performance levels.

   Risks:
   In addition to added operational costs the differences may require unique back office systems that increase the cost of initial capital

deployment. This additional capital cost would have the largest per capita impact in the less populated states.

Not qualified to comment on the impact to Retailers or Distributors.

Impact on Stakeholders:

Consumers, Likely impact on consumers in the larger markets of Sydney or Melbourne will be minimal as their size will be sufficient to justify the additional costs. However, this is a fair observation for the smaller markets.

Meter Manufacturers, The consideration of the impact of this option is based on the assumption that Victoria proceeds with its AMI mandate. The rollout in Victoria is supplying the critical mass to defray meter development costs. As the specification in Victoria is very comprehensive it is likely that jurisdictional based variations will have minimal impact on cost. The level of sharing of commercial information available between each of the distribution and retail businesses driven by the DPI sponsored process is such that the potential to charge higher prices in some of the smaller or more specialist markets is very limited.

In Home Display Manufacturers, The impact of state based variation could have a significant negative impact on costs.

Option B: Allow the market to decide the smart meter functionality

Agree with the benefits, it must be noted however that retailers could have led their own smart meter rollout under type 4 metering arrangements from the time that the ACCC derogation expired, but none have chosen to do so.

Risks: Deployment to maybe limited to only the higher density cities.

Impact on Stakeholders

Consumers: potential causing future degradation of choice services to regional and remote areas.

Meter Manufacturers: In addition to the impacts outlined the repeal of legislation in Victoria after a significant investment by meter and IHD manufacturers may lead to several to reassess their commitment to this market reducing potential competition hence driving up prices.

POLYMETERS RESPONSE INTERNATIONAL LIMITED
83 Northern Road, Heidelberg West, Victoria 3081, AUSTRALIA

Option C: National minimum Functionality and performance level

Question 7 Response to impact on Cost is included in the PRI response to the EMCa request for information.

Provision of Function 20, Consideration needs to be given to SLA for reporting loss of supply. Loss of supply to a group of meters can be achieved at minimal cost. Reliable identification of loss of supply to individual meters can be more expensive if required as part of a "last gasp" process.

Question 8: Response to impact on cost of these features is including in PRI response to EMCa ROI.

Function 15 and 16 could be supported by a single interface such as Zigbee or DLC which may have a beneficial impact on the inclusion of both.

Function 23 & 24. PRI suggests that inclusion of standards as part of the minimum requirements will restrict the ability of vendors to innovate in the development of AMI systems. The desire of the utilities to create competitive tension in the supply of meters and IHD can be achieved as part of a natural selection process supported by contractual obligations on the preferred AMI. These contractual obligations would require the preferred vendors to license use of AMI technology to alternative meter or communications suppliers.

Question 9: PRI is of the view that additional consideration could be given the inclusion Function 17, In home display. PRI has significant experience with the benefits of IHD which convert the consumption of electricity to a monetary value. The supply of this energy consumption information particularly in a form that is easily comprehended by the consumer has led to a sustained reduction in energy consumption of between 4% and 8% with no additional intervention by either the energy distributor or retailer.

Question 10, 11: PRI is of the view that a minimum specification provides customers with a guaranteed base level of service, not a limited level of service. The functional set described provides demand management through direct load control and customer response with appropriate tariff arrangements such as TOU and CPP. Direct load control has demonstrated the greatest impact on demand management whilst customer response can only be achieved if maintained through

customer engagement and education. PRI's experience with IHD's demonstrates that IHD's are a viable mechanism to engage customers through display of consumption of electricity in monetary value.

Retailers in Australia see IHD's providing the greatest opportunity for retail differentiation in the market. The omission of IHD support in the minimum specification will limit its attractiveness to retailers and ability to effect demand management through customer response.

Question 12: PRI has significant experience with the benefits of smart meters coupled with IHD's which convert the consumption of electricity to a monetary value. The supply of this energy consumption information particularly in a form that is easily comprehended by the consumer has led to a sustained reduction in energy consumption of between 4% and 8% in Northern Ireland with no additional intervention by either the energy distributor or retailer.

Question 13: PRI agrees with the likely impact on Meter Manufacturers.

Comparison of Options:

PRI agrees with the comparison of the options provided that significant effort is undertaken to ensure that there is minimal variation between the requirements as developed under the MCE process and those mandated in Victoria as PRI has in good faith already committed significant resources to the development of products and service