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Manager, MCE Secretariat,
Department of Industry, Tourism and Resources,
GPO Box 9839
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By email: MCEMarketReform@industry.gov.au

Re: Cost Benefit Analysis of Options for a National Smart Meter Roll-Out. Regulatory Impact Statement - Phase 1 20071003

Thank you for the opportunity to provide comment on the above mentioned Regulatory Impact Statement (RIS) dated September 2007.

TRUenergy wishes to offer the following comments to the specific questions and issues raised in the RIS:

Problem a. Should there be a defined national minimum functionality for smart meters within the National Electricity Rules?

TRUenergy believes that a clearly defined national minimum functionality for smart meters within the National Electricity Rules is essential to facilitate efficient technology investment. A sensible national minimum smart meter functionality also enables energy retailers such as TRUenergy to spread the cost of developing and supporting smart meter products and services across a national rather than jurisdictional specific customer base. This in turn provides customers with access to a more competitive suite of retail products and services than would otherwise be the case.

Problem b. If so, which of the proposed advanced smart meter functions should be included in the minimum national standard?

TRUenergy supports the approach of completing a rigorous cost benefit analysis to determine the smart meter functions that should be included in the national minimum functionality. Having reviewed the analysis completed by the MCE consultants, it is TRUenergy's opinion that the following functions should be included in the national minimum smart meter functionality:

1. Half hourly consumption measurement and recording

3. Local reading – hand held device

4. Local reading – visual display on the meter
5. Communications and data security
6. Tamper detection
7. Time clock synchronisation
8. Load management at meters through a dedicated controlled circuit
9. Remote daily reading
10. Power factor measurement (three phase meters only)
11. Import/export metering
12. Remote connect/disconnect
13. Supply capacity control
14. Load management via dedicated controlled circuit
16. Interface to Home Area Network using open standard
19. Quality of supply and other event recording
20. Meter loss of supply and outage detection
25. Remote reconfiguration
26. Remote software upgrades
29. Plug and play device commissioning

Q1. What are stakeholder views on the above statements relating to the costs and competition effects of having different smart meter functionalities between jurisdictions?

TRUenergy agrees with the costs and competition statements contained under Option A (status quo). However TRUenergy would add that national energy retailers are unlikely to invest in supporting minimum smart meter functionalities that vary between jurisdictions. Accordingly at best some customers in some jurisdictions will not be able to access a fully competitive market for some smart meter functionalities whilst at worst, energy retailers will not find enough customer scale to invest in any smart meter based products in any jurisdiction.

Q2. Do stakeholders have a view on the likely impacts on consumers under Option A?

TRUenergy believes that customers are likely to receive fewer smart meter functionality enabled product offerings from energy retailers under option A than under options B or C.

Q3. What are stakeholder views on the set of impacts identified under option A?

TRUenergy agrees with the stakeholder impacts listed under option A in the RIS.

Q4. What are stakeholder views on the above set of benefits and risks associated with option B?

TRUenergy agrees with the benefits and risks associated with option B in the RIS. In addition TRUenergy believes that allowing energy retailers to determine functionality may result in investment decisions that lead to a reduction in retail competition and increase barriers to entry for new energy retailers.

Q5. Do stakeholders have a view on the likely impact on consumers under Option B?

TRUenergy believes that customers may not be able to access the full range of smart metering enabled functionalities under option B. For example a customer may purchase an in home display unit to assist them to monitor their energy consumption as well as to access other services from their energy retailer but their smart meter may not be able to support these functionalities. Even if the customer can access some or all of the in home display functionalities at their current premise, it would be unlikely that they could use the same in home display unit for the same functions in their next premise under option B.

Q6. What are stakeholder views on the set of impacts identified under option B?

TRUenergy agrees with most of the impacts identified under option B in the RIS. However TRUenergy does not agree that option B may allow for greater cooperation between meter manufacturers and meter providers. TRUenergy does not believe option B offers any greater opportunity for cooperation between meter manufacturers and meter providers than options A or C.

Q7 Stakeholders are asked to provide views or data on the inclusion of these functions in the national minimum functionality.

TRUenergy supports the inclusion in the national smart meter minimum functionality of the functionalities listed in table 1.2 of the RIS.

Q8 Stakeholders are asked to provide views or data on these uncertain functions and whether or not they should be included in the national minimum functionality.

TRUenergy strongly supports the inclusion in the national smart meter minimum functionality of function 16 (Interface to a home area network using open

standard). TRUenergy is indifferent to the inclusion of the other functionalities listed in table 1.3 as they are assessed as being of little value to TRUenergy. However TRUenergy notes that the inclusion of function 16 would likely also provide for the benefits associated with function 15 (interface to other load control devices).

Q9 Stakeholders are asked to provide views or data on these uncertain functions that have been excluded from the national minimum functionality.

TRUenergy is indifferent to the inclusion of the functionalities listed in table 1.4 as they are assessed as being of little value to TRUenergy.

Q10. To what degree do stakeholders think the functions recommended in the cost-benefit analysis will affect demand response and the range of products offered by retailers?
Q11. To what degree would a national minimum functionality change the attractiveness of that functionality for retailers?

TRUenergy understands that customer demand response via smart meters will only occur if energy retailers offer customers time of use (TOU) tariff products that incentivise such behaviour. Energy retailers will only offer TOU tariff products to customers if there is a profitable market for such products driven by customer demand and if the metering and data management infrastructure facilitates the deployment of innovative TOU tariff products. TRUenergy is of the view that adequate metering and data management infrastructure for this purpose would exist if the current recommended suite of functionality with the addition of functionality 16 (Interface to a home area network using open standard) were included in the national minimum smart meter functionality.

Q12. Do stakeholders have a view on the likely impacts on consumers under Option C?

TRUenergy believes that option C has the greatest potential to provide customers with the opportunity to exploit the full range of benefits available through smart metering infrastructure.

Q13. What are stakeholder views on the set of impacts identified under option C?

TRUenergy agrees with the impacts listed under option C in the RIS.

Supplemental 1. Do you agree with the problem definition in this RIS?

TRUenergy agrees with the problem definition in the RIS.

Supplemental 2. What is your view on the suggested options raised in this RIS and the analysis of them?

TRUenergy believes that option C provides the greatest opportunity for the benefits of smart meters to be realised.

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

Whilst TRUenergy agrees generally with the benefits, risks and impacts identified in the RIS, TRUenergy believes that the additional benefits over and above demand side response offered by functionality 16 (Interface to a home area network using open standard) have been overlooked. Such benefits would include additional services that energy retailers could supply to customers utilising the 2 way communication capability provided by functionality 16.

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

TRUenergy is comfortable that adequate analysis has been completed with respect to the majority of functions considered. However TRUenergy remains concerned that the full potential benefits of function 16 (Interface to a home area network using open standard) have not been fully recognised in the analysis completed during phase 1. TRUenergy understands that a more robust analysis of function 16 will occur during phase 2 of the Cost Benefit Analysis.

Should you wish to discuss any of these matters further, please do not hesitate to contact me directly at email bruce.page@truenergy.com.au or telephone 03 8628 1233.

Yours sincerely,

Bruce Page
Regulatory Manager