



Tasmanian Council of Social Service  
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TasCOSS welcomes the opportunity to respond to the Regulatory Impact Statement (RIS) regarding Phase 2 of the Ministerial Council on Energy's consideration of a smart meter roll-out. Our response focuses on the issues of costs, the proposed consumer protection review and jurisdictional differences, and reiterates the concerns discussed in our submission on the *Cost Benefit Analysis of Smart Metering and Direct Load Control*.

Our major concern relates to the potential **costs to consumers** of a roll-out of smart meters. There is no doubt that the cost of the meters and their installation will be passed on to consumers. There is, however, some doubt about when and if consumers will see price reductions as a result of the savings made by network companies. This risk is too great for low income households, particularly in Tasmania where electricity costs are already increasing, where there is a heavy reliance on electricity as the single widespread household energy source, and where the benefits of smart meters to consumers are considered to be marginal at best.

Tasmanian residential consumers not only have the highest electricity consumption in the country, but also receive the lowest household incomes. In addition, the absence of widespread access to natural gas in the State means that Tasmanians rely more heavily on electricity than do consumers in jurisdictions where dual fuel options are available. Tasmania also has a cooler climate than most other jurisdictions. Tasmanian consumers are therefore very sensitive to price increases.

A recent Tasmanian electricity distribution and retail price determination saw a 15.7% price increase introduced in January 2008, and foreshadowed additional increases of 3.9% and 3.8% in July '08 and July '09 respectively. Further price increases are also likely in the near future when a national carbon emissions trading scheme is introduced.

It is both unclear and uncertain whether (and when) cost savings made by network companies (through remote metering function capacity provided by smart meters) would be passed on to consumers in lower network prices. It is, however, certain that the costs of smart meters and their installation will be too high for low income Tasmanian households and their already over-stretched household budgets.

In addition, the *Cost Benefit Analysis of Smart Metering and Direct Load Control* demonstrated that there will be little or no benefit, given the nature of Tasmanian electricity demand, to Tasmanians through smart meter capacity for demand response and direct load control. A solution for the peak demand problems experienced in some jurisdictions should not be imposed on all. Smart meters are clearly not an appropriate solution for Tasmanian consumers and should therefore not be introduced simply as a part of a mandatory national roll-out. If this occurs, Tasmanian consumers will be paying the costs for a technology that does not address their energy problems.

Nor will Tasmanian consumers necessarily enjoy cost savings, as discussed above. Indeed, the modelling in the *Cost Benefit Analysis* indicates that in order to be of net benefit in Tasmania, the costs of a smart meter roll-out must be minimum while the benefits must be maximum. This unlikely scenario obviously cannot be guaranteed.

In addition to uncertainty regarding costs and benefits, we are concerned that existing consumer protection measures will be inadequate in a smart meter environment. We welcome the proposed **consumer protection review** agreed to by the MCE and addressed in the RIS.

TasCOSS would like the review to consider in particular the protections associated with disconnections from supply. In the experience of our members (community service organisations that provide support and assistance to low income, vulnerable and disadvantaged Tasmanians), manual, on-site disconnection currently offers an important opportunity to avoid disconnection resulting from debt and an inability to pay. The face-to-face human interaction involved offers the possibility of assessing individual circumstances and the discovery of particular consumer characteristics that may have contributed to the accumulation of debt, such as language or literacy difficulties and physical or cognitive difficulties. Remote disconnection obviously precludes these opportunities and in so doing may exacerbate the effects of hardship.

The Tasmanian experience with pre-payment meters could inform a national consumer protection review in relation to the pre-payment capacity of smart meters. Pre-payment meters require robust consumer protections that are currently not in place in most jurisdictions (the exceptions being South Australia, Tasmania and the ACT). Any review of consumer protections in a smart meter environment must consider the potential for pre-payment metering functions and associated protections, particularly those related to 'self-disconnection' and the identification of vulnerable households.

Many households will not be in a position to enjoy the financial benefits of time-of-use tariffs and/or critical peak pricing and could find themselves considerably worse off under such tariffs. Exemptions from these tariffs must therefore be offered and measures taken to ensure that those remaining on flat (or other) tariffs are not penalised. In addition, opportunities must be provided to permit households to switch between tariffs without penalty if they find themselves worse off under a new smart meter assisted tariff.

In general, we believe that any introduction of smart metering technology and related tariff offerings will necessitate the introduction of appropriate consumer protection and assistance measures, and of hardship arrangements. It must be remembered that household electricity supply is an essential service and is fundamental to health, well-being and social participation. We trust that the proposed review of consumer protection measures will take this latter point as its context.

TasCOSS questions the benefits of a **mandatory roll-out of smart meter and direct load control technology in all jurisdictions**, and believe that the cost benefit analysis clearly demonstrates that a national roll-out is not justified. We do not see the implications of not rolling out smart meters nationally as major impediments to business and to the NEM in general.

Australia is a large country with a wide range of climatic and social conditions, as well as existing energy infrastructure. What is problematic in some jurisdictions – for instance, meeting summer peak demand in the more populous states – is not in others. A one-size-fits-all approach or solution to a problem not shared by all is not logical.

Tasmanian consumers have different problems, the major problem is the continued affordability of household electricity. TasCOSS believes that there are better solutions for Tasmanian consumers than a large-scale roll-out of smart meters. Local solutions must be addressed to local problems, and solutions for Tasmanian households include the widespread retro-fitting of dwellings for thermal efficiency, access to energy efficient appliances and other measures that reduce reliance on energy and allow savings to be made.

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