



ActewAGL
Always.

ActewAGL House 221 London Circuit Canberra ACT 2600 ■ GPO Box 366 Canberra ACT 2601
Telephone 13 14 93 Facsimile 02 6249 7237 www.actewagl.com.au

6 August 2009

Ms Kristen Palmer
A/g Manager, MCE Work Program and Secretariat
Department of Resources, Energy and Tourism
GPO Box 9839
Canberra ACT 2601

Dear Ms Palmer

ActewAGL response to smart meter second exposure draft legislative package

Thank you for the opportunity to comment on the proposed Ministerial Council on Energy (MCE) Standing Committee of Officials (SCO) smart meter second exposure draft legislative package and response to submissions on the first exposure draft.

ActewAGL is an active participant in the smart metering policy development process and has made a number of submissions to processes conducted by the MCE SCO. ActewAGL is represented through the Energy Networks Association on the National Stakeholder Steering Committee (NSSC), and has direct membership on all National Smart Metering Program working groups. ActewAGL considers that this representative consultative framework offers the best opportunity to ensure that rules and procedures developed to support smart metering are appropriate and integrated with the National Electricity Rules (NER).

ActewAGL is also in the early stages of trialling a number of technologies for multi-utility smart metering, including providing real time information to customers on their energy and water usage through in-home displays and web-based information. As a multi-utility providing electricity, natural gas, water and wastewater infrastructure services, ActewAGL is in a unique position to consider opportunities for multi-utility smart metering. Our multi-utility smart metering study has the support of the ACT Government. As details of outcomes become available, ActewAGL expects to report progress and findings of this study to the Pilots and Trials Working Group.

Scope of legislative package

ActewAGL is concerned that some aspects of the policy and legislative framework development process have been separated from the work undertaken by the NSSC and referred to other parties. The impending MCE referral of cost recovery issues to the Australian Energy Market Commission (AEMC) for consideration, and the development by SCO of initial rules governing exclusivity under a mandated rollout, cause key components of the smart metering framework to be separated from the broader consideration of issues by the NSSC and MCE. This approach risks undermining the development of effective and integrated regulatory arrangements that deliver an efficient and balanced outcome for customers.

For example, any power to make ministerial rollout determinations should be synchronised with the implementation of underlying rules, procedures and standards that govern these

arrangements. A rollout determination could not effectively be made until aspects of the smart metering framework, including the definition of a smart meter, are finalised. Central to this framework are the longer term arrangements for meter exclusivity and the role of the *Responsible Person* under the NER. These are both highly relevant to the underlying costs and benefits to be derived from a smart meter rollout, and therefore important considerations for any smart metering rollout determination. These details are not expected to be finalised and included in the NER and relevant procedures until mid 2010 at the earliest. Similarly, the MCE SCO has indicated that the expected AEMC review of cost recovery arrangements for a smart metering rollout would not be completed before March or April 2010.

ActewAGL therefore considers that the legislation and supporting rules for smart meter rollout determinations should be implemented as part of a package integrated with other smart metering rules and procedures developed by the NSSC. This approach would also ensure that arrangements put in place now through legislation do not constrain the future development of the framework and approaches that may be recommended to the MCE by the NSSC.

Retailer cost recovery arrangements

ActewAGL notes that the information provided in the MCE SCO Policy Response document in respect of retailer cost recovery arrangements for smart meter rollouts does not include details on retailer cost recovery in the ACT. This oversight is not helpful as ActewAGL Retail recently sought in its public submission to the Independent Competition and Regulatory Commission (ICRC), that there be a specific pass through provision for retailer costs associated with smart meter pilots, trials or a rollout as part of the 2009-10 Transitional Franchise Tariff. The ICRC rejected this proposal considering that the likelihood of such a determination in the decision period was low and in any event unlikely to lead to material costs for the retailer.¹

ActewAGL remains exposed to regulatory uncertainty in terms of how retailer costs associated with smart meters will be treated in the future should electricity retail prices continue to be regulated in the ACT. Clarification of this matter would be a useful step in providing more certainty on the future treatment of smart metering pilots as part of regulated retailer cost recovery arrangements in the ACT.

Should you require further information on issues discussed in this letter, please contact Ms Alexandra Curran, Senior Regulatory Adviser, on (02) 6248 3190.

Yours sincerely



David Graham
Director, Regulatory Affairs and Pricing

¹ Independent Competition and Regulatory Commission, Final Decision: Retail Prices for Non-contestable Electricity Customer, 2009-10, Report 3 of 2009, June 2009, p 54