

29 September 2009

Manager
MCE Secretariat
Department of Resources, Energy and Tourism
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Dear Sir / Madam

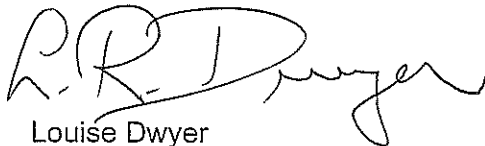
**Smart Meter Customer Protection and Safety Review – Draft Policy
Paper One August 2009**

ENERGEX Limited (ENERGEX) is pleased to provide the following comments on the Draft Policy Paper in relation to the Customer Protection and Safety review.

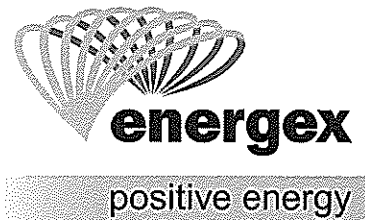
ENERGEX appreciates that several issues will require further consultation pending the outcomes of pilots and trials conducted in the NEM. Detailed responses to each draft policy position are provided in Appendix A.

ENERGEX looks forward to continued involvement in shaping the national framework for smart meters.

Yours sincerely



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Appendix A – Specific Policy Position Responses

Hardship Provisions

***Draft policy position 1:** SCO does not propose any smart meter-related changes to the draft NECF hardship provisions at this stage.*

ENERGEX Response

Outcomes of pilots and trials in Queensland and New South Wales, along with the Victorian roll-out of smart meters should continue to be assessed to confirm that the NECF hardship regime, in combination with jurisdictional concession frameworks, provides adequate protection for customers in hardship.

Customer billing

***Draft policy position 2:** SCO proposes that all customers with smart meters should be able to check that their meter is working correctly, and reconcile their bills against their meter with a reasonable degree of certainty.*

ENERGEX Response

ENERGEX agrees that meters should be able to display some form of consumption total to which the customer can refer, and that customers should be able to check that the meter is working correctly, and reconcile the bill against the meter with a reasonable degree of certainty.

ENERGEX supports the development of:

- Metrology Procedures for substitution of Smart Meter data by AEMO following the finalisation of technical and operational specifications. ENERGEX would expect these procedures to be similar to the arrangements currently in place for substitution of meter data;
- changes to the Metrology Procedure to require substitutions to be calculated in a way that corrects any divergence from the accumulated total caused by past substitutions. This would require that the interval data and an accumulated total were both read from the meter (providing technical feasibility);
- a meter display showing the correct time so as to provide customers with a way to check that any time-related tariff for which they are billed has used consumption from the correct part of the day; and
- Metrology Procedures for Smart Meters that require the Meter Data Provider (MDP) to provide the retailer with actual meter reads at the next opportunity following a substitution to ensure temporary substitutions do not reduce bill accuracy.

Reconciliation of bill charges

***Draft policy position 3:** SCO proposes that retailers provide customers on time related tariffs with consumption data for each tariff segment (e.g. peak, off-peak, shoulder) on their bill to enable them to reconcile their bill charges.*

ENERGEX Response

ENERGEX supports the proposal for customers to be provided with consumption data for each tariff segment as it will assist customer understanding of the calculation of bills and consumption patterns. This approach will also provide customers with the appropriate information and enable them to respond to any time-related price signal.

ENERGEX also believes that providing customers with a breakdown of the bill into transmission, network and retailer charges would further assist in customer understanding of energy usage and price signals.

Overcharging and undercharging

***Draft policy position 4:** SCO proposes in situations where meter data is permanently lost in a DPP event that substitutions not be based on historical data. SCO proposes that customers should be charged for estimated electricity consumed at a non-DPP price.*

ENERGEX Response

ENERGEX believes further analysis and consultation on this issue is required to ensure an appropriate outcome is achieved. Consideration of alternative options is warranted for this complex issue.

***Draft policy position 5:** SCO does not propose any smart meter related changes to overcharging or undercharging provisions in the draft NECF.*

ENERGEX Response

ENERGEX agrees that where data is temporarily lost and recovered later the customer should be charged accordingly for their usage during the event consistent with the overcharging and undercharging provisions in the draft NECF.

Liability issues that result from this situation can be dealt with in accordance with existing arrangements in the Metrology Procedures related to faulty metering.

Bill estimations

***Draft policy position 6:** SCO proposes that retailers be required to inform customers with smart meters of the scope of any estimation on their bill.*

ENERGEX Response

ENERGEX agrees that it is appropriate for smart meter customers to be advised of the scope of any estimation on the bill, in a manner that is meaningful to the customer without undue administrative complexity.

Presentation of consumption information

***Draft policy position 7:** As proposed in draft policy position 3, SCO proposes that retailers provide customers on a time-related tariff with consumption data for each segment rate (e.g. peak, off-peak, shoulder) on their bill.*

ENERGEX Response

ENERGEX agrees that in order to achieve some of the desired outcomes of smart meters, customers require better information and price signals via time-reflective pricing to encourage more efficient use of electricity during peak periods.

Provision of historical billing data

Draft policy position 8: *SCO proposes that the draft NECF define 'historical billing data' so that it is clear that retailers must be able to provide:*

- *the full set of metering data on which the bill was based; and*
- *a summary of the meter data on which the bill was based.*

ENERGEX Response

ENERGEX supports the provision of historical data to customers and customer discretion as to which level of detail is required. However ENERGEX believes customers may need to be provided with further information to understand the cyclic nature of billing data. Consideration of the costs involved in the education and provision of data to customers needs to be balanced with the expected benefits.

Direct load control

Draft policy position 9: *SCO does not propose any changes to the draft NECF at this stage to regulate direct load control.*

ENERGEX Response

ENERGEX believes that distributor control of direct load is essential for network operations in maintaining network security, during both emergency and normal periods.

In furthering demand side management and increasing the value of the network to customers, ENERGEX believes that it is important to have supporting tariff structures to reward customers for participating in DLC and to enable utilisation of the emerging suite of load control devices.

Supply capacity control

Draft policy position 10: *SCO does not propose any changes to the draft NECF related to interruption of supply at this stage to regulate involuntary use of supply capacity control to manage emergency situations.*

Draft policy position 11: *SCO proposes that the National Energy Marketing Rules be extended to include distributors or third parties acting on behalf of distributors.*

ENERGEX Response

ENERGEX believes that responsibility for Supply Capacity Control should remain with distributors as it is an important tool utilised by distributors to more evenly distribute capacity during emergency situations.

In relation to marketing, ENERGEX does not believe it is appropriate for distributors to be regulated in the same capacity as retailers. The primary incentive for distributors is to reduce load impacts on the network so as to maintain security of the network and supply. At present it is unclear what marketing a distributor would undertake in relation to supply capacity control and therefore unclear whether that marketing would warrant regulation.

ENERGEX is trialling supply capacity control under the Reward Based Tariff Pilot to determine technology capability and to identify any potential issues that could arise. This would enable customers to have a variety of options in managing their energy use and allow distributors an additional tool in managing network demand.

Remote de-energisation

Draft policy position 12: SCO proposes that the draft NECF be amended to include de-energisation notification requirements to require retailers to inform customers with smart meters that de-energisation of their electricity supply may occur remotely rather than manually.

ENERGEX Response

ENERGEX agrees that the NECF be amended to include appropriate provisions in relation to notification requirements in relation to energisation and de-energisation.

Retailer marketing through in-home displays (IHDs)

Draft policy response 13: As proposed in draft policy response 11 SCO proposes that the National Energy Marketing Rules be extended to include distributors or third parties acting on behalf of distributors.

ENERGEX Response

As previously mentioned ENERGEX does not believe that distributors warrant the same level of regulation as retailers. There is no evidence of the type of marketing that Distributors would engage in. The primary incentive for distributors is to reduce load impacts on the network for the benefit of all consumers.

Prepayment metering

Draft policy position 14: SCO does not propose any changes to prepayment provisions in the draft NECF at this stage.

ENERGEX Response

ENERGEX agrees with the draft position.

Embedded generation

Draft policy position 15: SCO does not propose any changes to the draft NECF in relation to de-energisation where an embedded generation system is in place.

ENERGEX Response

ENERGEX agrees that this issue is not unique to smart meters. In any consideration of this issue the safety of workers and consumers needs to be paramount.