

14<sup>th</sup> July 2010



The Ministerial Council on Energy  
Standing Committee of Officials  
C/-  
Manager, MCE Secretariat,  
Department of resources, Energy and Tourism,  
GPO Box 1556  
Canberra ACT 2601

Dear SCO,

**Horizon Power Response to the draft report “Costs and Benefits of Smart Metering in Off-grid and Remote Areas.**

Thank you for the opportunity to comment on Ministerial Council on Energy (MCE) Standing Committee of Officials (SCO) draft report “Costs and Benefits of Smart Metering in Off-Grid and Remote Areas.

Horizon Power is an Integrated Regional Licence (IRL) holder under the Western Australian “Electricity Industry Act 2004”, and is a vertically integrated business from generation to retail, operating 35 non interconnected systems across regional and remote Western Australia, excluding the South West Interconnected System (SWIS). Horizon Power was part of the working group that undertook the study into the cost and benefits of smart metering and notes the unique situation in Western Australian as the only jurisdiction in which remote grids are regulated.

Horizon Power acknowledges the report reflects an overall approach taken by the working group that has allowed the different situations in remote communities and the varied legislative requirements across jurisdictions. Horizon Power requests the following points be noted in response to the draft report.

The benefits identified in the communities in Western Australia are attributable to the requirements under regulation in this State and the remoteness of the communities served. It is important to note that the Horizon Power footprint is some 2.3 million square kilometres in which some 40,000 customers are served. Distances travelled to undertake activities are vast and smart metering has the capacity to reduce the need to undertake many tasks as identified below:

- bi-monthly/monthly meter reading ,
- re-connection / disconnection process, including disconnection warnings,
- planned inspections of infrastructure, (through monitoring equipment attached to the remote grid),
- tamper inspection
- investigation and identification of new premises attached to the grid.

Horizon Power also notes the cost of communications in the report appear to be extraordinarily high. Communications would only include communication end points in most of the 35 systems served as they are all largely served by Telstra mobile phone technology. The assumption is also "always on" and this is not necessary for the delivery of the benefits described.

In the community of Karratha, it is also noted the high costs are caused by the communications backhaul and system costs loaded into Karratha. Karratha would not be the trigger point for the systems as suggested as most of the cost savings to Horizon Power are in less populated and more remote areas of the State. Horizon Power also notes the benefits of load management were difficult to estimate due to the number of employers subsidising employee's electricity costs, particularly mining companies.

The following points are also important in estimating the benefits of the smart grid in Western Australia largely because of the impacts of regulation which apply equally to Horizon Power's system as to the SWIS.

- Horizon Power has high avoided meter replacement cost due to the age and possible impending replacement of the Meter Fleet within the next 5 years,
- Generation benefits are high due to the high cost of fuel and smaller generation systems that lack efficiency,
- Meter Data Management Costs would be excluded in the Horizon Power case because these systems are already in place.

Should you require further information on issues discussed in this response please contact Greg Will, Manager Metering and Billing Services on 08 6310 1611, or Terry Absolon, Metering Analyst on 08 6310 1538.

Yours sincerely

Sent Electronically

Greg Will  
Horizon Power,  
Manager Metering and Billing Services