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Submitted electronically to [dmitrenewmeteringpolicy@sa.gov.au](mailto:dmitrenewmeteringpolicy@sa.gov.au)

21st March 2014

Dear Mr Duffy,

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**RE: South Australian Policy for New and Replacement Electricity Meters – Discussion Paper (January 2014)**

Thank you for the opportunity to comment on the New and Replacement Policy for electricity meters in South Australia. As the peak body for the community services sector in South Australia, SACOSS has a long-standing interest in the delivery of essential services. Our research shows that the cost of basic necessities like electricity impacts greatly and disproportionately on vulnerable and disadvantaged people. Our advocacy is informed by our members; organisations and individuals who witness these impacts in our community.

As you know, the South Australian Government removed price regulation and adopted the National Energy Customer Framework on February 1<sup>st</sup>, 2013. South Australian households and small businesses have now experienced the first year of these significant market reforms. The Australian Bureau of Statistics Consumer Price Index for Adelaide Electricity Prices has shown that average electricity prices have reduced in calendar 2013. However, recent reports by the AEMC<sup>1</sup> and the Victorian Essential Services Commission (ESCV)<sup>2</sup> also highlight that South Australia continues to have both the nation's highest electricity prices and highest rates of electricity disconnections for failing to pay bills on time. This remains a priority concern for SACOSS and forms the background for this submission.

Please find a detailed submission attached that responds to the questions posed in the Discussion Paper.

We thank you in advance for your consideration of our comments. If you have any questions relating to the above, please contact SACOSS Senior Policy Officer, Jo De Silva on 8305 4211 or via [jo@sacoss.org.au](mailto:jo@sacoss.org.au).

Yours sincerely,

Ross Womersley  
Executive Director

<sup>1</sup> AEMC 2013 Residential Electricity Price Trends [www.aemc.gov.au/market-reviews/completed/retail-electricity-price-trends-2013.html](http://www.aemc.gov.au/market-reviews/completed/retail-electricity-price-trends-2013.html)

<sup>2</sup> ESCV Energy retailers comparative performance report – Customer service 2012-13 Table 3.2, p31 available from [www.esc.vic.gov.au/Energy/Energy-retail-performance-reports](http://www.esc.vic.gov.au/Energy/Energy-retail-performance-reports)

**SACOSS Submission to:  
South Australian Policy for New and Replacement  
Electricity Meters – Discussion Paper (January 2014)**



**Background**

Electricity meters are critical pieces of infrastructure located in every home and business in the National Electricity Market (NEM). In its *Discussion Paper on a Policy for New and Replacement Meters (Jan 2014)*<sup>3</sup>, the Government of South Australia is proposing that where a small customer (residential or small business) requires a new electricity meter, or the existing meter needs to be replaced, an *advanced meter* will be installed unless the customer chooses not to have one.

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This represents an important step in the local implementation of a broader, national approach to what is often referred to as the “roll out of smart meters”. A key rationale for pursuing more advanced metering is the fact that the cost of supplying electricity is strongly related to not just how much is used but when it is used. The NEM’s wholesale electricity market is settled on a half-hourly basis and advanced metering is mandatory for larger customers to enable consumption to be reconciled with wholesale costs.

The term “smart meters” is applied generically and somewhat loosely to refer to a range of technologies and functionalities often also referred to as *Advanced Metering Infrastructure* or AMI. A more formal metering type terminology is defined in the National Electricity Rules<sup>4</sup>. *Type 6* is the standard household ‘accumulation’ meter. A remotely read interval meter – the minimal features of a ‘smart meter’ - is classified as *Type 4*. It is SACOSS’ understanding that the Discussion Paper proposes for new and replacement meters to be interval meters but manually read; *Type 5*. The Discussion Paper refers to these as ‘smart ready’.

The webpage related to this consultation also contains a clarification regarding the governance arrangements:

In response to a number of similar queries, the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) would like to clarify that the new and replacement metering policy is not proposing to mandate type 5 meters in all new and replacement situations under the existing framework, which would, in effect, require the roll-out of meters to be led by the local distribution network service provider. [SA Power Networks]

The intention is for the new and replacement policy to work in conjunction with the Standing Council on Energy and Resources’ (SCER) Rule change, recently submitted to the Australian Energy Market Commission, which aims to introduce increased competition in metering and related services. The Rule change would ensure that no party will have the exclusive right to provide particular types of meters. Responsibility for coordinating metering services would also be separated from the roles of the Financially Responsible Market Participant or the Local Network Service

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<sup>3</sup> Available from <http://www.sa.gov.au/topics/water-energy-and-environment/energy/energy-providers-and-bills/advanced-electricity-meters-consultation>

<sup>4</sup> Meter Types are defined at Schedule 7.2 of the National Electricity Rules (Chapter 7 Metering) and are discussed in this context in the AEMC Power of Choice Review Supplementary Paper 6 Sep2012 “Principles for metering arrangements in the NEM to promote installations of DSP metering technology” available from <http://www.aemc.gov.au/market-reviews/completed/stage-3-demand-side-participation-review-facilitating-consumer-choices-and-energy-efficiency.html>.

Provider, by creating a new Metering Coordinator role. The proposed Rule change can be found on the [SCER website](#).<sup>5</sup>

The policy will set minimum functional specifications for the installation of smart ready meters in these situations, including the requirement that they are able to be upgraded to a smart meter with the addition of a communications package.

SACOSS has recently made submissions to two related processes:

- The Australian Energy Regulator's Preliminary Positions Paper on the Framework and Approach SA Power Networks 2015-20 Regulatory Control Period<sup>6</sup>
- The Australian Energy Market Commission's Rule Change Proposal Consultation on National Electricity Amendment (Distribution Network Pricing Arrangements) Rule 2014 (AEMC Ref ERC0161)<sup>7</sup>

The Discussion Paper incorporates a series of questions. The SACOSS response follows.

### **SACOSS Response**

In summary:

SACOSS is of the view that *Type 4* 'smart meters' for small customers offer a range of potential benefits and that such technology is inevitable. However, the costs of implementation have the potential to overwhelm the value of these benefits for the consumers of most interest to SACOSS.

SACOSS is of the view that the metering-related issue of most immediate importance to the consumers we represent is the issue of monthly billing based on actual meter reads – whether these be manual or remote reads. SACOSS is developing policy proposals to expand monthly meter reading to vulnerable consumers at little or no direct cost.

#### ***Question – New and Replacement Policy***

- 1 Do stakeholders consider such a new and replacement policy is necessary to reach a sufficient critical mass of advanced meters that will allow customers to have access to associated products and services that will provide benefits to them?**

SACOSS accepts that a critical mass is required but is disappointed that the Discussion Paper does not provide any quantitative information in this regard.

According to the AER<sup>8</sup>, as at September 2013, there were just over 820,000 'small customer' metering points in SA. From past ESCOSA publications it is possible to estimate that this number has grown by around 10,000 per annum over the last decade. However, there is no visibility of the current meter replacement program. An estimate would be that these meters might need to be replaced after around 40 years – suggesting around 20,000 meters per annum in the replacement program.

<sup>5</sup> "Introducing a new framework in the National Electricity Rules that provides for increased competition in metering and related services" Rule change request October 2013 available from [www.scer.gov.au/workstreams/energy-market-reform/demand-side-participation/smart-meters/](http://www.scer.gov.au/workstreams/energy-market-reform/demand-side-participation/smart-meters/)

<sup>6</sup> Submission available from [www.aer.gov.au/node/20941](http://www.aer.gov.au/node/20941)

<sup>7</sup> Submission available from [www.aemc.gov.au/Electricity/Rule-changes/Open/distribution-network-pricing-arrangements.html](http://www.aemc.gov.au/Electricity/Rule-changes/Open/distribution-network-pricing-arrangements.html)

<sup>8</sup> <http://www.aer.gov.au/node/23461>

The Discussion Paper does not provide any cost information so it is very difficult to form a comprehensive opinion. However, on the assumption that the comparative costs are modest, SACOSS would also suggest that the scope could be extended to pursuing Type 4 for those premises where meter access is regularly difficult and result in persistent 'estimated' meter reads.

SACOSS is also interested in the proposed treatment of what the AER's DRAFT Framework and Approach to SAPN's 2015-20 Regulatory Control Period refers to as '*Non-standard type 6 import and export meters*' for solar photovoltaic (PV) installations. SAPN has been the monopoly provider of some 150,000<sup>9</sup> of these meters over recent years. SACOSS and others have observed that the price of meter replacement did not seem to reflect expected economies of scale and has only recently fallen to \$314.60<sup>10</sup> from \$440 for the majority of these installations. It is unclear if these meters really are 'owned' by customers despite having seemingly paid for them.

### ***Question - How will smart ready meters be defined***

- 2 Do stakeholders have any comments on definition of smart ready meters, including the functions to be available on installation and retrofit?**

SACOSS considers this to be an extremely complex area that has been debated at length in multiple fora for many years. SACOSS considers it essential to learn from the Victorian experience and the many submissions received to past inquiries including the National Smart Meter Program and the AEMC's Power of Choice Review.

### ***Questions - Benefits of Advanced Metering***

- 3 Does the proposed new and replacement policy provide sufficient certainty of future residential metering and infrastructure to enable stakeholders to offer innovative products and services at the commencement of the regime?**

The Discussion Paper states (p2) that:

"Requiring these meters to be smart ready provides a cost effective pathway to adding greater functionality to these meters should it be requested by a customer at a later date"

SACOSS accepts that advanced metering offers a range of benefits but is disappointed that the Discussion Paper does not provide any quantitative information in this regard. SACOSS is concerned that the costs of implementation have the potential to overwhelm the value of these benefits for the consumers of most interest to SACOSS. Asserting that a policy is "cost effective" without demonstrating it to be so is not an approach that SACOSS prefers.

SACOSS is of the view that the metering-related issue of most immediate importance to the consumers we represent is the issue of monthly billing based on actual meter reads –

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<sup>9</sup> Based on data for the number of installations from the Clean Energy Regulator.

<sup>10</sup> GST incl. from SAPN Network Tariffs and Negotiated Services Manual.

whether these be manual or remote reads. It is noted that Type 5 meters, as proposed in this policy, do not enable monthly billing any more than existing Type 6 meters do. The remote read capability of Type 4 meters on the other hand would make monthly billing easily automated. SACOSS is developing policy proposals to expand monthly meter reading to vulnerable consumers at little or no direct cost.

### ***Question - Opt-out clause***

- 4 Do stakeholders have any comments on the new and replacement policy providing customers with the ability to opt out of having advanced metering installed?**

SACOSS is of the view that customer preferences should be respected whenever reasonable and that an 'opt-out' clause is therefore desirable. SACOSS also notes that the Discussion Paper states that:

"It may take longer to reach the required installation base if significant numbers of customers choose to opt out"

Again, SACOSS is disappointed that the Discussion Paper does not provide any quantitative information in this regard: what is the "required installation base"?

### ***Question - Meter Reversions***

- 5 Do stakeholders consider the disallowing of meter reversions sufficient to provide certainty that there will be no significant reduction in the installed base of smart ready meters, once the policy has commenced?**

SACOSS is of the view that the issue of reversions is linked to the implementation of the proposed rule change regarding Distribution Network Pricing (AEMC Ref ERC0161).

While SACOSS is of the view that customer preferences should be respected and that an 'opt-out' clause is desirable, SACOSS also accepts that pricing (and concession) reform must inevitably pursue time-of-use and that Type 5 'smart ready' metering is an essential component of this. Allowing reversions en-masse has the ability to completely undermine this direction.

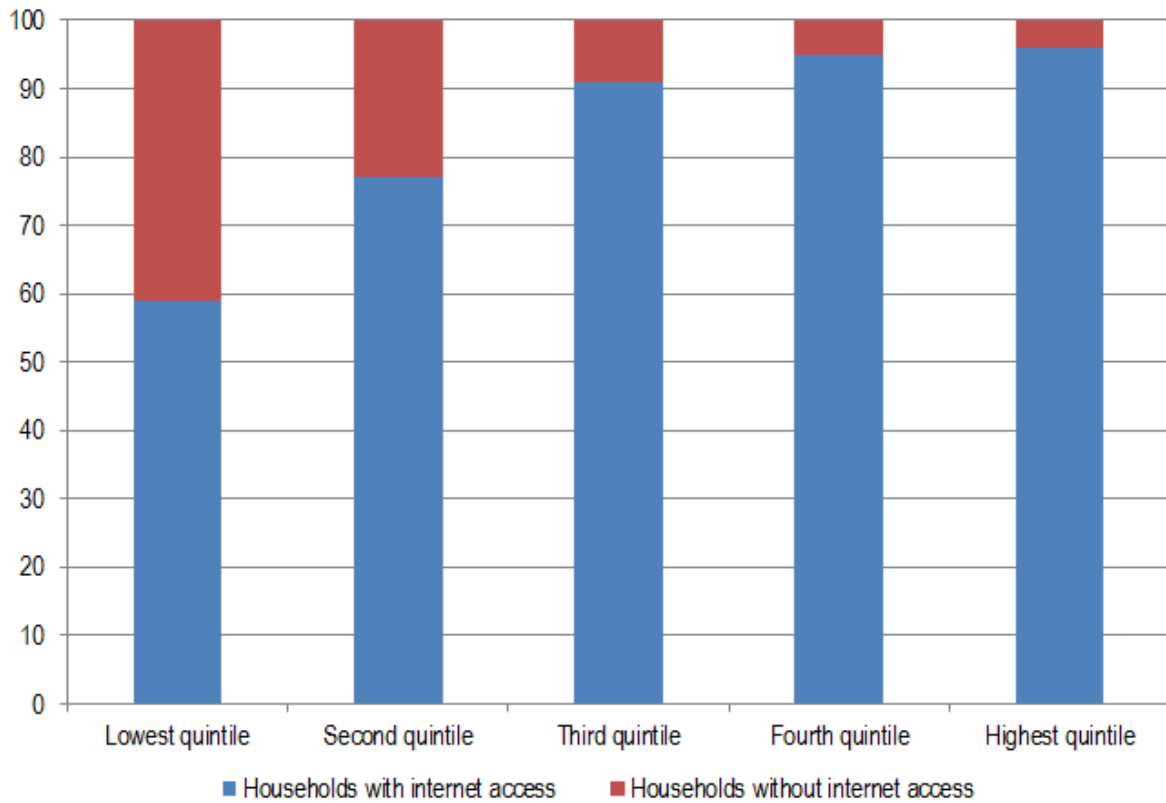
### *Questions - Communications Strategy*

- 6 Do stakeholders have views on how the Government's policy for new and replacement electricity meters would be best communicated to customers?
- 7 Are there certain categories of small customers that should be the focus of the communications strategy? Are there particular communications mediums that are best suited for these customer groups?
- 8 What information should be provided to customers regarding their new meter prior to it being installed?

SACOSS supports the use of a diverse suite of communication methods. SACOSS believes that the Department should utilise its strong community sector links through its successful Energy Partners program and SACOSS is willing to support further engagement with the community sector.

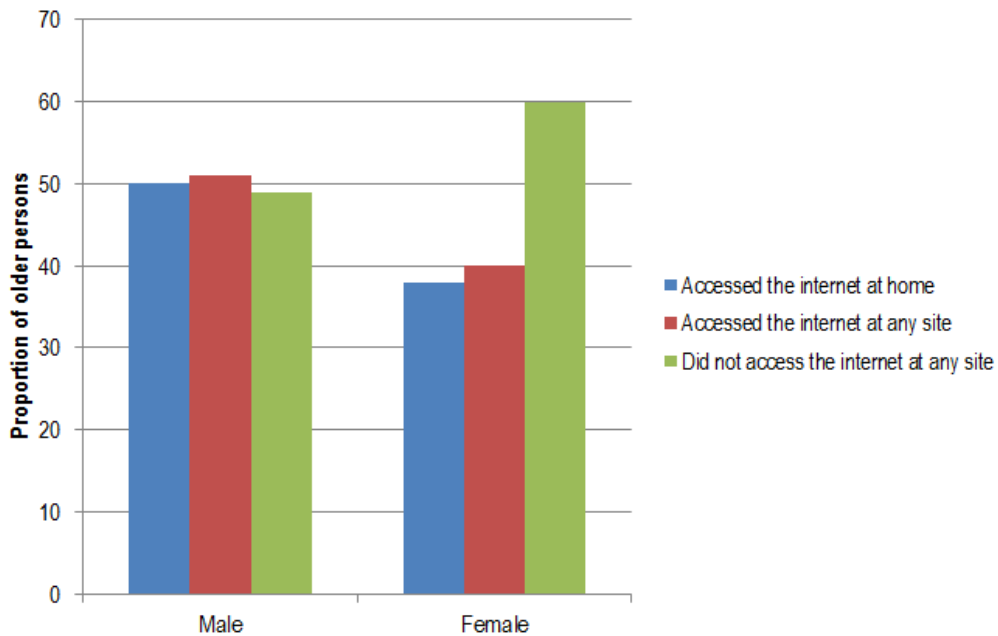
SACOSS would also like to bring the Department's attention to recently updated information on Internet Access and Usage from the Australian Bureau of Statistics that suggests that reliance on the internet to communicate with vulnerable groups is likely to be unsuccessful. SACOSS is concerned that reliance on complex internet based comparison sites makes choosing a competitive electricity price very difficult for many in our community of interest. Many older people and those with limited English literacy and numeracy find the energy market completely impenetrable.

The Australian Bureau of Statistics (ABS) publishes data on household and personal Internet Access and Usage in 8146.0 – Household Use of Information Technology, 2012-13. According to the ABS, 17% of households do not have internet access. Further, Figure 1 **Error! Reference source not found.** relates households with and without internet access by equivalised household income quintile and shows that over 40% of households in the bottom quintile report not having home internet access.

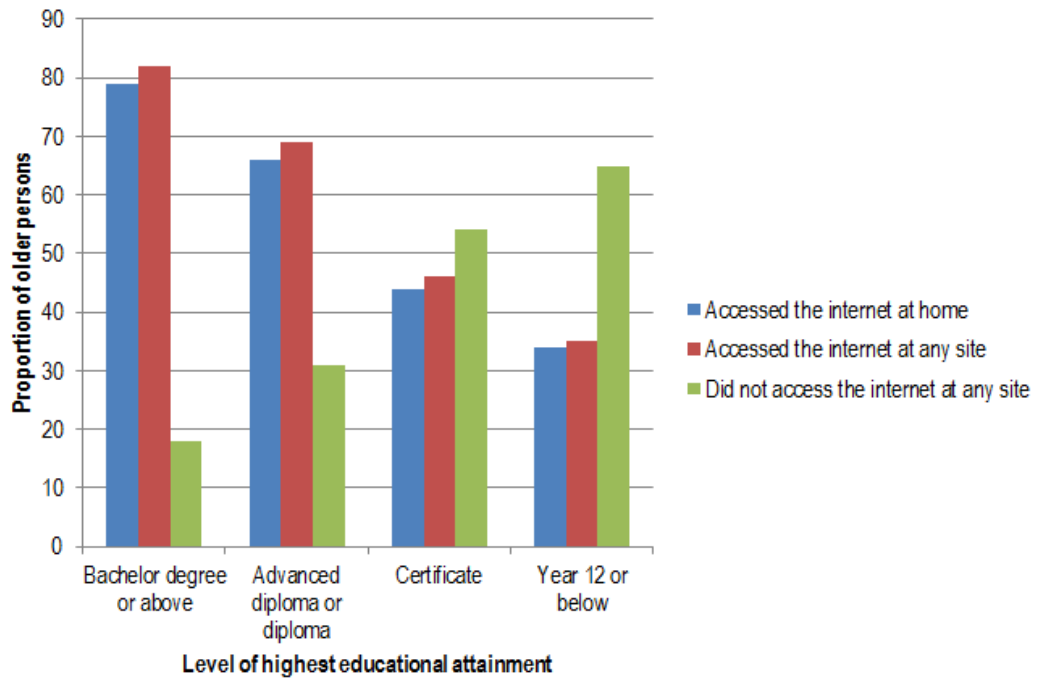


**Figure 1:** Household Internet Access by Equivalised household Income Quintile. Source: ABS 8146.0 2012/13

The issue seems to be more acute for older Australians (over 65) as illustrated in Figure 2. These figures indicate that a majority of older Australians do not access the internet. This is particularly the case for those without tertiary education qualifications as illustrated in Figure 3.



**Figure 2:** Internet Access by older persons. Source: ABS 8146.0 2012/13



**Figure 3:** Internet Access by older persons in relation to level of education attainment. Source: ABS 8146.0 2012/13