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“WITHOUT PREJUDICE”

October 29, 2008

Attention: Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

**Victorian Government Rule Change Proposal
(Jurisdictional Derogation)
Advanced Metering Infrastructure Rollout**

Dear Dr Tamblyn,

This submission by Eco-Kinetics is in response to the Victorian State Government rule change proposal seeking a jurisdictional derogation establishing the Electrical Distribution companies in Victoria as the exclusive responsible person for the rollout of advanced metering infrastructure.

Background:

Eco-Kinetics (EK) is a Renewable Energy company with local branches in Queensland and Victoria. EK has established itself in its markets as providing quality renewable energy equipment at wholesale prices. The company has been successful in winning large community based tenders organised by Local Councils. This is mainly due to the purchasing power afforded by bulk buying arrangements and passing the savings onto residences that otherwise may not have been able to afford PV installations.

Projects include;

- 1kw PV systems – Brisbane City Council, Qty 2000+
- 1kw PV systems – Manningham City Council, Qty 150+
- 1 kw PV systems - 450+ systems for residences of Darebin, Banyule and Whittlesea City Councils
- Currently under Tender – Residents of Yarra Council

A requirement of the Victorian projects was to install Smart Meters capable of recording data in half hour intervals and also being read remotely. Residents also have access to the data via a webpage in order to see the affects of any energy efficiency changes applied within the household. The meters used are supplied by Metropolis Metering Assets and have been configured to take advantage of the new feed-in tariffs due to be ratified early in 2009.

Renewable Energy Industry – Affects of jurisdictional derogation

EK understands the reasons why the derogation has been proposed and agrees that it provides for scales of economy for distributors which could benefit the average consumer, however with respect to metering for PV and other renewable installations, the author acknowledges possible shortcomings and deterrents for consumers wishing to install climate friendly energy sources.

The following points should be considered in the final derogation;

- 1. Legislating for Monopolistic trading, leading to associated “cartel like” behaviour.**
- 2. Interval Meter vs Smart Meter**
- 3. Access to data**
- 4. Service Charges**
- 5. Uncertainties – Meter-churn and Use of Network Assets**
- 6. Future Feed-In tariff**

1. Legislation for Monopolistic Behaviour

The intent of the derogation with respect to making the distributors responsible for the metering roll-out is understood, that is, the cost benefits being realised due to scale of economies et-al.

In the case of PV installations, a type 4 meter will need to be used which will become a chargeable item by the distributors and currently their history on these charges has not been favourable to the consumer. Typically, Project Management Charges, Truck Call-out charges and Meter charges are all forwarded to the consumer. Currently these charges can be 200-300% higher than other metering providers charge for a superior meter with superior services. Given that this is the case under the current “contestable works” situation, it makes sense that it could be even higher in a monopolistic environment.

Although the ESC will determine fair and reasonable costs with respect to charges, it will be based on what the newly created electricity “cartels” will deem in their interest to pass on. In addition, the derogation gives no details on costs of collecting the metering data and how much of this will be passed to the consumer.

In order to continue offering cost-effective smart metering to our customers, EK expresses it’s will that Small Renewable Energy Generator (SREG) meter installations be considered a special case under the derogation and remains as contestable works.

2. Interval Meter vs Smart Meter

In Mr. Batchelor's letter to the AEMC dated 6th September 2008, it stipulates various objectives and timelines for these objectives to be met. Eco-Kinetics notes that the time scale being proposed for the remote data collection and meter control functions to be instigated as part of the AMI rollout is December 2012.

For all local Victorian council bulk buy contracts we are currently servicing, Smart Meters with full 2012 capabilities are being offered immediately. These are true Smart Meters and not Interval Meters which are currently being offered by distributors.

In order to continue offering advanced smart metering to our customers, EK expresses it's will that SREG meter installations be considered a special case and remains as contestable works.

3. Access to data

One of the biggest complaints received from customers about current metering practices is the discrepancies between usage and billing rates. This often occurs when meters are not read in a particular quarter and usage is based on previous billing periods.

Under the Manningham and other council schemes, we have negotiated that all residences have access to their usage data via a webpage. This can be used to compare billing amounts with actual usage thereby empowering the resident to pay for what he has used only.

Of prime importance in having data access is to determine the affects of energy efficiency (EE) measures in the household. The author has been able to evaluate the affects of EE measures such as changing light bulbs, affect of using Standby power savers, reduction of pool pump operation and installation of 1 kW Solar PV panels. This has led to a reduction in usage from 25 kWh/day average to about 10.5 kWh/day. By having access to real-time data and seeing the results first hand of energy efficiency measures it has encouraged further efforts in energy efficiency in our household.

Electricity Retailers and Distributors are in the business of supplying electricity at a certain rate. It is in their executives and company's best interest that consumers use as much electricity as possible. There should be no onus or control by these organisations to influence the outcomes of people's decision to become more energy efficient or install Renewable energy equipment.

In order to continue offering access to energy data to our customers, EK expresses its will that SREG meter installations be considered a special case and remains as contestable works.

4. Service Charges

Current on-going data provision and metering charges under the current arrangements with Manningham and other councils whereby Metropolis provide Smart Meters and data to the retailers for billing does not add any additional ongoing costs to our customers.

Current and ongoing charges for data collection and provision by the distributors under the derogation could not be determined. Since Metropolis can provide this service without an increase in service charges it stands to reason that the distributors should be able to do this also. However, given the derogation will allow for monopolistic business conditions, this is unlikely. It is acknowledged that the derogation provides for some regulation of costs, in the case of service charges this is unknown.

In order to ensure Service charges are kept at current levels, EK expresses its will that SREG meter installations be considered a special case and remains as contestable works.

5. Uncertainties – Meter-churn and Use of Network Assets

The derogation stipulates as part of its justification for exclusivity to distributors that it wishes to avoid Meter Churn (Having to swap meters if retailer is changed) and use of Network Assets to read Meters.

Under the current situation with Manningham and other Councils, the above concerns are irrelevant. The meter and data is provided by Metropolis/Centurion whom are registered NEMMCO agents. If a retailer is changed there is no need to change meters or provider. (i.e No Meter Churn). As a joint initiative between Manningham, Darebin, Banyule and Whittlesea Councils, Metropolis and Eco-Kinetics the Meters installed under these Bulk buy initiatives are designed to take full advantage of future Net Feed-in tariffs and are capable to be converted to Gross Meters should national requirements be mandated in the future.

Metropolis relies on mobile phone networks to transmit data to its data collection system. As such, no Distributor network assets are required.

It is envisaged that a business as usual approach with respect to Metering as provided to Manningham residences does not impact on a general AMI rollout, as such, EK expresses its will that SREG meter installations be considered a special case and remains as contestable works.

6. Future Feed-In tariff

The Victorian Government is proposing to introduce a feed-in tariff starting January 2009. Under the derogation it is uncertain how and when Solar PV installs will be able to actually take advantage of the higher feed-in tariffs. It is envisaged that distributors systems will take a while to become operational and actually pay residents their entitlements under this scheme.

Under the current model between eco-Kinetics, Councils and Metropolis our customers are ready to take advantage of the feed-in tariffs as soon as legislation is introduced.

It can be assumed that some time may pass before distributors are able to pass on the benefits of this scheme to residents thereby compromising the aims of the Feed-In tariff. A Department Of Primary Industry fact sheet stipulates that one aim of the feed-in tariff is to grow the renewable energy industry, advance renewable technologies and boost consumer take-up of power from renewable sources. All of these aims do not advantage Electricity Distributors hence some resistance to providing these tariffs is to be expected.

In order to achieve maximum pay-back benefits to our customers, EK expresses its will that SREG meter installations be considered a special case and remains as contestable works.

Conclusion/Summary

Given that self preservation, greed, ignorance and short term thinking has led us into a future whereby climate change may cause dire consequences to humanity and its environment; it stands to reason that we can not provide legislation that gives powers to companies to affect further climate change.

Taking a cynical but pragmatic view, it is obvious that Distribution companies should not have a monopoly (exclusivity) over all metering application. In a simplistic way, Small Renewable Energy Generators (residents with PV installations) are actually competitors to the distribution companies and giving control to the Distributors under this simplistic model is counter-productive and in breach of elements of the Fair Trades and Practices Act.

Eco-Kinetics and its partners can currently offer Smart Metering to its customers..... why should they have to pay more for an inferior meter and wait until 2012 for services that are available now.

It is EK belief that if the derogation passes unchanged it will result in reduced uptake of renewable energy generators due to increased costs and decreased services. It is EK's will that Small Renewable Energy Generators be treated as a special case under the derogations and that Meter and data provision remain as contestable works.

Thankyou for your consideration.



Richard Smaldino
General Manager.
