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The Australian Energy Market Commission
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Sydney South
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www.aemc.gov.au

EPR0018

**Request for Advice on Cost Recovery for Mandated Smart Metering
Infrastructure – Draft Statement of Approach**

Thank you for the opportunity to comment upon the Commission's *Request for Advice on Cost Recovery for Mandated Smart Metering Infrastructure – Draft Statement of Approach*.

Unbundling of metering services

The historical provision of distributor exclusivity for metering services is directly related to the manual reading requirements of accumulation meters. This was reflected in the original drafting of the National Electricity Rules, and jurisdictional derogations for manually-read small customers, whereby a contestable framework applied to remotely read meters for all customer types.

In the development of the national smart meter regulatory framework a predisposition towards a contestable framework is evident in a number of key documents including, the National Smart Metering Program Vision Statement, the MCE Statement of Policy Principles, Smart Meter Decision Paper MCE 13 June 2008, and the recent amendments to the National Electricity Law. In particular the following provisions are included:

- National Smart Metering Program Vision Statement:
 - efficient and flexible smart metering infrastructure that supports interoperability
 - permits adoption of new technologies
 - minimizes barriers to competition
- MCE Statement of Policy Principles
 - Promotion of competitive retail markets
- Smart Meter Decision Paper
 - Maximising retail competition and competition in new home energy services is critical in maximizing smart meter benefits
 - MCE remains open to further expansion of contestable metering beyond the roll out period. Regulatory and operational arrangements in the national framework should be designed with future flexibility on this matter in mind

The consistent themes in the above examples are the need for competition, openness and flexibility. Facilitating such an approach requires the unbundling of metering services from distribution use of system charges.

Uncertainty of anticipated costs and benefits

TRUenergy is concerned that the uncertainty regarding the anticipated costs and benefits of a smart meter roll-out is overstated in the draft statement of approach. Whilst the smart meter regulatory environment under a ministerial determination has not been finalised, it is expected to be shortly, whereby the requirements, obligations and responsibilities of the distributor under such a determination will be clearly specified. In this respect, the extent to which a smart meter roll-out could be considered exceptional relative to other infrastructure roll-out would need to be proven prior to any consideration that an alternative regulatory approach is necessary.

Operational benefits

Remote reading capabilities will provide immediate benefits to distributors, which must be immediately passed on. This includes the removal of charges for disconnection, reconnection, and special meter reads when conducted remotely.

Please contact me on (03) 8628 1122 if you require additional information.

Yours sincerely,

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