

16<sup>th</sup> August 2010

Regulatory Review – Smart Meters  
Essential Services Commission  
Level 2, 35 Spring Street  
Melbourne  
VIC 3000

By email:

[smartmeters@esc.vic.gov.au](mailto:smartmeters@esc.vic.gov.au)

## **Australian Power & Gas – Response to Smart Meter Draft Decision**

Australian Power & Gas (APG) welcomes the opportunity to provide comments on the Essential Services Commission (Commission) draft decision on the regulatory review of smart meters. APG would like to emphasise the point made in our previous submission on the smart meter regulatory review that any significant regulatory changes will only add to the need for further customer education. APG are concerned that the new regulations being proposed will lead to further customer confusion, and undermine the Smart Meter programme. Consumer education on smart meters is vital to ensuring the full potential from the roll out can be recognised.

A lack of consumer education will place retailers at a significant disadvantage in managing consumer enquiries. As retailers are generally the first points of contact for consumers seeking information, if the general level of consumer knowledge is low (on a significant issue such as smart meters) retailers will incur significant administrative costs in managing and educating consumers. It is also important that any regulatory changes receive the full support of the industry in order for the rollout to be a success.

APG is also concerned that a number of issues under review fall outside the scope of the regulatory review of smart meters. Further we would comment that the attempt by the Commission to regulate In Home Displays not only falls outside the scope of the review but is also outside the jurisdiction of the Commission all together. We provide further comments on this issue in our submission.

Should you wish to discuss any aspect of our submission please contact Thomas Jennings, Regulatory & Compliance Manager (Victoria) on (03) 8621 3701 or via email: [tjennings@auspg.com.au](mailto:tjennings@auspg.com.au)

Yours sincerely

**Shaun Ruddy**  
Manager Regulatory & Compliance  
Australian Power & Gas

### **Assisting Vulnerable Customers**

APG recognises the role it has to play in assisting customers experiencing hardship. However as the roll out of smart meters is in its infancy and with a recognition that smart meters may bring with them new issues and challenges APG would recommend a more light handed approach until appropriate evidence and knowledge can be gathered to support the need for any change to existing requirements.

We hold the view that the obligations as contained in the draft decision are unnecessary and will only add further cost to the administration of assisting vulnerable customers for little real benefit.

Retailers understand it is in their best interests when managing a vulnerable customer to ensure the customer is on the most appropriate arrangement to suite their individual circumstances. In attempting to define arrangements where by stating that retailers must offer a customer the "most cost-effective tariff" is concerning given the open interpretation of the term "cost-effective". If this term of reference is to remain retailers would require a greater level of clarity on what is meant by "cost-effective". In particular retailers would be interested in how the commission intends to review compliance with such an obligation.

APG believe at a minimum the wording contained in the draft decision should be amended to say the "most appropriate tariff".

### **Verifying the Accuracy of the Bill**

APG maintains the use of index reads for smart meters is inappropriate as they will be inherently inaccurate for use in verifying the accuracy of a customer's bill and will only lead to customer confusion and complaints. Further the requirement for retailers to include accumulation data on customer bills should not be imposed until such time as the obligation is placed on distributors to provide retailers with accumulation data. Currently distributors are not required to provide retailers with accumulation data until 2012. Therefore any retailer obligation should not come into effect until after 2012.

### **Estimated and Substituted Data**

The public policy objective of this obligation is unclear. Further the inclusion of this information on a customer's bill and a lack of understanding by consumers regarding estimated and substituted data will only give rise to further confusion and complaints. The potential level of customer impact from estimates and substituted data for smart meters should be less than that of existing accumulation meters. Given the roll out of smart meters is in its infancy we would urge the Commission to wait and review whether the use of estimates & substitutes for the billing of customers with smart meters is giving rise to issues of concern.

### **Tariff Notification**

APG is strongly of the view that notification of tariff variations is not an issue specific to smart meters and as such is outside the scope of the regulatory review of smart meters. If the Commission wants to review the provisions around notification of tariff variations then it should do so through a separate consultation process so it can be given due consideration.

### **Access to Billing Information**

The access to billing information is not an issue unique to smart meters and therefore does not reside within the scope of the regulatory review of smart meters. APG sees no need to revise existing obligations to account specifically for smart meters. Retailers understand that when requested to provide this information it is in a retailers best interests to provide information in a form that is easily useable.

We are concerned with the Commissions attempts to regulate the In Home Display (IHD). We hold the strong view that regulation of the IHD is outside the jurisdiction of the Commission. The IHD can be viewed as no more than an additional information appliance, and one that can be purchased in isolation of the knowledge of the energy retailer. It is expected that a number of third party suppliers will be seeking to provide add on services to customers with smart meters, including the provision of IHD. Given this (and notwithstanding that it is outside the jurisdiction of the Commission) it would be inappropriate for the commission to seek to introduce a set of obligations that govern the provision of an IHD when it is supplied by an energy retailer adding significant administration and management costs, when there are no similar provisions on other (non energy retailer) third party suppliers.

Further with technological advancements occurring at such a rapid pace it is an unrealistic expectation that retailers be expected to manage and maintain a data base of information for every type of IHD.

### **Remote Disconnection and Reconnection**

The current procedures around disconnections and reconnection do not change as a result of Smart Meters. Whether the disconnection can occur remotely is of no consequence provided the retailer has met all required obligations prior to completing the disconnection. We see no valid premise for a revision of the disconnection and reconnection procedures on the basis of the technology being employed to measure energy consumption.