



Department of Primary Industries

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Regulatory Review – Smart Meters
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Dear Dr Ben-David

Our Ref:

Regulatory Review – Smart Meters: Draft Decision

The Victorian Department of Primary Industries (DPI) welcomes the opportunity to make a submission in response to the Essential Services Commission's (ESC) Draft Decision in its review of the customer protection and energy market regulations for which it is responsible in light of the Victorian smart meter roll-out.

The ESC's Draft Decision demonstrates sensitivity to the on-going work of the Victorian Government in ensuring that the transition of customers to the new time-of-use tariff structures and other capabilities that are enabled by smart meters is a smooth and measured one. DPI considers that the ESC is prudent in its decision to defer determination of certain issues until this on-going work is more fully developed, noting that the regulations will be reviewed as the operation of smart meters evolves and relevant market, behavioural/demand side and policy developments transpire.

Following are comments on certain of the matters raised in the Draft Decision. Where an aspect of the Draft Decision has not been specifically referred to, it is because DPI is generally supportive of the position taken.

1. Assisting vulnerable customers – supply capacity control

DPI supports a decision to prohibit the offer of supply capacity control products to customers in retailers' hardship programs until 31 December 2013 (when the roll-out is scheduled to conclude).

However, DPI is conscious of concerns that the take-up of a retailer supply capacity control product by *any* customer may expose the customer to certain health and safety risks that may not be fully understood or foreseen by the customer or, at this stage, sufficiently addressed by the regulatory framework.

In light of these concerns, a decision to extend this prohibition to all customers during an initial transition period to smart meters would support the Government's policy intent to ensure a successful transition of customers to new products made possible by smart meters. A transitional prohibition would enable development of a regulatory and market environment in which customers are appropriately protected and informed.

However, aside from the credit management focus of the ESC's Draft Decision, care should be taken not to unduly constrain customers who see advantage in the take-up of retailer supply capacity control products that suit their needs or energy consumption goals. For this reason, a transitional prohibition, during which time the potential structure and operation of such products is closely examined and the adequacy of responding consumer protections tested, may be the most appropriate path.



In the coming period, the ESC should naturally also be mindful of any relevant policy developments occurring at the national level through the National Energy Consumer Framework process.

2. Third party load control

Whilst not specifically addressed in the Draft Decision, DPI is aware of concerns held by consumer advocates with regard to direct load control products which, in a smart meter environment, may potentially be offered to consumers by third parties. These concerns bear some similarities to the concerns relating to supply capacity control products and are supplemented by concerns regarding the entry of a new participant (i.e. the third party) into the electricity supply market.

Cognisant of these concerns, but also wary of avoiding undue constraints in this area, DPI considers that it may be appropriate for the ESC to establish a transitional prohibition on the access by third parties to the direct load control functionalities enabled by smart meters. During the transition period rules and protocols for such access could be carefully developed and tested.

3. Verifying the accuracy of the bill

(a) Total accumulated consumption

DPI strongly supports the Draft Decision in its requirement for retailers to show the total accumulated consumption read corresponding to the end of the billing period for all customers whose bills are derived from interval data. Combined with the previous bill, this would allow consumers to conduct a reasonable accuracy check of their bill in the way they do currently using the beginning and end reads stated on bills.

DPI would support any additional measures proposed by the ESC to make this exercise yet more straightforward for customers.

(b) Transitional measures

One aspect not yet touched on by the ESC is its facilitation of bill verification where a meter replacement occurs mid-billing cycle (which will be the typical scenario during the smart meter roll-out program).

To manage this one-off customer event, the ESC might consider regulating for the provision by the relevant distribution business of a final accumulation meter read statement which could be left at a customer's premises (or otherwise made available to the customer) upon completion of the meter upgrade. Alternatively, the customer could simply be reminded in the distributor's installation letter that installation is imminent and the customer should take the opportunity to note the current reading if this is likely to be of interest to them. Either option would assist the customer in the verification of their first bill post the meter upgrade.

4. Notification of variations to tariffs

DPI notes that the Draft Decision proposes the amendment of the Energy Retail Code so that retailers are required to notify their customers on market contracts of any variation to the retailer's tariffs at least one month prior to the date of effect. DPI supports this requirement to the extent it relates to customers who have been assigned to tariffs directly enabled by the smart meter roll-out

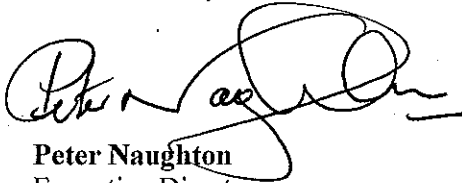
5. Enabling access to metering and billing data

DPI supports the new provisions proposed in the Draft Decision that seek to provide customers with historical metering information in a way which makes the information understandable and accessible.

It is worth noting that the Government is undertaking an examination of additional options for the provision of billing and consumption information to customers (such as web-portals) and the necessary frameworks and protocols that will ensure the success of these alternative access methods. In the interim, the ESC's Draft Decision provides a sound basis for the access of this information by customers.

We look forward to the ESC's Final Decision on proposed regulatory amendments.

Yours sincerely



Peter Naughton
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Energy Sector Development

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