

16 February 2011

Dear Khayen

## **SMART METER REGULATORY REVIEW — CAPACITY CONTROL AND VERIFYING BILLS**

Simply Energy welcomes the opportunity to comment on the ESCV's latest consultation process and apologises for the lateness of this submission. However, the Christmas-New Year period has been a busy period for consultations in the energy sector and we hope that the ESCV will still give our submission some consideration.

In responding to the ESCV's Capacity Control and Verifying Bills Issues Paper, we have also had the advantage of reviewing United Energy Distribution's response to the Issues Paper as published on the ESCV's website on the 7 February 2011. We fully support United Energy's view that the ESCV reassess the need to consult on these issues at this present time.

There are a number of reasons for this. First, as United Energy Distribution points out, there has been a change of Government in Victoria. We believe that it would be worthwhile waiting until after the new Government has had the time that it needs to determine a direction for the smart metering program.

Second, we note the large amount of work that is occurring at the national level under the National Smart Metering Program that remains a work in progress. The arrangements surrounding capacity control have been a particular focus of this process and any Victorian review of this issue will need to take into account what has been decided at the national level.

Third, the Commonwealth Department of Resources, Energy and Tourism has signalled its intention to undertake further consultations on the customer protections necessary for smart metering. As the industry moves toward national regulation, it is sensible to wait to see whether the national framework proposes solutions to the issues raised by the ESCV before determining that there is a need for jurisdiction-specific regulation.

Finally, Simply Energy believes that it is far too early in the Victorian smart meter program to meaningfully respond to the questions the ESCV has raised. The development and market for smart metering products and services remains immature because the industry itself is still learning the capabilities of the technology and what this may mean for customers. It seems a little premature to attempt to regulate products and services that do not yet exist.

We would also like to take this opportunity to comment on the ESCV's general approach to the issues raised. Simply Energy agrees with United Energy Distribution's comment that the ESCV appears to be starting from a premise that detailed and prescriptive regulation of capacity control and bill verification is necessary. However, no case for this position has been set out in the Issues Paper. Customers will need information to understand the new range of products and services that will be available to them under smart metering. However, retailers will have strong incentives to develop products and services that customers want and to provide ample information to customers to help them understand what is being offered. After all, if a retailer does not respond to these competitive pressures, then customers will just choose another retailer that does.

We have not responded to the specific questions that the ESCV has raised in its Issues Paper as we believe it is far too early in the process of rolling out smart meters to make a meaningful contribution.

If you would like to contact me regarding our comments, please call me on (03) 8807 1132.

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