

AUSTRALIAN ENERGY REGULATOR

570 George Street, Sydney, NSW 2000

24 September 2014

ELECTRICITY CUSTOMER SUBMISSION

From:

CHRISTOPHER HAYWOOD
57 North Street, Hadfield, Melbourne, Victoria 3046**Re: Electricity distributors' AMI Charges Revision Application 2015
to the Australian Energy Regulator (AER) in respect of:**

- (a) - **the amount of a charge** for manually reading the accumulation meter of an electricity customer who has declined the installation of a remotely read interval meter (smart-meter).
- (b) - **the frequency** of actual manual meter readings per year, as above.

I submit that the proposal to impose a separate charge for each manual reading of the accumulation meter of an electricity customer who has declined the installation of a remotely read electricity meter (smart-meter) is unwarranted for the following reasons.

- Firstly the charge would effectively amount to a **double charge** in respect of that specific task.
- Secondly, even if a charge was applied, the present regulatory requirements (in respect of customers with quarterly billing account cycles) enable distributors to **acceptably conduct only one (1) actual manual meter reading per year**.
- Thirdly the present **AMI Meter Charge**, which forms part of a distributor's regular **Supply Charge** to the customer, - **more than covers the distributor's manual meter reading costs for analogue meters** even if conducted at each and every billing period.

DOUBLE CHARGING

Any addition charge for distributors continuing to manually read analogue accumulation meters is not justified, as it would amount to a double charge for the same service task.

This would be the case because a component within the Service Charge of a customer's electricity account already exists for recovering the cost of recurring actual manual readings per year.

- To claim otherwise would be to maintain that distributors have previously employed meter readers and /or engaged contractors to carry out that service task without recovering that cost by charging customers. Such a claim is not credible.
- It is equally not credible should it be claimed that the AMI Meter Charge (i.e. smart-meter charge) when initially included into customers' electricity accounts as a component of the Service Charge, was a net amount that remained after the removal of a pre-existing component relating to analogue meter reading costs.



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The AMI Meter Charge, when initially included into the Service Charge was an amount that was added to the pre-existing level of the Service Charge. AER records would exist confirming that position.

Further supporting that position is that at the point where the AMI Meter Charge (smart-meter charge) was first applied to customer's accounts (as included in the Service Charge) the "End Date" (31 December 2013) for completion of the smart-meter rollout process was still some years away. In that regard a vast number of analogue meters yet to be replaced with smart-meters still had to be manually read. Even many installed smart-meters also had to be manually read due to the system not yet being fully operational or because of local area data transmission problems.

If it were claimed that the AMI Meter Charge (smart-meter charge) was a net amount that remained after the previous manual reading cost component within the Service Charge had been removed, then that would have to mean that **for several years** distributors were content to carry out **tens of thousands of manual meter readings free of charge**.

Considering distributors readiness to engage in 'gold plating' by regularly applying to the AER for the recovery of operational costs claimed to have been incurred by them **it is not believable that for several years those meter readings would have been carried out absolutely free of charge**. Hence the Service Charge in a customer's billing account would still have contained a component in respect of manual reading costs incurred by the distributor.

(NB. While the introduction of smart-meters has ostensibly been promoted as providing various benefits to electricity consumers a major reason for distributors seeking to implement the AMI Meter rollout is obviously based on cost savings to them. That being that they will no longer need to employ meter readers, or in any event, not as many meter readers. Given that motivation it is not a credible proposition that distributors would readily incur certain costs without recompense during a lengthy process of achieving their objective.)

REQUIREMENT FOR ONLY ONE (1) MANUAL READ PER YEAR

Even if applied, - despite then being a **duplicated charge** for the same service item, - (as previously outlined) the regulatory requirements regarding the frequency of actual manual meter readings permits distributors **to carry out only one (1) actual manual reading per year**, where quarterly accounts are involved.

In that respect distributors (or retailers) are then permitted to use 'estimated' meter readings for the remaining three (3) billing periods, which are based on a customer's usual electricity usage during a similar quarterly period for which the estimate applies.

Where estimated electricity readings are concerned some customers, for many years prior to the introduction of smart-meters, were acceptably able to phone in their own analogue meter readings to their retailer. Even now retailers such as AGL invite their customers to read their own meters and send the usage details back to them on-line.

Given those possibilities, and notwithstanding other reasons why further analogue meter reading charges would be inequitable, it is submitted that there could be **no justification for approving a charge for more than one (1) actual manual meter read of an analogue meter per year**.

AMI METER CHARGE TO ANALOGUE METER CUSTOMERS COVERS MANUAL METER READING COSTS

In November 2013, when proposing the imposition of additional fees for electricity customers who have declined the installation of smart-meters, the former Energy Minister, Nicolas Kotsiras, claimed that this would be necessary to ensure that *“the cost of running two systems are not spread to all consumers”*. (Ref. Herald–Sun, November 18, 2013)

However from the extent of the analogue meter reading charges presently being applied for by all but one distributor (which seeks \$31.07 per reading) it has become clear that any additional cost for also running a separate analogue meter system in parallel with the smart-meter system, is very minimal.

This perhaps is evidenced by *“AusNet’s approach”* in its Submission to the AER of electing not to even apply for the recovery of any manual meter reading costs for the 2015 year.

Moreover that election by AusNet, may well be considered as an admission that no ‘out-of-pocket’ expense would actually be incurred in any case. That being because 2015 manual meter reading costs would be recovered by a component within the Service Charge of an analogue meter customer’s billing account that still exists for that purpose (as already highlighted).

- Aside from other reasons why a further manual meter reading charge should not be applied to customers who retain their analogue meters they are also being forced to pay the AMI Meter Charge (i.e. smart-meter charge), **which would more than cover costs to continue manually reading analogue meters.**

In considering the equitable apportioning of running costs the history and implementation of the AMI system must be considered. In that regard despite the AMI system being the Victorian Government’s policy, its legislation, - via Orders in Council (OIC), - **did not impose any absolute mandatory requirement upon electricity customers** who consume less than 160mwh per year. That being to an extent that specifically directed that all such customers **must** accept the installation of a remotely read interval meter (smart-meter).

Rather, the mandatory requirement imposed by the government’s OIC’s were directed solely at the distributors. Even then the mandatory aspect of the obligation on distributors was limited, - and not an absolute direction. That being, because the wording of the legislation did not specify that distributors “must” install remotely read interval meters (smart-meters). It only directed distributors to use their *“best endeavours”* to install remotely read interval meters (smart-meters) by a specified *“end date”*.

In view of that position the costs for developing, rolling out and maintaining the smart-meter system and the subsequent recovery of those costs, **cannot be justifiably based on those costs being spread over the total number of Victorian customers within a particular distributor’s network area**. That is because, for a variety of reasons, - especially including health considerations, - **not all such customers wished to have a remotely read interval meter (smart-meter)** and accordingly declined to have one installed, being fully prepared to forego any personal benefits alleged to be available through the use of those meters.

Yet despite tens of thousands of Victorians declining a smart-meter the recovery of the system costs involved, via distributors’ AMI Meter Charge (smart-meter charge) has been determined by also spreading costs over those electricity customers. In that regard where any cross-subsidising of electricity systems might be concerned **it is actually the electricity customers that are retaining their analogue meters who are contributing to the cost of running the smart-meter system** by being forced to pay the AMI Meter Charge (smart-meter charge). That is rather than the opposite situation as implied by the former Energy Minister Kotsiras.

- If the proposed ('new') charge for manually reading analogue meters is to be justifiably applied **the AMI Meter Charge (smart-meter charge) as presently applied to analogue meter customers, should be entirely removed**, - as should also be the component for manual meter reading costs that already exists within the Service Charge in the billing accounts of those customers.

Signed 