



21 April 2017

Mr Chris Pattas
General Manager, Networks
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3000
via electronic mail: essentialenergy2019@aer.gov.au

Dear Mr Pattas,

RE: Preliminary framework and approach, Essential Energy, Regulatory Period 1 July 2019

The NSW Irrigators' Council (NSWIC) and Cotton Australia, on behalf of irrigators and growers in NSW, appreciate the opportunity to comment on the preliminary framework and approach for Essential Energy for 1 July 2019.

Our comments in relation to the AER's decisions will be limited in this submission to metering arrangements and the ongoing impacts on irrigators and growers as our members are moved on to cost reflective tariffs.

Metering arrangements

Smart meters at end-user premises, as opposed to simply metering energy use for bulk billing purposes, are required to provide usable information. Smart meters allow both distributors and end users to have better information on how energy is consumed, and to better control that use, including in the monitoring of end-user generation systems.

We have significant concerns regarding the current arrangements around metering to be implemented in the upcoming regulatory determination period. Our concerns are as follows:

- The approach of smart meter roll out that will occur on an 'as needs' basis. We believe this will generate significant confusion amongst consumers, as some consumers will need to contact their retailer while their 'next door neighbour' might need to contact their network provider.
- Consumer lack of awareness in relation to property access or if indeed there will be a requirement for ongoing property access with an upgrade to metering arrangements. For many of our members they have had the same employee accessing their property over many years. The implementation of smart meters will negate the need for meter reading services. Without significant consumer education or communication there will be confusion



among our members as to whether they will need to provide meter reading access and who will be carrying out meter reads on their property where that is still required to occur.

- The transitional arrangements for the write-off of metering charges remain unclear. We would like to see some ongoing clarity around the transition / removal of metering components from the RAB.
- The lack of clarity around transition of customers to smart meters will translate to a lack of clarity on the 'write off' of metering RAB.

Cost reflective tariffs

As part of the upcoming regulatory period, 185 NSW primary producers will be forced to switch to 'Time of Use' or 'Demand Driven Tariffs' which will result in cost increases of up to 100 per cent with no corresponding change in electricity use.

Our members in many cases have no transparency around the cost impacts associated with this transition to a demand driven tariff, as in many cases they are moving from an obsolete tariff to a demand based tariff. This means that they are required to install interval or smart based meters but have no time to observe energy use - in relation to peak internal charging periods – to assess what the impacts will be on overall price paid for electricity. This represents a significant concern and stress for our members, as they cannot accurately assess the requirement for behind-the-meter investment nor have any understanding of what their ongoing energy costs will look like. For many of our members the only visibility of impact will be when they receive their first bill under the new pricing regime from 1 July 2017. This is a significant concern.

While the AER states that the aims of the rules are:

- *Providing better price signals—tariffs that reflect what it costs to use electricity at different times so that customers can make informed decisions to better manage their bills.*
- *Transitioning to greater cost reflectivity—requiring distributors to explicitly consider the impacts of tariff changes on customers, and engaging with customers, customer representatives and retailers in developing network tariff proposals over time.*
- *Managing future expectations—providing guidance for retailers, customers and suppliers of services such as local generation, batteries and demand management by setting out the distributor's tariff approaches for a set period of time.*

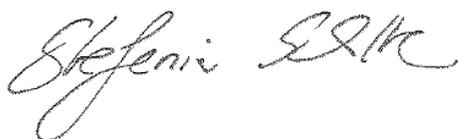
We would argue that our members have not been provided with the information to be able to make decisions according to price signals, and given the high proportion of residual costs within demand based tariffs, these are not necessarily representative of long run marginal costs. This is particularly



so where our members were responsible for capital costs of installation of their power lines and gifted these back to the network at no cost.

We request that the AER consider avenues where growers and irrigators have the ability to access 12 months of interval based data prior to moving on to cost reflective tariffs. We believe that a similar approach will be required as smart meters roll out across the NEM.

Should you have any further questions or would like to seek further clarification on any of the issues raised in our joint submission, please contact Stefanie Schulte (NSWIC) – stefanie@nswic.org.au or Felicity Muller (Cotton Australia) felicitym@cotton.org.au .

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Stefanie Schulte
Policy Manager
NSW Irrigators' Council

A handwritten signature in black ink, appearing to read "Felicity Muller".

Felicity Muller
Policy Officer
Cotton Australia