

POWERCOR AUSTRALIA LTD

**SUBMISSION TO THE AUSTRALIAN
ENERGY REGULATOR**

ALTERNATIVE CONTROL SERVICES

**ADVANCED METERING
INFRASTRUCTURE:**

REMOTE METERING SERVICES

14 September 2012

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AMI SERVICES CHARGES SUBMISSION

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1. Background

In February 2011 the Australian Energy Regulator (**AER**) released the *Final Decision Victorian electricity distribution network services providers, AMI Remote Services Charges (Remote Final Decision)*. In this Remote Final Determination the AER indicated that “DNSP’s (Distribution Network Service Providers) will be required to submit to the AER statements for approval of AMI Remote Services Charges for 2013 onwards by 31 August 2012”¹.

On 14 August 2012 a joint letter from CitiPower, Jemena, Powercor, SP Ausnet and United Energy was sent to the AER requesting that the AER delay the commencement of its review of AMI Remote Service charges until 31 August 2013 and continue with current charges being held constant in real terms.

The AER responded with a letter on the 31 August 2012 noting that they are required to complete a review in accordance with *Electricity Industry Guideline No. 14 Provision of Services by Electricity Distributors (Guideline 14)* and the AMI Order in Council (**AMI Order**). Therefore the AER has requested that Powercor submit a statement of proposed charges and terms and conditions by no later than 14 September 2012.

This application provides a pricing proposal for AMI remote services (**AMI Services**) including the following services:

- Remote Re-energisation;
- Remote De-energisation; and
- Remote Meter Reconfiguration.

This submission is being made in accordance with Guideline 14.

1.1 Guideline 14 Requirements – Section 5.5

Section 5.5.2 of Guideline 14 details the minimum information the distributor must provide when proposing a change to the excluded services statement, these are outlined in sections 5.5.1(a), (b) and (d).

1.1.1 A description of the service provided must be detailed as outlined in 5.5.1 (a)

AMI Remote Services Charges:

- Remote Re-energisation - this service includes the receipting and performing a request from an authorised agent to connect a customer’s supply at the meter by way of using the AMI infrastructure.

¹ Victorian electricity distribution network service providers, AMI remote services charges, February 2011, Section 5.4, page 20.

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- Remote De-energisation - this service includes the receipting and performing of a request from an authorised agent to disconnect a customer's supply at the meter by way of using the AMI infrastructure.
- Remote Meter Reconfiguration – this service includes the receipting and performing a request for a change to a meter configuration from an authorised agent and, where possible, undertakes that meter reconfiguration via the AMI infrastructure.

1.1.2 An explanation for any change in the distributor's proposed charge must be detailed as outlined in 5.5.1 (b)

Powercor is proposing to maintain the structure, time and effort as outlined in its previous proposal model submitted in 2010. This proposal effectively includes an escalation of the previously approved charges.

1.1.3 Details of what is required of the distributor in providing the service is required per 5.5.1 (d)

AMI Services as proposed in this application typically involves the following steps:

- receipt of a request for AMI services;
- validate that the service can be performed remotely;
- validate that request conforms to business rules to ensure customer expectations and maintain the health and safety of customers and staff;
- execute the work instruction via the AMI infrastructure; and
- confirm back to the requestor the outcomes of the work activity

In developing these services Powercor has used back-office labour charges related to these services, there is no field labour component in these charges.

1.2 Guideline 14 Requirements – Section 5.6

Section 5.6.2 of Guideline 14 highlights the principles that the AER will consider when deciding whether charges are fair and reasonable.

1.2.1 Cost of service provision as outlined in 5.6.2 (a)

When the initial application for Remote Service Charges was submitted in 2010 Powercor had not yet commenced providing remote AMI services. Therefore, Powercor had provided a submission based on a reasonable estimate of costs that would be incurred to provide semi-automated service. A semi-automated service includes a combination of manual back-office labour and automated processes to deliver the remote services.

Since the 2010 submission Powercor has started providing some remote AMI services, however due to unforeseen factors, delays occurred that meant Powercor has not been

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able to collate enough information around actual costs associated with providing AMI Services as expected.

One of the factors that contributed to the delay was the process undertaken with Energy Safe Victoria to ensure customer safety when supplying remote services. The speed in which the AMI roll out occurred also created delays. Finally Retailer uptake has been slow with only two participating in the scheme to date. All of this meaning Powercor has not been able to perform the tasks over a period of time to collate sufficient information around actual costs. For these reasons Powercor proposes to continue with the charging (based on reasonable estimates) approved in the last review escalated for CPI.

Although these factors resulted in Powercor delaying provision of the remote services, no additional net costs were incurred by Powercor when providing alternatives to remote services. This is because the field based equivalent services costs are all recovered through Fixed Fee Alternative Control Services Charges.

Remote Reconfiguration

The Remote Final Decision noted the description and non-exhaustive list of service which the remote meter reconfiguration charge would apply to:

A meter reconfiguration is a change to the software in the meter that enables changes to parameters for a specific meter function. Examples of meter reconfigurations include:

- *Changing the switching times for controlled loads*
- *Changes associated with the installation of embedded generation and/or the premium feed in tariff*
- *Implementation of supply capacity.²*

Although this list of examples was noted in the final decision, Powercor has only processed meter reconfiguration requests for “changes associated with the installation of embedded generation and/or the premium feed in tariff”. Therefore there is no additional information cost data available for the services that have Powercor has not been performing.

The AER noted in the Remote Final Decision that over time the DNSP’s ability to automate and batch processes for Meter Reconfiguration would improve and therefore the efficiency associated with manual intervention, would improve significantly³. Batching is already incorporated to the maximum extent possible and therefore there is no structural difference to the original submission.

Details of the costs can be seen in the models listed in Appendix 2.

² Victorian electricity distribution network service providers, AMI remote services charges, February 2011, Section 5.2, page 17.

³ Victorian electricity distribution network service providers, AMI remote services charges, February 2011, Section 5.2, page 19, paragraph 3.

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1.2.2 Cost allocation as outlined in 5.6.2 (b)

Costs incurred by Powercor in providing services are allocated in accordance with the approved *Cost Allocation Methodology (CAM)*, accordingly the costs for these services are allocated to Alternative Control Services and not included in Standard Control Services.

1.2.3 Cost differentials as outlined in 5.6.2 (c)

Powercor has developed differential pricing across each AMI Services type. It does not see any reason to differentiate pricing across customer class, region or any other segmentation.

1.2.4 Simplicity as outlined in 5.6.2 (d)

To simplify the pricing structure, Powercor has distilled all of these cost inputs into a common model to develop a single price for each service type.

2. Summary of proposed charges

Powercor has developed AMI Services prices and these charges reflect the cost of providing AMI remote services.

Powercor's AMI Service charges are shown in Appendix 1.

Finally Powercor proposes that these charges be escalated year on-year in accordance with the rate of change of the equivalent field based services as outlined in the Final Decision until 2015.

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APPENDIX 1 – Proposed rates

The following AMI Services alternative control services are to be effective from 1st January 2013.

AMI Service Type	Fee per service (\$'2013) GST Exclusive
Remote Connection	\$5.81
Remote Disconnection	\$5.81
Remote Meter Configuration	\$30.79

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APPENDIX 2 – AMI Services rates model.

The attached model can be accessed in the electronic version of this document.