

1 February 2013

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### **Submission to Discussion paper - Classification of metering services in NSW**

Simply Energy welcomes the opportunity to respond to the Australian Energy Regulator's (AER) Discussion Paper on the classification of metering services in NSW.

Simply Energy is a leading electricity and gas retailer operating in New South Wales, Victoria, South Australia and Queensland. Simply Energy is also a member of the Energy Retailers' Association of Australia (ERAA) and we fully support the submission provided by the ERAA.

We support the AER's recommendations to unbundle type 5 and 6 metering services from distribution use of system (DUOS) charges through classification as alternative control services. We believe that this new level of transparency will allow customers to better understand the cost components of their energy bills. This will help facilitate the uptake of new metering products and services which, in turn, can enable customers to make more informed choices about their energy use.

We were disappointed, however, that the AER's recommendations stopped short of classifying energy data services as alternative control services.

Energy data services can be efficiently delivered by the competitive market. There are no significant barriers to entry nor are there declining economies of scale in delivering these services that would warrant their treatment as a monopoly service. Further, the benefits of reclassifying meter provision, maintenance and reading services are unlikely to be realised while energy data services remain bundled.

Should a customer seek to engage a provider to perform meter reading and energy management services, for example, it would make sense for this provider to also manage the customer's energy data. However, under the AER's proposal the customer would need to pay twice for energy data services. While bundled with the DUOS charges, they are paying the distributor for energy data services which they do not require. This unnecessary cost may erode the case for the customer engaging an independent provider at all.

The Discussion Paper indicates that DNSP's energy data service costs are fixed, regardless of the number of customers with each meter type. We believe that a business' past investment decisions do not justify the exclusivity of a service. Allowing other providers to compete on price and service offering will ensure efficient costs and customer choice.

We also note that the AER's recommendation is inconsistent with the Australian Energy Market Commission's recommendations in its Power of Choice review final report, which recommends all metering services,

including data services, should be open to competition<sup>1</sup>. Given the AER seeks to align with the AEMC regarding the competitive delivery of other metering services, it is unclear why the AER has departed from the AEMC on this matter.

Should you wish to discuss further, please contact Jenna Polson on 03 8807 1171, or [Jenna.Polson@SimplyEnergy.com.au](mailto:Jenna.Polson@SimplyEnergy.com.au)

Kind regards,

Dianne Shields

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<sup>1</sup> AEMC, *Power of choice review - giving consumers options in the way they use electricity*, Final Report, Nov 2012, p. 82