

12 February 2010

OPEN LETTER
REGULATORY REVIEW – SMART METERS
CALL FOR SUBMISSIONS

The Essential Services Commission (the Commission) is seeking interested parties' views on the issues which should be addressed in the review of energy regulations to accommodate the operation of smart meters in Victoria.

Smart meters are being rolled out to all Victorian households and small businesses over the next 4 years, commencing September 2009.

The new smart meters - also known as advanced metering infrastructure (AMI) - will provide two-way communication between customers' electricity meters and their power company. This will allow customers to access accurate electricity meter readings, which will be updated every 30 minutes.

Smart meters also will make it easier for power to be connected and disconnected when customers move house, and for outages to be identified and power restored more quickly.

This new metering technology will require some changes to the regulations which currently protect domestic and small business customers in Victoria. The existing regulations, which are overseen by the Commission, are designed for an energy market where meters are manually read and information about their electricity use is provided to most customers on their quarterly bills.

The Commission therefore is reviewing its customer protection and energy market regulations to ensure they are appropriate for the commencement of the operation of smart meters. The review will look at the relevant distribution and retail regulatory instruments.

The matters to which the Commission will be giving attention include the changes, if any, that need to be made to the existing regulations to ensure:

- Customers are provided with transparent and accessible information to enable them to understand the basis of their bills and to manage their energy consumption
- The procedures in place to facilitate premises being remotely connected and disconnected from supply are sufficiently robust to protect customers from errors in connections and disconnections

- Customers who experience difficulties paying their bills receive adequate assistance if their account cycles change because of smart meter billing.

The Commission also will be in a position to provide information to the Government on the standing offer and market offer tariff structures published by the retailers and how these may evolve as time-of-use tariffs become more available with smart meters. This information will inform the Government's analysis of the potential distributional aspects of time-of-use pricing on various customer groups.


Some work already has been undertaken which will inform the Commission's regulatory review. This work includes the 'Smart Meter Customer Protection and Safety Review – Draft Policy Paper One' published by the Ministerial Council on Energy Standing Committee of Officials and the 'Customer Protections and Smart Meters – Issues for Victoria' paper produced by the St Vincent De Paul Society, National Council. Both these documents were published in August 2009.¹

The timetable for the 2010 review is:

- End February - Advertise the scope of the review
- Early March - Workshop with interested parties
- End March - Release Issues Paper
- April - Workshop with interested parties and submissions on Issues Paper
- End May - Release Draft Decision and proposed regulatory amendments
- June - Submissions on Draft Decision
- Mid July - Release Final Decision and final regulatory amendments

At this stage, interested parties are invited to make submissions on matters which should be considered in the review scope.

Submissions should be sent by **24 February 2010** to khayen.prentice@esc.vic.gov.au. Queries can be directed to Wendy Heath, Senior Manager, Regulatory on (03) 9651 0214.



Dr Ron Ben-David
Chairperson

¹ The MCE paper is at http://www.ret.gov.au/Documents/mce/emr/smart_meters/default.html. The St Vincent De Paul paper is at <http://www.vinnies.org.au/home-vic>.