

24 February 2010

Regulatory Review – Smart Meters
Essential Services Commission, Victoria
Level 2, 35 Spring Street
Melbourne VIC 3000

Attention: Khayen Prentice

Regulatory Review – Smart Meters Call for Submissions

Simply Energy welcomes the opportunity to comment on the proposed scope of the Essential Services Commission's smart meter regulatory review, as requested in the Commission's Open Letter of 12 February 2010.

The Commission's review comes at a time when considerable public attention is being given to consumer protection measures to address the impacts of smart meters. The papers referred to in the Open Letter – those of the Ministerial Council on Energy Standing Committee of Officials and the St Vincent De Paul Society – may help to inform the Commission on issues for consideration. However, in undertaking its review, the Commission needs to perform its own analysis, mindful of the objectives that the AMI project is intended to achieve. Importantly, these objectives include enabling more transparent pricing signals, and providing incentives for customers to manage their electricity demand. The Commission should also take into account other avenues for meeting social policy objectives (such as addressing a perceived risk of customer hardship resulting from the project), for example by direct Government assistance. In this regard, it is important that the Commission liaise closely with the Department of Primary Industries, the AMI Program Office, the Department of Human Services and other key stakeholders in the AMI project.

Of the areas the Commission has identified that require attention, Simply Energy makes the following comments:

- Provision of transparent and accessible information to enable customers to understand the basis of their bills and to manage their energy consumption

The Commission should seek to ensure that any regulation of the provision of information is light-handed. Retailers should be given the opportunity to innovate, and should not be limited in the manner and form in which information is presented.

- Procedures for remote connection and disconnection of supply

Energy Safe Victoria, in conjunction with network and retail businesses, has been addressing the safety aspects of remote connection and disconnection. A significant amount of work has already been done and the process is nearing a close. The Commission should consult with ESV and seek to ensure that it does not duplicate work already complete or underway.

In addition, Simply Energy submits the review should also consider the following:

- Changes to network tariffs

Where a network business moves a customer onto a new network tariff, a retailer must be able to move the customer onto a corresponding retail tariff. Consideration needs to be given to whether the Energy Retail Code permits or facilitates this, whether in respect of customers on a standing offer contract or market contract.

- Monthly billing

With network businesses moving to monthly billing, retailers must be capable of billing customers monthly. Under the Energy Retail Code, shorter billing cycles are possible with the customer's explicit informed consent. However, the change in network billing necessitates consideration of whether retailers should be permitted to move customers (whether standing offer or market contract customers) to monthly billing without obtaining explicit informed consent. This would also require further review of treatment cycles that better match monthly billing.

- Substituted reads and adjustment of bills

Consideration needs to be given to the content of bills for smart meter customers; in particular, the disclosure of substituted meter reads in the context of a significant increase in the amount of meter data available. Any obligations placed on retailers should take into account that the obligation on the networks in relation to daily delivery of data only comes into effect on 1 January 2012.

The review should also consider how adjustments to customers' bills should occur in the event that substituted reads are provided to the retailer after the customer's bill is issued.

- Product disclosure

It is noted that smart meters enable new tariff structures to be introduced, and consideration needs to be given to presentation of this information. For example, where demand tariffs are introduced, it will not be possible to quote a monetary value of the demand component, given that this is subject to the customer's peak consumption; in this case, the formula for calculating the tariff, or the range within which the tariff will fall, may be more appropriate.

- Demand management services offered by non-retailers

Consideration should be given to regulation of parties that may offer demand management services and that are not energy retailers. This is particularly the case where demand management offerings impact the relationship between the retailer and the customer.

Finally, thought needs to be given to the timing for implementation of any changes to the existing regulatory framework. There are two factors that will influence this. First, the Victorian Government has initiated customer consultation on the customer impacts of smart meters, and the results of this work and the Government policy decisions that come out of it may change the landscape for the regulatory review. Second, retailers have already done, or committed to, significant AIMRO system developments. To the extent that regulatory changes require further system development, retailers will require long lead times.

Please feel free to contact me if you would like to discuss this submission further.



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Yours sincerely

A handwritten signature in black ink, appearing to read "Alex Fleming".

Alex Fleming
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