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**Submission by Central Victorian Greenhouse Alliance  
to *Essential Services Commission of Victoria, Regulatory Review of  
Smart Meters. April 2010.***

**25th May 2010**

**By Email to:** [smartmeters@esc.vic.gov.au](mailto:smartmeters@esc.vic.gov.au)

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The Central Victorian Greenhouse Alliance, comprising 14 local governments, and several businesses and community organisations, is playing a key role in creating sustainable, climate-aware communities and profitable, climate-friendly economies in our region.

The Central Victorian Greenhouse Alliance (CVGA) welcomes the opportunity to provide comment on the Essential Services Commission's *Regulatory Review of Smart Meters (open letter)*.

CVGA supports a process of review of the regulatory framework in Victoria to ensure that consumers are adequately protected in the roll out of smart meters and the associated introduction of 'time of use' tariff structures by both the Distribution Network Service Providers and Electricity Retailers.

It is noted that in the schedule for the 2010 review that the ESC's Final Decision and final regulatory amendments will be issued in mid-July.

CVGA supports the review being finalised prior to the Australian Energy Regulator making a ruling on the proposed AER's review of pricing for the Victorian Distribution Network Service Providers (DNSPs) for the period 2011-2016.

With no smart meter provisions in the current National Energy Customer Framework (NECF), CVGA asks the ESC to ensure that the regulatory framework adopted in Victoria has provisions to allow for future smart meter provisions incorporated into the national framework.

Given the scope of the review, the CVGA submits the following for the ESC's consideration:

***Customers with Embedded Small Scale Generation Capacity are Excluded from Full Range of Retail Offers.***

Discrimination against small scale generators, by retailers restricting market contract offers to generators receiving a feed-in tariff is being experienced by customers within our region.

Following the installing of embedded small scale generation at their premises and seeking grid-connection, many customers found themselves offered market contracts with terms and conditions that were significantly less attractive than their original market contract.

CVGA is concerned that the roll-out of Victorian smart meters, will allow retailers to further restrict the ability of Small Scale Generators to access the full range of available retail market contracts and limit their ability to benefit from the introduction of 'time of use' (ToU) tariff structures.

CVGA believes that the full range of time of use tariffs should be available to all customers including those with small scale generation capacity connected to the network, and this should not affect the customers entitlement to the premium feed in tariff for energy exported to the grid.

CVGA believes that restricting the ability of small scale generators to access the full range of retail time of use tariffs and the premium feed in tariff will act as a disincentive to one of the objectives of the AIM rollout which was to use pricing signals as a driver to reduce usage during times of peak load. CVGA believes there is a large potential for embedded small scale generation to augment traditional generation at peak times and hence defer large levels of network and generation investment required to service the networks ever increasing peak load.

### ***AIM and Electricity billing***

There is a wide scale lack of understanding within the various customer sectors (residential, business and industrial) regarding the information displayed on retail power bills and how this relates to energy usage. CVGA's C500 project showed that most domestic customers have difficulty interpreting the basic data provided by retailers to their benefit. We believe that without extensive and simplistic education of the customer base, the establishment of ToU tariffs will result in extensive consumer confusion and extensive negative consumer sentiment. The need for a sizable education program and Given the smaller contribution of residential consumption to the overall Victorian power usage profile, CVGA believes that it may have been advantageous initially limit the introduction of ToU tariffs to the business and industrial sectors and use small test rollouts of domestic AIM and ToU tariffs to determine if they will be an effective driver in changing energy use behaviour.

CVGA recommends that initially,

- ToU tariffs structures should not be introduced as a compulsory option.
- That ToU retail offers must be accompanied with an extensive education program and that offers should include a (2-3 billing cycle) cooling off period.
- Changing of Billing cycles to a monthly from quarterly cycle should not be compulsory.

If the intention of ToU is to encourage load shifting from peak times, an extensive safety net must be in place to prevent the disadvantaged members of our community being adversely affected. As these groups in our community are least able to Shift their usage patterns and afford to pay the higher costs of energy during the peak periods.

### ***Customer Access to meter data.***

CVGA requests the review consider that provisions be made for easy, timely and inexpensive access to metering data by the customer or their nominated third party.

And that this data access be either via direct access to the AIM (USB port) or supplied in a easily accessible standardized digital format by the retailers. This would enable customers and independent agencies to gather usage data to enable the assistance of the customer in managing their energy usage patterns.

### ***ToU Tariff rollout***

CVGA believes that while it is necessary for a energy pricing driver to be introduced into the network and retail pricing system to encourage a reduction of energy usage at peak times, from our experience there is a limited capacity of the residential customer base to change their usage patterns without extensive support from both retailers, government and independent organisations with experience in energy efficiency measures.

### ***Standing offers and notification of Tariff change.***

CVGA requests the ESC consider whether the existing “standing offer regulations” will continue to provide adequate customer protections in the light of ToU tariffs. We ask the ESC to review of whether customers on a standing offer should have a choice of tariff structure.

We ask the ESC review the time required for retailers to inform customers of changes to their tariff structure. This provision needs to be reviewed as the change in tariff from a flat tariff onto a ToU tariff will significantly impact customers.