

Submission to Power of Choice Review Stage 3 DSP Review

I wish to make a submission to the Power of Choice Review. I attended the public forum in Melbourne on October 3, 2012, and observed that I was probably the only true 'residential consumer' amongst a sea of business people representing various government agencies, private companies involved in the wholesale supply, distribution and retail sale of electricity, plus a number of consultants dealing with the electricity industry!

I note that some of the key features of electricity consumption are:

- overall electricity consumption appears to be tapering to a flat rate (possible because of economic restraints)
- that there is around 48 - 50 days of the year that experience a 'super peak' consumption (ie a significant 'blip' above the average peak day demand)
- it is this 'super peak' component that is the principal driver for increased investment of network improvements - the cost of which is a significant component of the consumers electricity bill (rather than 'carbon tax', profit gouging by power companies etc, as identified in the Choice Survey of household consumers!!)
- the marginal cost to wholesalers for the supply of this 'super peak' demand is very significant - it can amount to around 20 times the normal wholesale peak period supply cost
- the very high cost of this super peak electricity is amortized at present over the whole year, and thus there is no incentive at the consumer end to reduce electricity consumption during these 'super peaks'
- that the 'over' investment in distribution assets to meet this 'super peak' is borne by all consumers

My views on Power of Choice, is as follows:

- Smart meters should be rolled out to all levels of consumers
- in respect to Question 7 of the Draft Report, I believe that the minimum functionality of Smart Meters (for residential consumers in particular) include ability to *display* and record interval consumption on a half hour real time basis; and also include the ability to show to the consumer the actual price being charge for that interval period. Desirably the Smart Meter should have the ability to alarm or SMS the consumer when a preset hourly \$ threshold occurs
- The Draft Report refers to 'Efficient and Flexible pricing options' and that small to medium consumers would stay on a flat tariff by default with the option to select a retail offer which may include a time varying network tariff. I **strongly** believe that the default should be a time varying network tariff. My view is that Australians are very price conscious and they will readily modify consumption accordingly if given real time pricing options. By way of example Australians have readily taken to smartphones (second only to Singapore) and despite a huge plethora of mobile plan options - and complex in their variety; nevertheless have broadly been able to determine options. The choice for residential electricity consumers would be substantially easier. It is patronising to think otherwise.

- An oft reported outcome with residentially PV users is that they achieve an overall lower energy consumption, and lower costs because of more conscious of when they have to pay for supply from the grid
- A further feature of extending real time pricing to residential customers is that it is more likely to drive overall energy consumption lower, for the benefit of consumer and the environment
- it will be important for the regulator to ensure that there is a common terminology that is used by **all** retail suppliers in respect to TOU, seasonal TOU, RTP.
- I believe that residential consumers should be offered at least TOU tariffs and RTP tariffs

To assist residential consumers, and particularly 'vulnerable' consumers, I would suggest that smart meters are developed so that they will indicate both the current pricing under a flat tariff, and the TOU, based on their consumption. This should ideally also have an accumulative element. There is nothing more educative than seeing what you are missing out on!

I note your comments in respect to TOU participation on page 101; ie that an opt-out approach may result in 80% uptake, whereas opt-in may be only 20%. I suspect that a significant aspect of consumption in super peak periods is due air-conditioners - many from residential users. Thus to impact on this 'super peak' it is vital that the 'opt-out' for residential consumers is the default position.

Submission by:

Peter Carter (residential consumer)
78 Woodhouse Grove
Box Hill North 3129
tel 0428 347 897