

Australian Energy Market Commission
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Sydney South NSW 1235



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**RE: Consultation Paper 14 November 2013:
National Electricity Amendment (Expanding Competition in Metering and
Related Services) Rule 2014**

Dear Commissioners,

As the peak body for the community services sector in South Australia, SACOSS has a long-standing interest in the delivery of essential services. Our research shows that the cost of basic necessities like electricity impacts greatly and disproportionately on vulnerable and disadvantaged people. Our advocacy is informed by our members; organisations and individuals who witness these impacts in our community.

The South Australian Government removed price regulation and adopted the National Energy Customer Framework on February 1st, 2013. This makes South Australia the only jurisdiction to have both deregulated prices and adopted the NECF. Recent reports by the AEMC¹ and the Victorian Essential Services Commission (ESCV)² also highlight that South Australia continues to have both the nation's highest electricity prices and highest rates of electricity disconnections for failing to pay bills on time.

SACOSS is of the view that the metering-related issue of most immediate importance to the consumers we represent is the availability of monthly billing based on actual meter reads at no-cost or low-cost. Overall, while there are many other benefits of smart(er) meters, SACOSS is concerned that the distribution of costs and benefits between consumers may be such that a net benefit does not accrue to the consumers we represent.

On this and other energy market issues, SACOSS seeks to ensure that the rules of the electricity market align the commercial interests of market participants with the long-term interests of consumers. The next generation of metering infrastructure for South Australia's over 800,000 small customers must occur in such a way.

If, for example, each new meter costs \$400 to install, replacing all of these meters would be worth over \$300m. This is certainly a market of a scale that would attract much commercial interest and where competition should play an important role in driving innovation and containing costs. However, a completely open market runs the risk of stranded assets and high exit fees which are likely to lead to poor outcomes for many consumers.

¹ AEMC 2013 Residential Electricity Price Trends www.aemc.gov.au/market-reviews/completed/retail-electricity-price-trends-2013.html

² ESCV Energy retailers comparative performance report – Customer service 2012-13 Table 3.2, p31 available from www.esc.vic.gov.au/Energy/Energy-retail-performance-reports

SACOSS is also of the view that the NEM-wide approach to introducing smart(er) meters for small customers remains a deeply complex issue with persistent challenges for all stakeholders. This rule change is being progressed alongside a number of closely related processes including:

- The Distribution Pricing Principles Rule Change proposal
- The South Australian Government's consultation on new and replacement meters policy
- The AER's Revenue Determination Process for SAPN's 2015-20 Regulatory Period.

The Consultation Paper documents the interactions between metering and related processes at Appendix A. SACOSS is concerned that advancing these issues in numerous, largely separate processes may introduce or reinforce barriers to the efficient introduction of smart(er) meters in South Australia. There does not appear to be an overall plan that can give consumers confidence that the risks of stranded assets and 'exit fee' overcharging are being managed.

In terms of timing, SACOSS is particularly concerned about the treatment of metering infrastructure in the SA Power Networks 2015-20 Regulatory Determination and encourages the AEMC to pay particular attention to the treatment of these assets in upcoming regulatory determinations.

We thank you in advance for your consideration of our comments and we look forward to participating in later stages of the rule change process. If you have any questions relating to the above, please contact SACOSS Senior Policy Officer, Jo De Silva on 8305 4211 or via jo@sacoss.org.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'RWomersley', with a large, sweeping flourish at the end.

Ross Womersley
Executive Director