



9 June 2016

Mr John Pierce  
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Electronic Lodgement – ERC0196

Dear Mr Pierce

**RE: Consultation Paper National Electricity Amendment (Using estimated reads for customer transfers) Rule 2016 and National Energy Retail Amendment (Using estimated reads for customer transfers) Rule 2016**

United Energy (UE) appreciates the opportunity to respond to the Consultation Paper Using estimated reads for customer transfers.

The proposed rule change will apply to small customers with manually read metering who want to make in-situ transfers based on an estimated read. This is a subset of the 2.2% transfer errors which will reduce as smart meters penetrate the market.

The Consultation paper recognises that estimated energy use data is used in the retail market, wholesale market and maybe used for other payments - network billing, feed in tariffs, demand billing etc. The wholesale market operates on net data and may not take account of individual data streams used for network billing. The proposed changes need to be considered further for type 6 manually read meters vs type 4A (manually read national smart meter) or type 5 manually read interval meter. Demand tariff allocation or net generation etc may be less readily estimated across a retail transfer. The proposed changes, if they proceeded would be better limited to type 6 meters.

UE believe that Victoria should be exempted from compliance with this change on the basis of efficiency and customer equity. The existing Victorian Electricity Customer Transfer Code (Code) requires transfers to occur on an actual read, the ESC has not yet set the estimates start date to allow transfers to occur on estimates. This Code needs to be read in conjunction with the CATS Procedures and would require amendment should this rule change proceed.

Victorian consumers have already funded a full roll out of smart meters and a smart grid. The problems of long transfer completion times do not exist in Victoria where smart meters provide more than 95% of all consumers with AMI data that is delivered to the market daily by 6am. In fact, the consultation papers specifically excludes Victorian data from the analysis that supports the proposed rule change for that very reason.

The majority of the 4-5% of Victorian customers who do not have smart meters have consciously chosen that state. These customers already increase the overall system costs by requiring distributors to maintain separate systems and processes to deal with manual meter reads and data over and above the efficient systems that supports the AMI meters. To expect the majority of Victorian customers to pay

again to provide further services for the minority who have opted out of the AMI system is completely inequitable. The nature of systems investment is that it is smeared across the operating costs of the whole distributor. It is unfair to financially burden the majority of Victorian customers for the benefit of a minority.

In the situation where a customer is not on the AMI network due to an inability to get access to the site, or lack of communications coverage, it would be much cheaper to send a person to get the final read, than to build a whole set of new metrology processes and system changes for enabling a move on an estimate limited to in-situ transfers.

UE note that in the States that do not have smart meters there is a prima facie case for making this change, but we would like to highlight that with the advent of metering competition this year/next year, it will only be a matter of years before all customers nationally have a smart meter and this change becomes superfluous.

We would suggest that a cost benefit analysis be undertaken noting both the cost to comply with the new Rule, and the likely benefits trajectory after metering competition commences. UE strongly believes that this should not apply in Victoria. UE alone have only 30 000 customers that do not have AMI meters installed, and this change considers a small subset of this number. UE welcomes the opportunity to participate in this rule change development and looks forward to the further consultation on the issues.

Should you have any comments in relation to this response please do not hesitate to contact me on (03) 8846 9856.

Yours sincerely



Verity Watson

**Manager Regulatory Strategy**