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Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

AEMC Review of Energy Market Arrangements for Electric Vehicles

Ref: EMO0022

Dear John,

The emergence of new technologies such as electric vehicles is a natural market development of which it must be anticipated there will be many more in future.

Electricity metering is an important enabler of such emerging technologies, but our experience to date, as one of Australia's leading providers of contestable metering services, is that regulation and statutory controls have stymied our ability to provide metering services on a contestable basis, which is in turn limiting the emergence of new technologies, or more precisely the underlying market models that might make those technologies viable.

This is perhaps best illustrated through the emergence of solar generation technology for residential applications. Chapter 7 of the National Electricity Rules requires bi-directional metering to measure and record the flow of electricity both in and out of the grid. As the cost of solar generated electricity has moved ever closer to grid parity new supply models have emerged, which require additional metering capabilities.

One such supply model involves charging customers for the electricity their solar generation system produces. This requires a metering solution that measures the kwh output of the inverter in addition to the regulated import/export metering. As an AEMO accredited

metering services provider, Metropolis offers a cost-effective metering solution that meets both the regulated and non-regulated requirements.

But in Victoria Metropolis is not able to provide its solution because a derogation to the National Electricity Rules makes the Victorian Distributors the exclusive Responsible Person for sites consuming less than 160 MWh of electricity per annum, and while this does not prevent them from appointing any AEMO accredited Metering Provider, the Victorian Distribution businesses have steadfastly refused to appoint Metropolis as Metering Provider in any circumstance, even where the Distributor cannot provide a comparable service or where Metropolis provides a cheaper and more reliable service.

It is now commonplace that Victorian consumers installing solar generation are forced to pay the Distributors for bi-directional meter upgrades to meet regulatory requirements, but that do not meet the minimum functional requirements of the advanced metering rollout, requiring that they subsequently be replaced, while having to pay more for an 'off-market' inverter metering solution to avail themselves of a new solar generation market model.

These consumers have often paid hundreds of dollars in upfront charges over the last 5 years for a smart meter that has not yet been installed – simply because the Distribution businesses do not have smart meters with a bi-directional capability or do not have communications infrastructure yet deployed in the area – yet the Distributors will not allow Metropolis to be the Metering Provider.

In New South Wales and Queensland the Australian Energy Regulator has classed metering services provided by Distributors as prescribed services – even though metering is a recognised contestable service – with all costs subject to regulatory price controls and bundled within network charges. So if an electricity consumer opts for a metering solution from a service provider that is not the Distributor, the consumer is forced to continue payment for the Distributor's metering service even though that service is no longer provided.

The continued bundling of metering services within network charges in NSW & Queensland acts as a disincentive to the adoption of new technologies.

In New South Wales the Accredited Service Provider (ASP) Scheme was established so that connection services, which are otherwise provided by the Distributors on a monopoly basis, are subject to contestability. However, connection services have been defined to include metering services – even though, again, metering is a recognised contestable service. The result is that accredited Metering Providers may only use electricians accredited under the ASP Scheme to complete meter installations.

There are approximately 27,000 licensed electricians in NSW but there are only 1,250 electricians accredited under the ASP Scheme – a ratio of 1 electrician accredited under the ASP Scheme for every 22 licensed electricians. The consequence of this restriction in the availability of technical resources is that the cost of installing residential electricity meters in NSW is five times higher than in any other state.

Rather than keeping metering costs down for residential electricity consumers the ASP Scheme in NSW has made alternative metering models unnecessarily expensive for consumers.

Regulatory barriers such as these restrict the desirability for alternative metering technologies and consequently restrict the availability of such technologies by discouraging new market entrants. This has a flow on effect that impacts other emerging technologies that require alternative metering solutions.

Companies wishing to offer alternative charging models for solar generation systems are faced with the prospect of absorbing higher costs, passing higher costs on to consumers or abandoning their plans altogether.

Allowing these regulatory barriers to remain in place will impact on electrical vehicle take-up and emerging technologies that we are yet to anticipate.

The standard, regulated metering configuration would allow the owner of an electric vehicle to charge the batteries from a power point in their garage at a standard retail rate. An alternative metering configuration may allow consumers to access electricity for their vehicles at considerably lower rates.

No regulator or policy maker should attempt to anticipate the metering configuration that best suits the market. The market needs to be free to explore alternatives.

It is time to accept that to lock-in metering services as Distributor controlled monopolies is to lock-out alternative technologies. The immediate focus must be to remove all the barriers that support monopoly services so that competition and innovation are encouraged.

Sincerely,



Marco Bogaers
Chief Executive Officer