

AER MAKES DRAFT DETERMINATION ON VICTORIAN SMART METER COSTS AND CHARGES

The Australian Energy Regulator today issued its draft determination on the Victorian distribution network service providers' Advanced Metering Infrastructure budgets for 2009 to 2011 and metering charges for 2010 and 2011.

The five Victorian DNSPs which will install and own the meters—CitiPower, Jemena, Powercor, SP AusNet and United Energy Distribution—are required by the Victorian Government to roll-out AMI (sometimes referred to as smart meters) over a four year period ending December 31 2013.

In February this year the DNSPs submitted proposals to the AER with budgets up to 2011 totalling \$1.2 billion, as well as associated metering charges. Budget and charges applications for 2012–15 will be submitted to the AER in early 2011.

The AER has now assessed the DNSPs' applications under a cost pass-through arrangement in accordance with a regulatory order put in place by the Victorian Government.

AER Chairman, Steve Edwell, today said: "This draft determination allows distributors to meet their initial roll-out obligations in accordance with the Victorian Government's mandate."

The draft determination would result in the following annual charges for the average small customer with a single phase single element meter in 2010:

- CitiPower - \$104.79
- Jemena - \$67.79
- Powercor – \$96.67
- SP AusNet – \$75.88
- United Energy Distribution- \$71.80

These indicative 2010 charges represent an average increase of \$53 on 2009 metering charges, approved by the Essential Services Commission of Victoria, with a further \$25 increase in 2011.

Differences between DNSPs' metering charges are due to choice of communications technology, network characteristics and cost allocation.

The Victorian Government expects a number of benefits from the smart meter technology, including facilitating more cost reflective time of use tariffs and allowing consumers to better manage their energy usage by providing more detailed information on their electricity use and pricing on a timely basis.

Distributors will be able to achieve operational cost savings resulting from remote meter reading, remote connection and disconnection of customers' supply, more efficient outage detection and improved accuracy of customer billing.

The AER will be particularly mindful of ensuring that any future operational cost savings are reflected in future electricity tariffs.

The AER will consult with consumer groups, industry and other interested parties on its draft determination. A final determination will be made at the end of October 2009.

Media inquiries

Mr Steve Edwell, AER Chairman 0423 047 554

Ms Lin Enright, Media Unit (02) 6243 1108 or 0414 613 520

General inquiries

Infocentre: 1300 302 502

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