

12 September 2017

To: aa4@westernpower.com.au

Submission on Western Power AA4 Metering Proposals

Perth Energy welcomes the opportunity to comment on the metering arrangements to be incorporated within Western Power's AA4 proposal to the Economic Regulation Authority (ERA). We also appreciate the Team taking time to discuss our queries directly. It is a very encouraging set of proposals with Western Power wanting to grasp the new opportunities that are becoming available with advanced metering technology and recognising the overall market benefit that can be achieved. We note, too, the move to reduce prices for certain services and simplification of these. Perth Energy especially supports the reduction in prices for meter changes which will, as noted in the proposal, assist customers seeking to exercise their choice of supplier.

This reduction in prices will be particularly beneficial if the threshold for contestability is reduced below 50 MWh per year as has been canvassed by various market participants. To this end, Perth Energy would encourage Western Power and the ERA to consider ways in which this price reduction could be implemented early if the threshold reduction takes place before the full AA4 determination is made. Would it be possible for this to be achieved through a negotiated Service Level Agreement with all retailers?

The presentation comments that the "Existing B2B framework is adequate but Western Power will be seeking to make improvements in consultation with retailers via the BUA improvement process". Perth Energy considers that upgrading would be well worthwhile. There have been a number of occasions where metering data from Western Power has been delivered late. This in turn delays us sending out customer accounts which is not acceptable.

You have asked for responses to several questions in response to the Proposed MSLA document and these are addressed below.

1. *Do you support the proposed AMI service standards and pricing as summarised in Section 4.1? Are there any further considerations that Western Power should take into account?*

- The meter exchange costs are good – as noted above this will assist in facilitating customer choice
- What would be the schedule for meter reading? Currently it is monthly but the presentation advised that Western Power's intention is to move to daily reads – what is the schedule for going to shorter read cycle – will this be a gradual move (such as weekly) or will it happen at one step?
- De-energisation and re-energisation of remote meters on the same day will be welcome as it reduces the risk of non-paying customers continuing to draw electricity. This has the potential to become a bigger issue as the threshold is reduced.



- The Standard Metering Service charge of \$30 for all meters appears sound rather than continuing with the separate rates for residential and non-residential customers. Perth Energy naturally welcomes the reduction in price from AA3.
2. *Do you support the amended non-AMI pricing as summarised in Section 4.2? Are there any further considerations that Western Power should take into account?*
- Perth Energy supports the reduction in prices for meter changes
 - The cost to install communications equipment to an existing compatible meter seems high – would it not be much cheaper to just change the meter to an AMI meter under service MP-2 thereby saving some \$400?
 - Perth Energy supports the increases where these can be shown to be cost-reflective.
 - Perth Energy is concerned at the rise in MDP-9 – off-cycle reading fee. As the market becomes more competitive we can expect to see more customers churn so off-cycle readings may become more frequent.
 - We note the significant fall from \$49.50 to \$2.00 for historical load interval data (MDP-7) where this goes back 13 to 24 months. However, we often seek only up to 12 months data which was previously provided at no charge but will now cost \$2.00 per meter. While this seems to be a small fee it would represent a significant increase in competition costs for retailers if the market moves towards reducing the contestability threshold or full retail contestability.
3. *Do you support the non-AMI service standards as summarised in Section 4.3? Are there any further considerations that Western Power should take into account?*
- Our main concern here is that the de-energisation for a non-AMI meter has been extended from one day to three. This increases the risk of losses from a non-paying customer, a risk that tends to increase as smaller customers become contestable. We do note, however, that there is provision for a retailer to negotiate an alternative service level agreement to cover a specific activity such as this.
4. *Do you support the removal and consolidation of specific services as summarised in Section 4.4? Are there any further considerations that Western Power should take into account?*
- These removals appear sound
5. *Do you support the re-alignment of the MSLA to be consistent with other regulatory instruments and value chain roles as summarised in Section 4.5?*
- This appears reasonable
6. *Are there other amendments to the MSLA that you consider appropriate that have not been addressed, that you consider should be in the MSLA?*
- Perth Energy is keen to ensure that the metering arrangements can accommodate potential changes in supply arrangements that may occur over the coming five years such as customer-to-customer sales and “thin” network connections to provide back-up for customers who largely self-generate. The proposed SLA does appear to provide this so there are no obvious oversights as far as we can see.



As a general comment we see the proposed move to advanced metering as a very positive move as it opens up a range of possibilities for future retail market development. Activities such as customer-to-customer sales, more sophisticated time-of-use tariffs or a customer making purchases from more than one supplier can all be facilitated by installing appropriate metering. One concern that Perth Energy has is whether Western Power is in a position to implement the AMI transition fast enough to meet the demand for these new services. The current proposal is for 355,000 AMI meters to be installed over the coming five years – if full retail choice is offered earlier, and alternative retail supply offers become popular, the demand for meter exchange could be much higher.

Perth Energy would also like to see advanced metering applied to as many large customers as possible as these customers will generally be more sophisticated than small use customers and will make better use of alternative supply options.

Should you have any questions in respect to this submission please contact me on 0437 209 972 or at p.peake@perthenergy.com.au

Yours faithfully

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