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Mr Graham Dawson  
Energy Division  
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Dear Mr Dawson

**CUAC response to the DPI Discussion Paper:  
Metering for electric off peak heating**

The Consumer Utilities Advocacy Centre (CUAC) welcomes the opportunity to comment on the Discussion Paper on Metering for electric off peak heating (the paper).

CUAC is an independent consumer advocacy organisation, established to ensure the interests of Victorian consumers, especially low-income, disadvantaged, rural and regional and Indigenous consumers are effectively represented in the policy and regulatory debate on electricity, gas and water.

The views presented in this submission have been endorsed by St Vincent De Paul Society of Australia and the Alternative Technology Association.

**Evaluation of single and two element meters**

Before the Government considers the implementation of single element meters, we recommend that a thorough evaluation of the associated costs and benefits be undertaken, and published. We believe that the \$20 increase in installation cost for two element meters is likely to be justified when compared to the associated costs and potential risks of single-element installations.

The full costs and benefits over time of installing single element meters must be more thoroughly understood. Such an analysis is critical to the evaluation process. Consideration must be given to costs resulting from single element metering such as:

- The size of the proposed rebates required to compensate consumers disadvantaged by single element metering and the cost of administering such an arrangement
- Costs of implementing timing switches that would be required to guarantee the measurement and costing of ‘off peak’ load use, including subsequent costs of maintaining timing controls through outages, natural deterioration, daylight saving time changes, changing customer preference, changing customer locations and so on
- Likely potential to increase the budget for Government-delivered energy concessions as off-peak rates rise to compensate for the distribution businesses’ (DBs) inability to discretely control loads
- The cost impact on education and information programs that would be required to ensure consumers understand how much energy each appliance uses, how they can re-adjust behaviors to minimise costs, how they can control timing of appliance use through technology, how new tariff structures work and so on. Some or all this education would be required to ensure users self manage their separate peak and off-peak loads.
- Cost of increased complaints handling from billing issues (including EWOV cases) as customers grapple with an unfamiliar pricing system, and any difficulties resulting from timing controls/switches

Consideration should also be given to the opportunity costs incurred from not investing in two element meters, including:

- Limiting the development of future technology options for discrete load control, thereby undermining the market development of optimal technology. For example, hard wiring discretionary and non-discretionary loads into metering systems would allow discrete remote control of customer selected discretionary loads, such as air conditioners on peak or critical peak days, in the future. With a single element meter, this option could only be facilitated by a separate electronic device costing significantly more than \$20 per installation.
- Lost opportunity to promote the realisation of the full value of embedded generation through metering total import and export kWh, as opposed to the net import/export. A two element meter is also required for the introduction of feed-in tariffs for embedded generators, a significant incentive used globally to encourage improved network security and reliability while reducing emissions

CUAC believes prima facie that two element meters are preferable to single element meters, despite the extra cost. A single element meter disadvantages consumers with electric hot water storage or slab heating and compensating those consumers is likely to be costly. Electric hot water storage and off-peak slab heating are non-discretionary loads. For years, consumers have been encouraged to install such appliances to shift loads from peak daytime periods. Thus, the roll-out of single element meters will retrospectively punish investment in off-peak systems as well as deny consumers a reduced tariff for an essential service.

In terms of future proofing, a primary objective of introducing Advanced Metering Infrastructure was its potential to improve demand responses through time of use tariffs.

However, installing single element meters that are unable to distinguish between discretionary and non-discretionary appliances (and hence associated tariffs for those appliances) reduces the opportunity to promote load shifting of non-essential and/or discretionary loads, thereby limiting future demand management initiatives.

It is important to ensure that consumers with controlled loads for non-discretionary usage will not be disadvantaged by the roll out of Advanced Metering Infrastructure. We strongly believe these customers will be worse off if denied access to two element meters. Exacerbating any disadvantage is that a large proportion of customers using controlled off-peak services live in rural and regional Victoria, and do not have access to reticulated gas or other alternatives to electric heating, and thus are unable to substitute fuels.

A rebate provides a limited short term solution to minimise the disadvantage experienced by these customers but, as outlined at the beginning of this submission, the likely cost of such a rebate and costs associated with single element meters do not necessarily justify the saving of \$20 per installation for a two element meter.

The Discussion Paper claims that single-element meters would contribute to the establishment of “more sustainable and effective market responses” than two element meters (p. 5), however there has been no detail provided on how single-element meters will be more effective than two-element meters. The tenuous nature of this claim is exacerbated by the fact that that any tariffs accompanying single element meters have not been proposed or market tested.

It is important to fully consider both the current and future costs including the potential future functions of two element meters in making this decision. Furthermore, the choice between single and two element meters will affect how the market for load control develops. In the interest of true market competition, two element meters should not be prematurely denied market development and implementation.

Please do not hesitate to contact Tosh Szatow or May Johnston on 9639 7600 should you have any questions about this submission.

Yours Sincerely

Tosh Szatow  
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