



**ACCC pre Decision Conference**  
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Presentation by  
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**1. Introduction**

CitiPower supports the ACCC draft determination on Victoria's derogations. In CitiPower's case we are not protecting an inefficient monopoly because Meter installation and meter reading are contracted out (via competitive tender process). We are concerned to preserve the integrity of data flows to minimise risk exposure to the billing process by minimising confusion and complexity

**2. Integrity of Billing Processes**

In the current contestable market we have found that integrity of billing processes has been frequently exposed to risk with the result that these have given rise to billing problems. Correction of these billing problems is a manual process and involves therefore relatively high costs.

Billing involves processes spanning:-

- customer's
- current retailer
- new retailer
- LNSP

**3. Meter Churn**

Meter churn itself creates risk for interruption to the data stream and this risk is amplified with reliance on manual collection of data if there is uncertainty about:-

- data source
- responsibility
- scheduled read

Data flow problems lead to billing delays and or the requirement for re-billing where timing of key elements of data is mismatched.

There is evidence of meter replacement solely associated with a change in retailer even though the meter has been functionally adequate and code compliant. This is inefficient because it simply adds cost and risk to the billing data stream.

- Simplicity and clarity of meter provision and meter data services are critical to ensuring smooth and stable introduction of FRC.
- If the billing stops the market will stop.

The meter should facilitate electricity retail competition rather than increasing the risks and costs. Meters should only be replaced if they are functionally inadequate.

It is true that some Meter Providers will contemplate leasing existing metering from the relevant Meter Provider to minimise the meter churn but there are others that remain adamant that they will not lease nor purchase meters from “other” Meter Providers.

#### **4. New Processes for Type 5 Metering Installations**

Type 5 metering involves significant differences in processes compared to type 4 including:-

- manual meter reading on a monthly or quarterly cycle
- routine estimation of data for settlement process.
- estimated data corrected by actual meter readings

MPs and MDAs don't currently provide the full range of services required for type 5 meters. Data collection systems have had to be replaced or upgraded to manual collection of meter readings.

Economies of scale considerations for manual meter reading need to be kept in mind for type 5 meters. From our experience there is a substantial difference between high volume, high-density meter reads and ad hoc meter reads.

The transition to competitive provision of metering services should take into account processes and systems rather than the more arbitrary customer consumption levels.

#### **5. Complexity and Cost**

Complexity and cost increases with multiple interfaces.

Necessary data flows could be extremely complicated, particularly in a volume market. In contrast if LNSP acts as Responsible Person there is only a single source of data.

In the case of new connections there are additional coordination complexities, eg either multiple site visits by LNSP or the meter must be wired before the service is connected. If the “customer” is not the end user then will the retailer be prepared to install the meter? This creates a commercial exposure where newly installed meters are replaced, possibly within weeks of the initial installation.

#### **6. Accreditation**

NEMMCO accreditation requirements will apply to all MPs irrespective of whether the LNSP is the MP. Draft service level and accreditation requirements have been drafted by NEMMCO and are currently open for comment. Accreditation requirements for types 5, 6, 7 are new categories of accreditation which supports the view that different processes are involved.

Interim accreditation is provided by the proposed derogations however this does not provide the LNSP with an exemption from complying with the Code.

#### **7. Regulated Charges**

Under the proposed derogations Metering charges will be regulated.

#### **8. Future Metering Options**

Victoria is considering an economic roll-out program of interval meters – how will these decisions be impacted and resolved by introducing more players?