

## Submission to the Electricity Network Regulatory Frameworks

Commissioners  
Productivity Commission

Dear Commissioners

Your report “Productivity Commission 2012, Electricity Network Regulatory Frameworks, Draft Report, Canberra” notes numerous advantages obtained from deploying Smart Meters. The purchase price of smart meters forms a significant percentage of proposed Australian deployment costs, so I would like to draw to your attention one area contributing to these high prices.

Early Smart Meter Cost Benefit Analysis undertaken by the Ministerial Council on Energy estimated the cost of a smart meter with integrated communications to be less than \$100. This estimate was based on costs for ‘similar’ meters deployed in both Europe and the USA. We now know that meters deployed in Victoria’s advanced meter rollout were between 100% and 200% higher.

It is a true statement that a meter developed for sale in Europe will have been tested to *most* of the Australian standards. This is because Australian meter standards are aligned with the equivalent European (IEC) standards. Testing to these slightly different Australian metering standards contributes to our higher meter costs.

To address the minor differences, meter manufacturers offer Australian specific meters with development and testing costs increasing Australian prices. Given the high level of similarity between Australian and European metering standards the differences can perhaps be viewed as a “trade barrier”. The inability for overseas meter manufacturers to offer mass produced meters (at a lower cost) to the Australian market is just a form of import protection.

As Europe prepares to install tens of millions of smart meters Australia should position itself to benefit from resulting lower prices. This will only be possible if a review of metering standards is undertaken.

Modification of the metering standards is not without its challenges. All modifications are performed by working groups established by Standards Australia, with membership from the same companies who benefit from high meter prices.

Please contact me if you would like to discuss this matter further.

Regards

Dr Martin Gill

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22<sup>nd</sup> November 2012