EnergyAustralia
LIGHT THE WAY

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Chairperson Kate Symons
Commissioner Sitesh Bhojani
Commissioner Rebecca Billings
Commissioner Simon Corden
Level 8
570 Bourke Street
MELBOURNE VIC 3000

Lodged electronically: VDO@esc.vic.gov.au

Dear Chairperson and Commissioners,

Victorian Default Offer 2022-2023 – PUBLIC VERSION

EnergyAustralia is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. EnergyAustralia owns, contracts, and operates a diversified energy generation portfolio that includes coal, gas, battery storage, demand response, solar, and wind assets. Combined, these assets comprise 4,500MW of generation capacity.

We welcome the opportunity to provide this submission to the ESC's consultation on the Victorian Default Offer (VDO) 2022-2023.

Our submission focusses on the ESC's approach to allocating metering costs which currently is based on the annual cost of a Single Phase Single Element (SPSE) meter only. In the ESC's final decision for the 2020 VDO (made November 2019), the ESC explained that the SPSE metering configuration "applies to the vast majority of small customers".[1] The ESC also noted limitations around using public data to calculate a weighted average that would reflect other, higher cost metering configurations.

Our submission presents new data to the ESC on this meter cost issue, and comments on how circumstances have changed since 2019 and the trends we expect will continue.

We focus on the Ausnet distribution zone where EnergyAustralia is the Local Area Retailer; and where we observe a higher proportion of meter types other than SPSE meters (non-SPSE meters) being used to service Small Customers, compared to other distribution zones. We also note that the difference in cost between SPSE and non-SPSE meters in the Ausnet zone is material and ranges between $11.22 and $64.92, see individual costs below.

[1] https://www.esc.vic.gov.au/electricity-and-gas/prices-tariffs-and-benchmarks/victorian-default-offer/victorian-default-offer-price-review-2020#tabs-container2 p 30

Meter type	2021/22 Annual cost
Single phase single element (SPSE)	$ 63.70
Single phase, two element with contactor (SPTE)	$ 74.92
Multi Phase Direct Connected Meter (MPDC)	$ 90.25
Multiphase, direct connected with contactor (MPTC)	$ 100.09
Multiphase Current Transformer connected (MPCT)	$ 128.62

Based on public data in Ausnet pricing proposal documents[2], the table below shows that since 2019, the proportion of Residential and Small Business customer sites with a SPSE meter has declined from 56.40% to 52.3%. Conversely, the number of non-SPSE meters has increased from 43.6% to 47.7%.

Meter type	2019 Proportion of meters	2020/21 Proportion of meters	Change
Single phase single element (SPSE)	56.4%	52.3%	-4.1%
Single phase, two element with contactor (SPTE)	25.5%	29.7%	4.2%
Multi Phase Direct Connected Meter (MPDC)	9.1%	8.9%	-0.2%
Multiphase, direct connected with contactor (MPTC)	8.5%	8.6%	0.1%
Multiphase Current Transformer connected (MPCT)	0.6%	0.6%	0.0%

The increase in non-SPSE meters appears to be primarily due to increases in Single phase, two element with contactor meters (SPTE). **[Confidential:**

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Standing Offer customers

We have also undertaken further data analysis of the different metering configurations for EnergyAustralia's Standing Offer customers only. This will assist the ESC in informing whether the high percentage of non-SPSE meters is evident for Market Offer customers only. Even when our data focusses on Standing Offer customers only, there is still a significant proportion of customers on the higher cost non-SPSE meters.

[Confidential:

[2] "AusNet Services - Tariff Approval Model 2019 (redacted) - 25 February 2019.xlsm" and "AusNet Services - Attachment 4 - 2021-22 Tariff Approval Model - ACS - PUBLIC - May 2021.xlsx"

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We have further disaggregated the data for Standing Offer customers with SPSE and non-SPSE meters, by both retail tariff type and customer type. i.e. Residential vs Small Business customer type. This data is discussed below.

Residential Standing Offer customers

All of our Residential Standing Offer customers on Controlled load tariffs and the majority of our Time of Use customers, are allocated to a non-SPSE or two meter configuration.

[Confidential:

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Small Business customers

We have also repeated the same analysis of disaggregated data for Small Business customers below. Across all tariff types, the majority of Small Business customers on Standing Offers are serviced via a MPDC meter. The cost of a SPSE meter is clearly not representative or appropriate for Small Business Customers and will lead to an under-recovery in metering costs for EnergyAustralia (and potentially for other Retailers) operating in the Ausnet distribution zone.

[Confidential:

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We believe that the above data supports the ESC's reconsideration of this issue and that there is a strong case for adopting a weighted average approach to determining metering costs in the Ausnet distribution zone.

We encourage the ESC to approach Ausnet to cross check the above data sets. Ausnet will have data on the metering configurations across all customers and will be able to split by network tariff type, but it will be unable to disaggregate by Standing Offer and Market Offer customers.

If you have any questions in relation to this submission, please contact me (Selena.liu@energyaustralia.com.au or 03 9060 0761).

Yours sincerely,

Selena Liu
Regulatory Affairs Lead