

PACCC MEETING SUMMARY

Tuesday 22 June 2010

CitiPower and Powercor Boardroom, Melbourne

ATTENDEES: Shane Breheny - CEO CitiPower and Powercor (Chair)
John Pye - Victorian Farmers Federation
Gavin Dufty – St Vincent De Paul
Robert Lorenzon – Australian Industry Group
Christine May - Rural representative
Brendan Bloore – General Manager Customer Services
Garry Audley – General Manager Electricity Networks
Brian Sullivan – Gen. Manager Human Resources & Corporate Affairs
Phil Gardiner – Manager Energy Metering Solutions – AMI
Matthew Serpell – Manager Network Pricing – Regulation
Hugo Armstrong – Corporate Affairs Manager (Committee Secretary)
Ursula Naughton – Administrative & Events Officer (Minute Secretary)

PRESENTERS: Matthew Serpell – Manager Network Pricing
Phil Gardiner – Manager Energy Metering Solutions
Garry Audley – General Manager Electricity Networks

APOLOGIES: Peter Brown – City of Moreland

A presentation on the structure and implementation of AMI and Time-of-use tariffs in 2011 and beyond was tabled and discussed. The tariffs were based on efficiency across the whole network using current consumption patterns and typical profiles, not the SECV patterns which have been the basis of tariff structures until now. Matthew Serpell advised that ToU tariffs were likely to be somewhere between the flat rates and current 2-rates. It was noted that retailers are obliged to continue to offer a flat rate tariff and that there was considerable variation in the way retailers allocated fixed and variable charges, meaning that smaller customers were better served by Origin Energy (for example) and larger customers by AGL. Matthew Serpell advised that the Draft Determination effectively prevents Powercor from introducing a KVA tariff and members concerned about this should make submissions to the AER. There was concern expressed that in some circumstances retailers were advising customers of tariff changes after they were implemented. The business was encouraged to consider advising customers during the AMI rollout that they may be reassigned to different tariffs.

A presentation on the AMI Smart Metering Project was tabled and discussed. It was noted the Federal Government was interested in security issues around Home Area Networks although this did not apply to electricity network communications. Committee members questioned the security of the AMI web portal in relation to domestic violence issues. There was also discussion around non-market participants such as Google being able to influence the market without being subject to its controls.

The Business Performance Report was tabled and Garry Audley outlined the remedial program for the worst performing feeders, and explained the way that detailed analysis feeds into maintenance programs.

There was also discussion surrounding the Price Review Draft Determination. Victorian Distribution Businesses got price cuts which were to be expected, recognising that in Victoria true-ups occurred every five years, not annually as in other states. All distributors sought big capital expenditure increases, but got less than half what they asked for. Despite the claim that privatised distributors have an incentive to game expenditure, the business spent quite close to what it was allocated. The final determination is not expected to be significantly different from the draft determination. It was noted the big issues of vegetation management and bushfire mitigation were still to be tackled by regulators.

The meeting also included a tour of the new South Bank Zone Substation.