

File Ref: 1295016

23 May 2018

The Hon Dr Anthony Lynham MP
Minister for Natural Resources, Mines and Energy
PO Box 15216
City East Qld 4002

Dear Minister

Advice on advanced digital meter costs

I refer to your Direction dated 26 April 2018, under section 253AA of the *Electricity Act 1994*, requesting the QCA provide advice on the costs to all regional residential and small business customers should the additional costs associated with the deployment of advanced digital meters be spread across those customers, rather than be applied only to customers receiving the new meters.

The QCA's advice on this matter is attached for your consideration, and will be published on the QCA's website on 1 June 2018.

Having considered the matters listed in your Direction, the QCA has presented daily charges on a per tariff per customer basis. These charges, presented in **Attachment 1**, are calculated in accordance with the terms of reference.

In addition to information calculated consistent with the methodology applied by the QCA in making its 2018–19 Draft Electricity Pricing Determination, the QCA has provided a second set of charges incorporating costs of poly-phase metering. Feedback from stakeholders on the QCA's draft determination noted costs for these meters should be considered in setting metering charges and, if the QCA were to make a final determination on residential and small business metering costs, the QCA would likely have included these costs in metering charges.

According to our calculations, spreading the costs of deployed advanced digital meters across all customers would add 1.435 c/day, or \$5.24 per year, to a tariff 11 or tariff 20 customer bill compared to paying type 6 meter charges regulated by the Australian Energy Regulator.

Please do not hesitate to contact me on 0402 415 659 if you have any queries regarding this advice.

Yours sincerely



Professor Roy Green
Chair

Attachment 1

Metering costs (excluding GST)

Meter charges—residential and small business

<i>Description</i>	<i>Charge</i>	<i>Rate</i>	<i>Unit</i>	
Primary tariff only (per tariff) (Tariffs 11, 12A, 14, 15, 20, 22A, 22 (small and large), 24, 37, 62, 65, 66)	Capital charge		7.162	c/day
	Non-capital charge	2.312		c/day
	Advanced metering charge	1.435		c/day
	Total non-capital charges		3.747	c/day
	Overall total daily charge		10.909	c/day
	Type 4A surcharge		16.022	c/day

Meter charges—residential and small business

<i>Description</i>	<i>Charge</i>	<i>Rate</i>	<i>Unit</i>	
Controlled load (Tariffs 31, 33)	Capital charge		2.149	c/day
	Non-capital charge	0.694		c/day
	Advanced metering charge	0.021		c/day
	Total non-capital charges		0.715	c/day
	Overall total daily charge		2.864	c/day

Notes

Capital and non-capital charges are equivalent to the charges for type 6 meters regulated by the Australian Energy Regulator.

Advanced metering charges based on:

- *Energex distribution area metering costs as presented in the 2018–19 draft determination (that is, excluding costs associated with forecast poly-phase metering)*
- *forecast advanced digital meter rollout data for regional Queensland*
- *spreading the overall costs across all customers in that tariff class regardless of metering type.*

Metering costs (incorporating poly-phase metering)

Meter charges—residential and small business

<i>Description</i>	<i>Charge</i>	<i>Rate</i>	<i>Unit</i>
Primary tariff only (per tariff)	Capital charge	7.162	c/day
(Tariffs 11, 12A, 14, 15, 20, 22A, 22 (small and large), 24, 37, 62, 65, 66)	Non-capital charge	2.312	c/day
	Advanced metering charge	1.694	c/day
	Total non-capital charges	4.006	c/day
	Overall total daily charge	11.168	c/day
	Type 4A surcharge	16.022	c/day

Meter charges—residential and small business

<i>Description</i>	<i>Charge</i>	<i>Rate</i>	<i>Unit</i>
Controlled load	Capital charge	2.149	c/day
Tariffs 31, 33	Non-capital charge	0.694	c/day
	Advanced metering charge	0.025	c/day
	Total non-capital charges	0.719	c/day
	Overall total daily charge	2.868	c/day

Notes

Capital and non-capital charges are equivalent to the charges for type 6 meters regulated by the Australian Energy Regulator.

Advanced metering charges based on:

- *Energex distribution area metering costs as presented in the 2018–19 draft determination plus costs associated with forecast poly-phase metering*
- *forecast advanced digital meter rollout data for regional Queensland*
- *spreading the overall costs across all customers in that tariff class regardless of metering type.*