

File Ref: 1354314

26 February 2019

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

Dear Minister

Initial advice on 2019–20 advanced digital meter costs

I refer to your Direction dated 17 December 2018, under section 253AA(1) 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 initial advice on this matter is attached for your consideration. In accordance with your Direction, this will be published on the QCA's website on the same day as the 2019–20 draft determination on notified prices.

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

Our initial advice is that spreading the costs of deployed advanced digital meters across all customers in 2019–20 would add 3.289 c/day, or \$12.01 per year, to a tariff 11 or tariff 20 customer bill compared to paying type 6 meter charges regulated by the Australian Energy Regulator. The QCA will update these figures with the latest available forecast deployment rates for regional Queensland, for the final advice required by the Direction.

Please do not hesitate to contact me on 0417 494 426 if you have any queries regarding this advice.

Yours sincerely



Professor Flavio Menezes
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		7.396	c/day
	Non-capital charge	2.411		c/day
	Advanced metering charge	3.289		c/day
	Total non-capital charges	5.700		c/day
	Overall total daily charge		13.096	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		2.219	c/day
	Non-capital charge	0.723		c/day
	Advanced metering charge	0.096		c/day
	Total non-capital charges	0.819		c/day
	Overall total daily charge		3.038	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.*

Customer bill comparisons

Table 1 Comparison of 2018–19 and 2019–20 customer bills inclusive of metering (metering costs spread across all customers, excluding GST)

	<i>2018–19</i> <i>(\$/pa, spread metering costs)</i>	<i>2019–20</i> <i>(\$/pa, spread metering costs)</i>	<i>Bill change</i> <i>(%)</i>
Residential customer (tariff 11, typical usage)	1275.76	1229.95	-3.6%
Small business customer (tariff 20, typical usage)	2269.87	2112.94	-6.9%

Table 2 Comparison of 2018–19 and 2019–20 customer bills inclusive of metering (full digital metering costs applied only to customers with digital meters, excluding GST)

	<i>2018–19</i> <i>(\$/pa, spread metering costs)</i>	<i>2019–20</i> <i>(\$/pa, full digital metering costs)</i>	<i>Bill change</i> <i>(%)</i>
Residential customer (tariff 11, typical usage)	1275.76	1319.72	3.4%
Small business customer (tariff 20, typical usage)	2269.87	2202.71	-3.0%