

# Smart Meters



A smart meter is a device used to measure and record information on energy consumption throughout the day.

## What are smart meters?

By providing information on when energy is consumed, smart meters can assist consumers and energy providers to reduce demand for electricity at peak times.

The smart meters being introduced in Victoria will have the ability to:

- Measure electricity consumption in 30-minute intervals, and provide that information to the consumer and the power company;
- Allow energy use to be read remotely, so a meter reader does not have to visit your home or business;
- Enable remote connection of electricity when you move to a new address;
- Assist electricity distributors to detect and locate outages.

It will also be possible to connect an 'in-home display,' to the new meters. In-home displays can provide a wide range of information to the consumer, such as instantaneous electricity demand, electricity consumption over time, greenhouse gas emissions and comparisons with past periods. However such displays won't come standard, and would have to be purchased separately by the householder.

## What is the Victorian smart meter roll-out?

In collaboration with energy providers, the Victorian government has mandated the introduction of smart meters to all households and small businesses. The roll-out began in September 2009 and will run to the end of 2013. Electricity distribution businesses are responsible for gradually replacing all existing meters on a suburb-by-suburb basis. You will be notified in writing by the Victorian Government and your electricity distributor when smart meters are being installed in your area.

## Will smart meters save money and energy?

As the smart meters roll-out progresses, new types of electricity pricing may be introduced by your energy retailer. 'Time-of-use' pricing allows energy retailers to introduce different prices for consumption, based on the time of day and/or the season. For example, retailers may charge higher rates for energy used during peak times (eg midday on weekdays, or during the summer months) and less at times of low demand (at night or during winter).

Cost and energy savings will depend on your daily pattern of energy use, your ability to reduce energy consumption and power use at different times, as well as choosing a tariff that gives best value for your energy use.

## Will smart meters reduce greenhouse gas emissions?

The greenhouse benefits of smart meters will depend on how people respond to the introduction of time-of-use pricing and the increased information available. In theory, increased energy prices should result in a reduction in consumption. However in practice, many people are limited in their ability to respond to price increases and are simply forced to absorb the extra cost.

Further, time-of-use pricing doesn't necessarily equate to an overall increase in prices, just variation in tariffs at particular time. People may respond to increased peak prices by shifting consumption to off-peak times, which doesn't necessarily equate to a reduction in overall consumption.

On a positive note, smart meters are an important step towards the creation of 'smart grids' – electricity networks that can respond to variation in electricity supply and hence support greater amounts of renewable energy.

## How much the smart meter cost me?

The cost for replacing existing meters will be paid off over time, via an increase to the metering fee on your electricity bill. This charge, set by the Australian Energy Regulator, will be approximately \$70 per household each year for 4 years. This increase began to appear on all consumer bills from 1 January 2010, regardless of when your meter is changed over.

## Suspension of smart meter roll-out

The Victorian Government has recently announced a moratorium on aspects of the smart meter roll-out, effective from 22 March 2010. The moratorium was announced in response to concerns raised by advocacy and consumer groups on the impacts for customers of new 'time-of-use' pricing structures.

While time-of-use tariffs may be beneficial for households that can switch some of their energy use from peak to off-peak periods (eg from daytime to the evening), people who are at home during the day, such as stay-at home parents or retirees, may face higher energy bills.

The Victorian Government, industry and consumer groups will take part in a joint assessment of the scheme, including the impacts of new tariff pricing on consumers. The moratorium is in place until March 2011.

For information on the moratorium visit > [www.premier.vic.gov.au/component/content/article/9853.html](http://www.premier.vic.gov.au/component/content/article/9853.html)

For information about the Victorian smart meters roll-out visit > [www.dpi.vic.gov.au/smartmeters](http://www.dpi.vic.gov.au/smartmeters)

## For further information on this fact sheet

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