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Landmark Report highlights a \$28 b opportunity – and a warning

The landmark *Smart Grid Smart City* Final Report doesn't just show the benefits of new technology, it includes a \$10 billion warning for customer energy bills under current power pricing.

Energy Networks Association CEO, John Bradley, welcomed the release of the Final Report of the \$100 million, four year, *Smart Grid, Smart City* project, led by Ausgrid with a range of partners.

"This first commercial-scale smart grid demonstration project shows a smarter energy grid has the potential to provide \$28 billion in net benefits to the Australian community," Mr Bradley said.

"However, the analysis also highlights this is only possible through smarter tariff structures, so customers are rewarded for using energy efficiently and network costs are evenly shared.

"If we stick with current electricity tariffs using outdated meters, the report predicts a more costly system with consumers paying \$10 billion more than they need to, due to over-investment in onsite generation and storage.

Mr Bradley said the analysis highlighted the risk of unfair cross-subsidies increasing, if 'early adopters' of new generation and storage technology pass costs to other users.

"Tariff reform is essential if we are to avoid an electricity world of 'haves' and 'have nots' where those with onsite generation and storage are effectively cross-subsidised by other users, which in the Report is estimated at \$420 per year.

"Fairer prices and smart grid technology can achieve customer bills which are \$156 per year lower than would occur if we keep the current system, for an average customer who does not have onsite generation or storage," Mr Bradley said.

Mr Bradley said the report also highlighted the important role that smart grid technology can play in remotely monitoring electricity supply, finding faults and restoring power quickly and more efficiently.

"The report estimates these benefits in managing reliability, safety and power quality at approximately \$15 billion for the Australian community," Mr Bradley said.

Mr Bradley said the *Smart Grid Smart City* analysis was highly consistent with the recent two year analysis by the CSIRO Future Grid Forum, which highlighted the cost of over investment in onsite generation.

"The CSIRO Future Grid Forum identified a scenario in which customer bills were 30% or \$600 per year higher in 2050 because of uneconomic over-investment in onsite generation.

"The *Smart Grid Smart City* report also indicates that if customers have easy access to meaningful information about energy use then they can respond to opportunities to save energy, particularly at peak times, which benefits them and the entire system.

"There are strong benefits for vulnerable customers, and the study found these customers are willing to shift the time they use energy and are empowered by the new tools and incentives.

"This follows recent evidence in an AGL study that vulnerable customers were significant beneficiaries of electricity tariff reform.

"The AGL analysis showed 64% of customers were better off with smarter tariffs, with the benefits most strongly felt by "Households in Hardship", followed by "Working Couples" and then "Concession & Pensioners," Mr Bradley said.

"The *Smart Grid Smart City* project shows the opportunity for Australia to harness the power of new technology and consumer choice.

"However it also shows how exposed we are if we leave the wrong pricing incentives in place, allowing unfair cross subsidies to emerge between electricity consumers.

"To achieve the \$28 billion in Smart Grid net benefits, we urgently need to remove the remaining roadblocks to networks, retailers and other providers using smart meters where they provide value to consumers."

"Network businesses are already embracing dynamic change. Many of the solutions explored in the Smart Grid Smart City report are extensions of the current innovation in demand-side management, advanced metering, embedded generation and network pricing enabled by Australian network businesses.

"A low-cost transition to the smart grid will require commercial business responses within a clear government policy framework –consistent with the five steps outlined by the ENA ‘roadmap’ – the Road to Fairer Prices," Mr Bradley said.

ENDS.

The Smart Grid Smart City Report can be found [here](#)

Average annual residential bills in 2034 (Smart Grid Smart City)

Scenario	Passive Customer without distributed generation/storage		Customer with distributed generation/storage		
	Grid Service	Cross subsidy to customers with DG/DS	Total Cost	Cost of DG/DS	Grid Service
Business as usual	\$2159	\$420	\$1739	\$332	\$1407
Smart grid (smart tariffs and technology deployment)	\$2003	\$47	\$1956	\$244	\$1712

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ENA is the peak national body for Australia's energy networks; and represents gas distribution and electricity network businesses on economic, technical, environment and safety regulation as well as national energy policy issues.