Pricing Attachment

How Smart Meter Charges Work

2024 Price Proposal

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What are smart meters?

Smart meters are devices that measure the volume of water passed through them and collects this data via reed outputs or ultrasonic output. These devices contain both memories to retain this time series data and a radio transmitter to send this data to a supervisory control data acquisition system (SCADA) operated by a water utility.

Approximately 8% of Sydney Waters water meters utilize this technology to transmit more frequent reads, typically monthly, however more modern smart meters transmit daily data reads.

The remaining 92% of water meters are mechanical meters, these are devices function in a similar manner but do not have memory or radio transmission functions. As a result, over 2 million of these mechanical meters must be manually read 4 times a year across Sydney Waters area of operations at great cost to its customers while providing significantly less data to them on leaks, water continuity events and the accuracy of the meter that is used to charge them.

The value smart meters provide our customers

Smart meters create value for customers primarily through real time leak alerts and accurate meter reads. These give customers certainty that the usage charge that they are being billed for is accurate and the information to act when a leak is detected on their property. This data driven product empowers customers to make better choices about their water and gives them the information needed to have control over their water usage habits.

As these meters become more common across water jurisdictions of Australia and will become a standard offering for the electricity and gas sectors, customers have begun to expect this service from Sydney Water.

Why is Sydney Water proposing smart meter charges?

Sydney Water is planning to recover the costs of replacing existing mechanical meters with smart meters via regulated water charges. These charges are funded by existing customers and incrementally by new customers as they enter the network. However, a conflict arises as the least cost servicing option for a smart meter rollout is only to replace meters at their end of life.

However, if Sydney Water does not accelerate servicing of smart meters to these new properties they will have a mechanical meter installed on their property. This asset has a life of almost 20 years meaning a new site connecting to the network in 2025 may not see the benefits of smart metering until nearly 2045.

To address this funding gap, we propose that new properties pay the asset cost of these meters for all new connections in the form of a smart meter charge as it aligns with customers' expectations that developers pay the costs of growth and that impactors pay.

1.1 What are the proposed charges

Smart meters (20mm) for all new 20mm connections

Developers are currently required to purchase 20mm smart meters for high rise developments. These meters are then 'gifted' to Sydney Water for ongoing operation and maintenance. We propose all new 20mm connections developments be aligned with high rise developments and support the rollout of our smart meter program. This will also standardise our new connections process.

Our proposed price of $289.45 includes the cost of the smart meter as well as our administration costs and corporate overheads. The smart meter itself accounts for around 77 per cent of the costs. Volume is estimated at 20,000 smart meters in 2025-26, increasing to 25,000 meters a year in 2026-30.

Smart meter opt out

This gives customers the option to 'opt out' of our smart meter program, however, customers will be required to pay for the cost of a manual meter read. Our proposed new price is $9.01 per quarter to coincide with our quarterly billing cycle. We estimate that around 6,400 properties a year will opt-out of smart meters.

There is on occasion a requirement to change faulty meters (stopped, damaged, inaccessible) to facilitate an accurate read and stop the customer from progressing to an unmetered property after a period. It is suggested that after repeated correspondence with the customers who own these meters, we would consider them to be opting out of a new smart meter and therefor would consider this charge applicable.

Smart meter – pulse splitter/ double adapter

This adapter provides business customers with access to Sydney Water's smart meter data. Currently, these are provided to business customers free of charge so that both Sydney Water and the customer can collect pulse reads. Using IPART's pricing principle of user pays, the proposed one–off charge of $586.94 allows us to recover the cost of supplying this. Volume is estimated at 50 units a year.

Workshop Test of Water Meter (Smart meter)

This charge reflects the cost of testing and verifying the accuracy of smart meters, at the customer's request. As the cost of this test is higher than a mechanical meter, we propose a separate charge for this service that is fully cost reflective. Our proposed charges per test are:

- 20 to 32-mm meters - $352.59
- 40 mm meters and greater - $406.40

These charges are $120 higher than testing the equivalent mechanical meter size. Volume is estimated at 30 tests a year.

1.2 How do we propose the charges function?

Smart meters (20mm) for new connections

We propose the 20mm charge applies to all new 20mm water connections. This is a a one-off charge. However, if customers opt out of tsmart meters for new connections, they will instead pay an ongoing smart meter opt out charge. The smart meter opt out charge reflects the increasing costs of manual meter reads, as unit costs continue to grow.

Smart meter opt out

Under Sydney Water's Customer Contract, we are required to make all efforts to collect at least 1 meter read per year. As a result, Sydney Water has a considerable tender with meter reading contractors that systematically read meters suburb by suburb to lower the unit costs of these reads.

As Sydney Water rolls out more smart meters, the unit costs of these reads and failed meter reads increase as contractors travel further to check less meters or return more frequently to sites where a meter read could not be completed. As a result, those who decide not to receive a smart meter, whether that be due to failed installations,, exchanges or contacting Sydney Water to opt out, raises the servicing costs for the remainder of our customers.

We intend to levy this charge each quarter to all customers who opt out of smart meters. This will send 3 clear pricing signals:

1) That there is a growing cost associated with a contractor manually reading their water meter
2) That meters should be accessible and safe for maintenance purposes
3) That they are responsible for paying for this higher cost and not the broader customer base

Smart meter – pulse splitter/ double adapter

A pulse splitter/double adapter allows business customers access to Sydney Water's smart meter that can be connected to their private smart metering infrastructure. This commercial alternative allows businesses who need data more frequently than what Sydney Water is proposing (some pulse reads collect in live 10 second intervals compared to Sydney waters daily transmissions) have access to this information, Currently, these adapters are provided to business customers free of charge so that both Sydney Water and the customer can collect pulse reads. Using IPART's pricing principle of user pays, the proposed one-off charge allows Sydney Water to recover the cost of supplying this splitter/adapter.

Workshop Test of Water Meter (Smart meter)

Customers can contact Sydney Water if they believe their water meter is faulty. We propose a separate opt in charge which reflects the higher cost of testing smart meters, ensuring that customers who have mechanical meters do not pay a higher price for testing and that smart meter customers receive a price signal that fully reflects the cost of a smart meter test.

1.3 Proposed Prices for these charges

Table 1 Ancillary Smart Metering charges ($2024-25)

	Units	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Smart meters for new connections - digital - 20mm	$/Meter	N/A	$289.45	$289.45	$289.45	$289.45	$289.45	$289.45	$289.45	$289.45	$289.45	$289.45
Workshop Test of Water Meter (digital meter) - 20, 25 & 32 mm meters	$/Test	N/A	$352.59	$352.59	$352.59	$352.59	$352.59	$352.59	$352.59	$352.59	$352.59	$352.59
Workshop Test of Water Meter (digital meter) - 40 mm meter	$/Test	N/A	$406.40	$406.40	$406.40	$406.40	$406.40	$406.40	$406.40	$406.40	$406.40	$406.40
Smart meter - opt out, requires manual meter read	$/Read	N/A	$9.01	$9.01	$9.01	$09.01	$9.01	$9.01	$9.01	$9.01	$9.01	$9.01
Smart meter - pulse splitter/ double adapter installation	$/Splitter	N/A	$586.94	$586.94	$586.94	$586.94	$586.94	$586.94	$586.94	$586.94	$586.94	$586.94