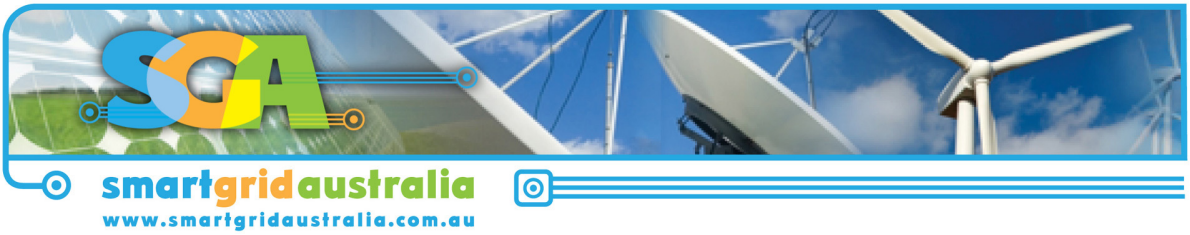

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

21 February 2011

Dear Committee Secretary,

National Broadband Network Corporation Bill

On behalf of Smart Grid Australia we would like to provide our views about the National Broadband Network Companies Bill which was introduced for its second reading on Wednesday 9th February 2011.

Smart Grid Australia

Smart Grid Australia is an industry alliance reflecting a multi-disciplinary membership – including utilities, power engineering suppliers, communications and networking and data management specialists, network construction and research organisations. Smart Grid Australia supports industry transformation towards an intelligent and efficient energy grid from generation to the home.

NBN being able to deal with utilities

Smart Grid Australia supports the utilities provision in clause 11 of the NBN Companies Bill that enables NBN Corporation to supply eligible services to electricity utilities in order to allow the NBN Corporation and utilities to exploit potential synergies between the NBN build and utilities' multi-billion dollar investments in smart grid infrastructure.

Currently utilities own and operate considerable communications infrastructure. Being able to connect and access the NBN will give utilities another choice as they increasingly seek more ubiquitous communications coverage.

Transforming these utility networks using smart grid technologies includes extending communications and information technologies more extensively across the whole utility network. This will create a step-change in the management and operation of utility networks, making them more efficient, reliable and capable of self healing when there is network failure and outages. Smart grid technology will also give customers greater choice and control over their energy usage.

Synergies between the NBN and that of electricity networks may influence the NBN architecture at a fundamental level such as grid-side powering of an ONT (Optical Network Terminal) potentially via the smart meter installation process. The synergies could also extend to roll-out strategies where the utilities' smart meter roll-out could enable the sharing of customer communications network facilities and workforces to reduce costs.

Smart Grid Australia Inc ABN 98012543287
First Floor 613 Canterbury Road SURREY HILLS Victoria 3127 Australia
PO Box 193 SURREY HILLS Victoria 3127 Australia
Ph: +61 3 9895 4457 Fax: +61 3 9898 0249
Web: www smartgridaustralia.com.au Email: admin@smartgridaustralia.com.au

The NBN network could also potentially provide communications to field assets for monitoring and control in the distribution network. The design and configuration of the NBN network is a key consideration in making such applications viable.

While realising such benefits depend on business and policy decisions across NBN and utility sector stakeholders, clause 11 of the NBN Corporation Bill will enable the NBN Corporation to work directly with electricity utilities so that the two infrastructure organisations can leverage the synergies between their networks. This will not only enable the parties to explore sharing network facilities and costs of the build phase of their network rollout, but also to design or modify the architecture of their networks so that electricity utilities can maximise the use of NBN Corporation's communications services thereby reducing duplication and optimising overall infrastructure investments in this country.

We understand that there are concerns about NBN Corporation supplying services to a party that is not a carrier and the perception of or potential for NBN Corporation to supply communications services to end users (retail services). Therefore, consideration is being given to amending the Bill to remove the electricity (and similar other utility) exemptions.

Removing these exemptions would require electricity utilities to have to deal with a carrier (or service provider) in working through network design and architecture issues to connect with NBN Corporation's communications network. This is an impractical and unworkable proposition that would place a service provider that adds no value between electricity utilities and the NBN Corporation. Indeed, putting such an organisation between the utility and NBN Corporation could create a clear disincentive to finding ways to maximise the network and communications synergies between the two networks to minimise costs.

Where there are barriers to maximising the opportunities to share and bring the two networks together, by, for example, having to work through a third party that does not own or cannot make decisions about core network issues, utilities will be more inclined to build their own networks, again increasing the possibility of network duplication. It would be a shame to see two infrastructure organisations conducting their own separate rollout of infrastructure to customer premises, for example, when through this Bill they could be working more closely together.

To provide further information about how the NBN and utilities may consider working together, I have also included a copy SGA'sIntelligent Networks' Working group paper on Requirements for Leveraging NBN Infrastructure for Smart Grid Applications. This paper has been the basis of some discussions between NBN Corporation and SGA's members.

Utilities' exemption from carrier licensing

SGA also understands some concerns have been raised about section 49 of the Telecommunications Act 1997 exempting electricity supply bodies from carrier licensing if they own or operate network units to supply eligible services (communications services). These concerns are stemming from some claims that infrastructure organisations that utilise these exemptions are supplying eligible services to third parties. If this is the case, requiring these organisations to comply with the Telecommunications Act 1997 is the best option, not removing the exemption.

The section 49 exemption was put in place to enable electricity utilities (and transport bodies and the Defence Force) to continue to own and operate their facilities. Where these organisations are

not providing communications services to end users and are only supplying the services to themselves, it is not reasonable for them to be subject to the more onerous carrier licensing obligations. The Universal Service Obligation, the Customer Service Guarantee and the interception requirements by law enforcement agencies are not relevant to electricity bodies that are using their communications networks to manage the distribution and supply of energy.

SGA would suggest that if there are concerns about electricity bodies using their communications networks to provide information to their energy customers, for example through smart meters, the exemptions from carrier licensing under section 49 could be reviewed to ensure that energy utilities are required to fully comply with the original intention of the exemptions.

Yours Sincerely,

Judy Anderson
Chair
Policy and Regulatory Working Group
Smart Grid Australia

Smart Grid Australia Inc ABN 98012543287
First Floor 613 Canterbury Road SURREY HILLS Victoria 3127 Australia
PO Box 193 SURREY HILLS Victoria 3127 Australia
Ph: +61 3 9895 4457 Fax: +61 3 9898 0249
Web: www smartgridaustralia.com.au Email: admin@smartgridaustralia.com.au