

1 August 2013

Mr John Pierce  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Project Reference Code: ERC0159

RE: Victorian jurisdictional derogation – advanced metering infrastructure

Dear Mr Pierce

ENA welcomes the opportunity to comment on the rule change proposal "*National Electricity Amendment (Victorian Jurisdictional Derogation, Advanced Metering Infrastructure) Rule 2013*" which was submitted to the Australian Energy Market Commission (AEMC) by the Minister for Energy and Resources (Victoria).

We note that the five Victorian distribution businesses have submitted a comprehensive response to the Rule Change proposal and ENA supports that response. We summarise below our reasons for this support.

The requested rule change would extend for up to three years the effect of an existing derogation from some of the metering provisions in chapter 7 of the National Electricity Rules. The existing derogation was put in place to allow the rollout of advanced metering infrastructure (AMI) in Victoria. It makes distribution businesses exclusively responsible for metering services for small Victorian electricity customers. The existing derogation is due to expire on 31 December 2013.

If the derogation is not extended, the metering rules that are currently not applied to Victoria would come into force. This would mean that competition in supply of AMI metering services for small customers in Victoria would be enabled. For competition in AMI metering services to occur in practice, a number of processes and systems need to be developed, either within Victoria or nationally.

The Standing Council on Energy and Resources (SCER) has determined to introduce contestability for coordinating and providing metering and data services to consumers. SCER has directed officials to finalise a rule change proposal and this is expected to be submitted to AEMC in November 2013. SCER has also directed that the following be undertaken:

- AEMC to establish a framework for open access and common communication standards to support contestability in demand side participation end user services enabled by smart meters, and
- Australian Energy Market Operator (AEMO) establish an industry working group to manage transition to any new arrangements

These processes will establish the national framework for contestable metering for small customers. However, the framework will clearly not be in place when the current Victorian derogation expires on 31 December 2013.

ENA endorses the concern stated by the Victorian Government that, without the national framework in place, the introduction of metering competition in Victoria from January 2014 would have a number of detrimental impacts, including:



- The costs would be significant and would include inefficient duplication of an equivalent national process and potential loss of benefits associated with the AMI program;
- Potential safety issues relating to remote re-energisation and re-energisation of premises, which is a major benefit from the AMI program. The current process, developed in consultation with Energy Safe Victoria, assumes the Local Network Service Provider is exclusively responsible (and liable) for this service. This process would need extensive revision to ensure safety of all parties.
- Barriers to competition could be created if consumers have to change meters when they change retailers;
- There would be potential adverse impacts on reliability of supply due to confusion over responsibility for repairing meter outages, and
- There would be a lack of customer protection arrangements recognising potential multiple roles for metering services.

In addition, the Victorian Government is currently managing the introduction of flexible pricing, with an essential and comprehensive customer engagement process. The introduction of flexible pricing is a critically important component of a successful and effective utilisation of the functionality of AMI and delivery of information and potential benefits to consumers. To complicate this task by the addition of transition to contestable metering could create significant confusion and complexity for Victorian consumers.

The consultation paper notes that the Victorian Government identifies a number of benefits from making the rule, including:

- Allowing existing processes and systems to be continued until a national framework is implemented, avoiding inefficient, costly and possibly inconsistent duplication of effort;
- Allow Victorian participants to focus on the development of the national framework, rather than being distracted by the development of Victorian specific arrangements, and
- Allow the new national consumer protection arrangements and communications campaign, which are to be developed as part of the national framework, to be adopted in Victoria.

The ENA considers that the proposed rule change sensibly seeks to ensure an efficient transition by Victoria to a national framework for contestable metering services without unnecessary risk, expenditure or confusion for Victorian consumers.

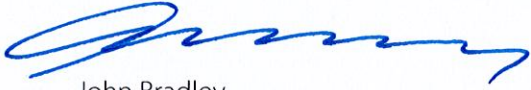
We note that the process to develop the national framework for contestable metering services has yet to commence, with latest advice that the proposed rule change to introduce contestability in metering services is expected to be sent to AEMC in November 2013. Until there is clarity in the national contestable metering rule, it will not be possible to commence consideration of transitional processes.

ENA supports the cautionary note included in the submission by the Victorian distribution businesses to the AEMC on this matter identifying the need to recognise the industry implementation phase in transitioning to a national contestable metering model. ENA supports their proposed amendment to the proposed rule change seeking additional time to effect an efficient transition.

ENA would welcome expedited resolution of this rule change to enable the focus and attention of all relevant parties to be applied to the critically important task of ensuring effective development of the

national framework including its associated processes and implementation. For further information on this submission, please contact Susan Streeter, Strategic Program Coordinator, on [sstreeter@ena.asn.au](mailto:sstreeter@ena.asn.au) or 02 6272 1520.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'John Bradley', with a stylized, flowing script.

John Bradley  
Chief Executive Officer

