



Submission to the Australian Energy Market Commission

Re: Draft Rule Determination, Victorian Jurisdictional Derogation, Advanced Metering Infrastructure Roll Out

12 November 2008

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1 Executive Summary

The five Victorian Distributors—Citipower, Jemena Electricity Networks, Powercor, SP AusNet and United Energy Distribution (the Distributors) appreciate the opportunity to comment on the AEMC’s Draft Rule Determination on the Victorian Jurisdictional Derogation, Advanced Metering Infrastructure Rollout.

The Distributors strongly support the AEMC Draft Rule Determination which provides for distributor exclusivity for connection points below 160MWh pa. The Distributors are well underway with substantial AMI projects to meet the AMI roll out obligations established by the Victorian Government and will be making significant financial commitments to meet these obligations shortly. As such, we are keen that regulatory certainty is provided on this part of the Victorian AMI framework and we encourage the AEMC to make a Final Rule Determination in a timely and appropriate manner.

The following key aspects of the derogation need to be clearly articulated in the Rules changes in the Final Rule Determination;

- In order to efficiently procure the infrastructure and manage the AMI rollout to all sub 160MWh pa customers over the next 5 years, the Victorian Government policy requires that Distributors should be responsible for small customer metrology. This management of small customer metrology is intended to make the Distributor responsible for the metering to these connections during the rollout period regardless of the meter type at the connection point at the start date, the meters required for new connections, meter upgrades or meter replacements. The level of exclusivity sought by the Victorian Government is at the connection point level. This allows clarity of the number of connections to be managed and is consistent with the retailer and distributor metering obligations established within the Victorian framework. Distributor management of small customer metrology also has the benefits of the deployment of a homogenous metering infrastructure platform as an enabler for the launching of future functionality and also provides a simpler, consistent cost structure for customers.
- In order to minimise the project risk and any delay created by changes to Rules or procedures, the Victorian Government has altered the rollout to a type 5 AMI meter rollout. This allows the current type 5 metrology framework to be used with minimal change, thus impacting market participants to the minimum extent possible. The derogation seeks to clarify that AMI meters which are being read remotely are able to be treated as type 5 meters under the Rules. This minimum change approach allows unrestrained consideration of the fit of AMI within the Rules and the metrology framework by the national smart metering working groups for the longer term smart metering framework.
- The planned AMI rollout is expected to be completed by the end of 2013. This derogation should continue until that date to provide regulatory certainty of the metering arrangements. Any earlier termination of the derogation must only occur on the implementation of an equivalent national scheme and the provision of appropriate transitional arrangements.

2 Introduction

The Victorian Government applied to the AEMC for a derogation to the National Electricity Rules (the Rules/Rule) in November 2007. The application sought to establish the local Distributor as the exclusive responsible party for small customer metrology and in particular for the legislated rollout of Victorian advanced metering infrastructure (AMI). The application sought this exclusivity from the start date until 31 December 2013.

The AEMC over the last year has considered the application in detail and issued their Draft Rule Determination. The key outcome of the AEMC Draft Determination is that in the AEMC view a AMI meter rollout led by Distributors provides the best basis for achieving the NEM Objective and the key COAG/MCE aims for the rollout.

The AEMC has determined that it should make the Draft Rule providing for Distributor exclusivity :

- to act as the responsible person for the rollout of AMI meters to connection points where annual consumption is less than 160 MWh. Distributors will not be the responsible person for those connection points where, at the start of the rollout, a Retailer is already the responsible person; and
- to select the metering data agent to be engaged by NEMMCO in respect of the metering installations at these connection points.¹

The Victorian Distributors strongly agree and support this determination by the AEMC but have some concerns about the drafting proposed for its implementation.

Of prime importance now is to ensure that the specific Rule changes unambiguously support the Distributor led rollout approach and provide a firm basis for the Distributors to carry out the rollout in a cost effective and technically proficient manner.

This submission will detail the following:

- The intent of the derogation application in November 2007 and September 2008;
- The specific requirements which we consider are essential to be achieved by the Rules changes to support a Distributor led rollout under the current Victorian “core services” rollout approach;
- Our concerns with the Draft Determination Rule change wording which does not achieve these requirements, including where appropriate, consideration of the proposed drafting in the derogation application; and
- Suggested approach or approaches to the Rules changes which might best achieve the specific requirements.

¹ AEMC, Draft Rule Determination, Victorian Jurisdictional Derogation Advanced Metering Infrastructure Rollout, 25 September 2008, p9

3 Intent of the Derogation Application

3.1 The Original Derogation Application

In November 2007, the Victorian Minister proposed a jurisdictional derogation to the Rules to the AEMC. The application was to facilitate the implementation of the Victorian Government's policy for the introduction of advanced metering infrastructure. The proposal intended to establish the local Distributor as the exclusive responsible party for small customer metrology and in particular for the legislated rollout of advanced metering infrastructure.² The Minister noted that the Distributor exclusivity sought in the application and proposed derogation Rules changes is an integral part of the existing regulatory arrangements and the Victorian Government considered it necessary and appropriate that these arrangements continue. Proposed Rule clause 9.9B.1(a) sought the exclusivity for small customer metrology for all customers where the Retailer was not already the responsible person at the start date of the rollout.

The fundamental metrology approach envisaged for the Victorian rollout when the derogation was originally submitted and the proposed Rules changes drafted, was to accept an interpretation that before the end of the rollout all AMI meters would be type 4 meters.

Where an AMI meter is treated as a type 4, the Rules provide for contestability (Retailer choice of responsible person and hence meter provider) and NEMMCO responsible for data collection (Retailer choice of meter data provider). These Rules provisions were incompatible with a Distributor led rollout and hence modifying these arrangements was a fundamental driver for the derogation request.

Proposed Rules 9.9B.2 and 9.9B.6 provided that the responsible person would select the meter provider and the meter data provider consistent with small customer metrology, regardless of how the AMI meter was classified in the NEM (eg type 4, 5 or 6).³

3.2 Modifications to the Victorian AMI roll out

The Minister wrote to the AEMC in September 2008 to provide the AEMC with an updated view of the Victorian rollout AMI project and timetable and to reconfirm the need for the derogation, including the expiry date. In summary the Minister advised;

- The commencement date for meter deployment has been deferred to mid 2009 with completion of the roll out in 2013;
- The rollout project was modified to fully utilise existing market processes and procedures; and

² Letter to Mr J Tamblin, Chairman, AEMC RE Continuation of Certain Victorian Arrangements for Electricity Metering, Mr P Batchelor, Minister Energy and Resources, 3 Nov 2007

³ Victorian Government Rule Change proposal – Advanced Metering Infrastructure Rollout, August 2007, p27

- The rollout will focus on the following core services—provision of interval metering data, remote collection of interval metering data, remote connection and disconnection of supply.

These amendments to the Victorian rollout program were as a consequence of:

- The improved understanding of the earliest delivery timeframes of production quality AMI technology and systems: and
- The complexity and pervasive nature of anticipated changes to the Rules, procedures and systems which were outside of the control of the Victorian project.

The Victorian project will adopt the existing type 5 metrology, until a transition as articulated in the Minister's letter of the 6 September 2008 to a nationally agreed and documented metrology type for smart metering.

Whilst the Distributor has, under the current Rules for type 5 metering, the exclusive role in selecting the meter provider and metering data services provider, the Distributor does not have the exclusive role as responsible person for connection points where the customer consumes less than 160MWhpa. Thus the Rules provide opportunities for Retailers to become the responsible person for a metering installation by replacing the type 5 metering installation with a type 4 (or type 3) metering installation at such connection points. The Rules also allow a Retailer to install a type 4 (or type 3) metering installation on a new connection where a customer consumes less than 160MWhpa.

As detailed below if a Retailer(s) took these opportunities then the financial, logistical and technical basis of the Distributor led rollout could be adversely impacted. Therefore the fundamental need for the derogation to support a distributor led rollout remains.

4 Requirements of the Rules Changes

The specific requirements of the derogation are in the areas of:

- 1 Exclusivity and meter exchange rights
- 2 Support for remote reading of type 5 meters including Distributor choice of data service provision
- 3 Period of the Derogation

The specific requirements which must be achieved by the Rules changes to support the current Victorian core services rollout approach are each described in the following sections.

4.1 Exclusivity and meter exchange rights

4.1.1 *Detail of requirement*

Despite the Victorian rollout now being of type 5 meters, and the Distributor under the Rules having the exclusive responsible person role with the related choice of metering provider, the Distributor does not have exclusivity over small customer metrology and so there are still opportunities for Retailers to take up the responsible person role for target meters and impact the rollout strategy. Hence there is still the need for a derogation to support the Victorian rollout.

The derogation must give Distributors exclusive responsibility and meter exchange rights for all meters on customers less than 160MWhpa from the rollout start date and throughout the rollout period.

The AEMC's Draft Rules Determination recognises a number of advantages associated with a Distributor led rollout. These include: better co-ordination of rollout, provision of universal platform for mass market benefits, relatively simple and certain cost recovery mechanism, and relatively simple regulatory framework. Each of these advantages could be reduced if Retailers were able to use the current Rules provisions to upgrade meters and hence remove them from the Distributor exclusivity provisions.

The following are two examples of the possible Retailer impacts on the advantages recognised by the AEMC's Draft Rule determination:

- The Distributors can best co-ordinate the rollout when they have certainty of the meters to be exchanged. Long term planning for the rollout including meter purchases, installation practices, and communications design, will be based on current meter read routes, meter densities, etc. This advantage will be significantly reduced if Retailers exchange existing meters ahead of the rollout, hence impacting on the basis of the rollout planning and commitments.
- Provision of a Distributor based universal meter platform will reduce meter reading costs, however reading costs will increase in the rollout period if significant route changes are required because of meter changes by Retailers before Distributor remote reading is in place.

If these advantages are not fully preserved then additional cost to the industry will arise through increased route management costs, potentially create mixed messages and confuse customers. The uncertainty created would detract from the NEM objective.

The only exceptions, proposed in the original drafting or by the Draft Determination Rules changes, are:

- The relatively small number of type 4 and 3 meters on customers less than 160MWh pa where the Retailer has elected before the rollout start date to be the responsible person (including meters on these sites exchanged after the start date for normal meter replacement cycle reasons), and
- A very small number of high voltage connection point meters on customers less than 160MWh.

Further, the Victorian Order in Council (OIC)⁴ which provide the support for the AMI rollout are drafted based on the assumption that the Derogation will restrain Retailers from meter exchanges and new connections metering on all connection points less than 160MWh pa. The OIC does not itself impose an obligation on Retailers to install AMI meters except where they are the Responsible Person from the rollout start date and must exchange the meter in accordance with the Retailer's ordinary meter replacement cycle. If the Derogation does not cover all other meters, then any meter installations by Retailers after the start date would not necessarily be compliant with the AMI meter Functionality Specification. Thus the aim of having an AMI meter installed on all less than 160MWh customers to provide a homogeneous metering approach would be in jeopardy. Some customers may never get an AMI meter.

To properly support the Distributor led roll out of AMI, the exclusive responsibility and the meter exchange rights must include:

- (a) Continuation of the Distributors' exclusive responsible person role for type 5 and 6 meters already in place under the Rules. This includes meters for new connections, customer requested alterations, meters exchanged for normal meter replacement cycle reasons, and meters exchanged as a result of the AMI rollout.
- (b) Restrictions on the rights currently in the Rules, for a Retailer to alter a type 5 or 6 metering installation to a type 4 or type 3, or install a type 4 or type 3 meter on a new connection, for customers less than 160MWh pa .

4.1.2 Draft Rules analysis and suggested drafting approach

Our assessment is that the following was the AEMC's drafting intent:

Draft Rule 9.10.1 *Definitions Relevant Metering Installation* was to define the meters covered by the derogation ("relevant metering installations"), whilst Draft Rule 9.10.4 was to impose restrictions to the application of Rule 7.3.4 (e) re meter alterations to ensure that Retailers could not alter relevant metering installations and by this action make them no longer a relevant metering installation.

⁴ Victorian Government Gazette, Order under Section 15A and Section 46D, No S200, 28 August 2007

However, our assessment of the specific wording is that the phrase “for the purposes of the rollout” and not including type 3 and type 4 meters in the definition of Relevant Metering Installation, has resulted in the specific requirement defined in Section 4.1.1 above not being achieved.

Under the Draft Rule 9.10.1 a Retailer can still exchange meters after the start date as long as the meter targeted has not been installed “for the purposes of the rollout”, and because Draft Rule 9.10.4 only applies to the installations defined as relevant metering installations in Draft Rule 9.10.1 this offers no additional restriction in possible Retailer actions.

Hence a Retailer could replace meters (ie from a type 5 or 6 to a type 3 or 4), or install a meter on a new connection, and become the responsible person, without restriction after the start date, as long as these meters have not been installed by the Distributor as part of the AMI rollout.

A further consequence of Draft Rule 9.10.4 as worded is to restrict the Retailers’ and the Distributors’ ability to make arrangements to alter a relevant metering installation which may be required to achieve an outcome driven by a change to load condition or customer requirements. For example an AMI meter may be installed on an installation outside the area where the Distributor has communications and hence the meter may be installed as a type 6 meter. The Retailer/customer may require interval data (eg to facilitate a photo-voltaic cell feed-in tariff) but can no longer request the necessary alteration to support this because of the restrictions established by this Draft Determination Rule change.

We agree that the exclusion of metering installations located at a high voltage connection points as proposed in the Draft Determination Rule change corrects a small anomaly in the Proposed Rules wording.⁵

We suggest that the wording in the Proposed Rule as submitted provided a clear approach to the drafting to meet the small customer exclusivity requirement without restricting retailer/customer requested meter upgrades. By not restricting the meters included in the Relevant metering installation to those included for the purposes of the rollout, and by including type 3 and 4, the wording would better meet the requirement as stated above. This also removes the need for changes to Rule 7.3.4 (e) and hence removes the operational issues detailed above.

4.2 Ensure the Rules support remote reading of type 5 meters and the Distributor has choice of data service provision

4.2.1 Detail of requirement

It is critical to the current Victorian “core services” rollout approach and to the support of the concept of a Distributor led rollout for:

- The Rules to clearly support meters remaining classified as type 5 meters even though they are

⁵ The number of high voltage sites of less than 160MWh pa consumption and with the Distributor as the responsible person would probably be less than 20 across the state.

- remotely read, and
- data from the meters is being delivered at least weekly to NEMMCO to meet settlement timeframes; and
- The Distributor, consistent with the meters being classified as type 5, to have the choice of the data service provider.

These two aspects have been grouped together for consideration as they are intimately linked with respect to Rules coverage.

As detailed in the Minister’s letter of 6 September 2008 it is fundamental to the Victorian “core services” rollout approach that the AMI meters be classified as type 5. This new rollout approach allows the transition through out the rollout period of existing type 5 or 6 meters, to AMI type 5 or 6 meters which are manually read, to AMI type 5 meters which are read remotely on a more frequent basis. This type 5 rollout approach is seeking to work within the existing Rules and type 5 metrology framework so there is the minimum impact on Retailer’s systems and processes.

This rollout approach enables a number of significant benefits to be achieved including reduction of project delivery risks and hence improved certainty of overall net benefits, and improved alignment with the emerging national smart meter framework. It allows the Victorian rollout to proceed with the minimum changes to the national metrology and market service processes, and enables the fundamental benefits to be achieved in Victoria without waiting for the national smart meter processes to be established for all the smart meter functionalities.

Most importantly this approach allows the national smart metering working groups to review the appropriate fit of AMI meters in the new Rules framework and the consequential changes to NEM procedures and other regulatory instruments. This type 5 rollout approach ensures that Victoria is not pre-empting the national process or setting any precedents that will require rework for Retailers and Distributors in the move to national smart metering.

4.2.2 Rules Interpretation Concern

Recent consideration of the metrology arrangements within the Rules has raised a question as to whether the concept of remote read type 5 meters causes a lack of internal consistency within the Rules which could result in issues of interpretation (and hence possible challenge) in the rollout period.

The minimum accuracy and fundamental metrology requirements for type 5 meters is defined in Table S7.2.3.1 of Schedule 7.2.3 of the Rules. The remotely read type AMI meters, which will remain as type 5 under the Victorian core services rollout approach and under the derogation, will have to meet these requirements. One of the requirements of type 5 meters in this table is that they must meet the requirements of Rules clause 7.11.1(d) which deals with performance of metering installations with respect to metering data.

However, the wording of Rules clause 7.11.1(d) only covers a meter that “....does not have the capability for remote acquisition...”. Our view is that if the derogation Rules changes explicitly allow remotely read type 5 meters then this would override the inconsistency described above. This is consistent with the provisions in Chapter 7 that allow remote read type 5 meters today where operational difficulties are experienced.

In Schedule 7.2.3, Clauses 7.11.1 (b) and (c) are the minimum requirements for a type 4 meter. Clause 7.11.1 (d) is the minimum requirement for a type 5 meter. The Rules allow

that a type 5 meter could exceed the requirements of 7.11.1 (d) but does not need to be classified as a type 4 meter. In our opinion the Rules clearly already contemplate remotely read type 5 meters in the circumstances outlined in clause 7.3.4 (h). A type 5 or 6 metering installation may also have communications link within a metering installation as indicated in Schedule 7.1.

Nevertheless, to avoid doubt, it is desirable to include in the derogation a Rule change to overcome this inconsistency. It is suggested that the provisions of clause 7.11.1 (d) apply to relevant metering installations irrespective of their capability for remote acquisition.⁶

4.2.3 Draft Rules analysis and suggested drafting approach

Draft Determination Rule change 9.10.5 (b)

We understand that the AEMC's intention behind Draft Rule 9.10.5 sub clause (b) was to provide scope for Distributors to use remote acquisition to collect data from AMI rollout meters but otherwise classify them in NEMMCO's MSATS system as type 5.

This sub-clause appears to achieve the functional requirement as defined above. However the phrase "features of a type 5 or type 6" does not have a defined, or industry accepted meaning.

The following alternative drafting for clause 9.10.5 (b) is offered for consideration:-

- (b) A relevant metering installation which is capable of remote acquisition but otherwise would be a type 5 or type 6 metering installation, is taken to be a type 5 or type 6 metering installation (as the case may be).

Draft Determination Rule change 9.10.5 (a)

Once interval data is being provided weekly or more frequently, Draft Rule 9.10.5 sub clause (a) could be used, however it is not consistent with the type 5 Victorian "core services" rollout approach. At that point the AMI metering installation could be argued will have all of the features of a type 4 meter and it could be further argued will then comply with the Rules and Metrology Procedure requirements for a type 4 metering installation. This Draft Determination Rule change in our view is not required and creates uncertainty given the use of new, undefined terminology such as features.

As stated above the meter installations which will be rolled out in Victoria will comply with the Rules and Metrology Procedure requirements for a type 4 metering installation once

⁶ We note that it is not possible for the derogation wording to be made clear by reference to Rules clause 7.11.1(a) and either of its alternative "related" clauses 7.11.1(b) or (c), even though these relate to metering installations with remote acquisition:

- Rules clause 7.11.1(b) is not applicable as this clause does not allow for estimated reads (ie reads for which data is derived ahead of a read attempt for the billing period). At least until 1 January 2012 forward estimates are likely to remain a key feature of the Victorian AMI meter reading arrangements.
- Rules clause 7.11.1(c) cannot be relied upon as the metrology for this scenario (remote data acquisition but below the consumption threshold which NEMMCO require actual data to meet settlements timeframe) has not yet been developed by NEMMCO.

they are being read such that interval data is being provided weekly or more frequently. The timing of when this data situation will be reached will depend on the implementation strategy of each Distributor, but all rollout meters which have access to communications will be delivering daily interval data from 1 January 2012 at the latest. Under the Draft Determination Clause as currently written, all these installations with weekly read or better would be re-classified as type 4 meters. This is NOT the approach detailed in Victorian “core services” rollout approach as outlined in the Minister’s 6 September letter. The assumption under this approach is that the distributors as the data providers (MDPs) handling this data will be accredited as a type 5 MDP and are not expecting to reaccredit as a type 4 MDP.

If a Rules clause similar to 9.10.5 is to be used to define the classification of meters through the rollout, then both 9.10.5 (a) and (b) should be replaced with wording similar to that below:

A relevant *metering installation*:

- which, but for this clause, would be a type 4 *metering installation* is taken to be a type 5 *metering installation*;
- which is capable of *remote acquisition* but otherwise would be a type 5 *metering installation*, is taken to be a type 5 *metering installation* ;
- which is capable of *remote acquisition* but otherwise would be a type 6 *metering installation*, is taken to be a type 6 *metering installation*.

4.3 Period of the Derogation

4.3.1 Detail of requirement

A key requirement of the derogation is to provide the Victorian Distributors with an acceptable level of certainty for their rollout programs and for the associated financial commitments. It is critical therefore that this certainty exists not only for the upfront commitments for meter and systems purchases, resource allocation etc, but also that this certainty remain for the full period of the rollout.

The basis of the determination of the Expiry Date of the derogation is therefore critical to achieving this requirement for the derogation. This requirement can be met easily by specifying the Expiry Date as 31 December 2013 as this is the firm end date for the Victorian rollout.

As stated in the Minister’s September 2008 letter the Distributors under the modified Victorian “core services” rollout approach will still install AMI infrastructure to meet the full range of functionality and performance requirements of the Victorian Functionality Specification. These functionalities align with those identified in the national cost benefit analysis for inclusion in the national functionality specification. The letter also states that as the national processes and systems are changed to support these additional functionalities they will be enabled in Victoria when “there is net benefit to do so”.

The Distributor’s understanding is that when the national processes and associated transactions and procedures are established, the Victorian Jurisdiction is committed to moving so that the Victorian AMI infrastructure support those processes. However, the Jurisdiction will consider the associated various costs and benefits including impacts on the Victorian rollout timetable, on Distributors’ financial arrangements, on Distributors’ and

Retailers' costs and practical implementation programs and on Victorian consumers' costs, and then transition to these national processes in an appropriate manner and timetable.

Potentially the national smart meter initiative could for example determine that national smart meters are to be designated as a new meter type (say type 8) and that their metrology include delivery to Retailers of say a wide range of meter events. If these features of a rollout meter were to have an effective date in 2012 when the Victorian rollout rate is at its peak, then potentially major changes to Participants' system and processes may be considered at the time to put the Victorian rollout at risk. The Minister in conjunction with Victorian industry would then look to establishing transitional arrangements for these changes.

4.3.2 Draft Rules analysis and suggested drafting approach

The Draft Rule as written creates uncertainty for distributors in relation to the expiry of the derogation.

We consider that there is no reason to extend beyond the simple statement that the Expiry Date is 31 December 2013. If the early termination of the derogation becomes possible, this should be carried out using an equivalent process to that which established the derogation to ensure that full consideration of all related issues can be taken into account including any transitional requirements. We consider that this process would be initiated without the need for a derogation Rules change to establish this an obligation.

However if the AEMC consider that some recognition must be made in the derogation Rules change for the envisaged manner of transition to a national framework, then the following comments and drafting suggestions are offered.

The terminology used in the Draft Rule which would lead to an early Expiry Date of the derogation appears to be very broad. A derogation for another jurisdiction or a small Rule change to Chapter 7 for smart metering could result in the early expiry of the Victorian derogation. Whilst this is unlikely for the next 1-2 years, there may be some risk in 3-4 years time. These latter years are the peak roll out years and distributors would have made commitments for large orders for meters to meet the Victorian roll out targets. Any potential for change to the derogation in these latter years creates regulatory uncertainty and potentially additional costs to customers which would not meet the NEM objective.

We consider that any clause of this nature must:

- Clearly define the type of Rule change which would be considered as a trigger for Jurisdictional consideration of transitional arrangements leading to derogation expiry. This must exclude anything other than a Rules change which at least maintains the scope and basis of the Victorian derogation hence excluding Jurisdictional derogations or national changes with limited scope. Any Rule which may cause the derogation to expire needs to be of equivalent scope as there would be no point in a backward step for the Victorian rollout.

- Be programmed into the overall roll out and take account of industry capability to deliver. The Victorian Minister, having requested the derogation and being instrumental in establishing the Victorian legislative framework for AMI, needs to be consulted in any Rule changes which impact the delivery of the Victorian AMI policy. There may be a need for further legislative or administrative changes which the Victorian Minister will need to progress to enable transition to a national approach. Any changes mid stream in the rollout must only be progressed if they have a positive contribution to the NEM objective. We remain concerned that any changes to the rollout basis in these high volume roll out years will create additional costs to Victorian consumers.

Hence any Rules wording which anticipates the derogation falling aside as a result of the establishment of should be written to:

- Overcome the terminology issues defined above by clearly defining the scope of the national smart meter Rules changes , and
- Include wording which recognise the need for a transitional approach as detailed in Section 4.3.1 above.

5 Attachment – 5DB Drafting Suggestions

Definitions

DPI Proposed Rule	AEMC Draft Rule	5DB Proposed Drafting
<p>AMI rollout</p> <p>Means the rollout of advanced metering infrastructure provided for in the <i>cost recovery Order</i></p>	<p>AMI rollout means the rollout of advanced metering infrastructure provided for in the cost recovery order</p>	<p>No change to Draft Rule</p>
<p>cost recovery Order</p> <p>Means the Order made by the Governor in Council under section 15A(2) and section 46D of the Electricity Industry Act 2000 (Vic) and published in the Victorian Government Gazette in August 2007.</p>	<p>cost recovery order means the order dated 28 August 2007 made by the Governor in Council under section 15A(2) and section 46D of the EI Act and published in the Victorian Government Gazette, as amended by any subsequent Order in Council under section 46D of the EI Act.</p>	<p>No change to Draft Rule</p>
<p>relevant metering installation</p> <p>[Clause 9.9B.1(a)] This clause 9.9B applies to each <i>metering installation</i> for a <i>connection point</i> located in Victoria (other than a type 1 or a type 2 <i>metering installation</i>) in respect of which less than 160MW per annum of <i>energy</i> is consumed by a customer and which:</p> <p>(i) is installed on or after the <i>start date</i>, unless the <i>Market Participant</i> is the <i>responsible person</i> for such <i>metering</i></p>	<p>relevant <i>metering installation</i> means a <i>metering installation</i> for a <i>connection point</i> located in Victoria through which the volume consumption of the customer is less than 160MW per annum of <i>energy</i> and which:</p> <p>(i) is installed on or after the <i>start date</i> for the purposes of the AMI rollout, unless the <i>Market Participant</i> is the <i>responsible person</i> for the <i>metering installation</i> which has been installed in accordance with the ordinary replacement cycle of the <i>Market</i></p>	<p>relevant <i>metering installation</i> means a <i>metering installation</i> for a <i>connection point</i> located in Victoria (other than a type 1 or a type 2 <i>metering installation</i>) in respect of through which the volume consumption of the customer is less than 160MW per annum of <i>energy</i> is consumed by a customer and which:</p> <p>(i) is installed on or after the <i>start date</i> for the purposes of the AMI rollout, unless the <i>Market Participant</i> is the <i>responsible person</i> for the <i>metering installation</i> <u>at the start date and the installation occurs</u></p>

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DPI Proposed Rule	AEMC Draft Rule	5DB Proposed Drafting
<p><i>installation</i> at the <i>start date</i> and the installation occurs in accordance with the ordinary replacement cycle of that <i>Market Participant</i>; or</p> <p>(ii) was installed prior to the start date, unless the <i>Market Participant</i> is the <i>responsible person</i> for such <i>metering installation</i> at the start date,</p> <p>(relevant metering installation).</p>	<p><i>Participant</i>; or</p> <p>(ii) was installed prior to the start date, unless the <i>Market Participant</i> is the <i>responsible person</i> for such <i>metering installation</i> at the start date,</p> <p>and which is not a <i>metering installation</i> located at a <i>high voltage connection point</i>.</p>	<p>which has been installed in accordance with the ordinary replacement cycle of the <i>Market Participant</i>; or</p> <p>(ii) was installed prior to the start date, unless the <i>Market Participant</i> is the <i>responsible person</i> for such <i>metering installation</i> at the start date,</p> <p>and which is not a <i>metering installation</i> located at a <i>high voltage connection point</i>.</p>
<p>start date</p> <p>Has the meaning given in the <i>cost recovery Order</i>.</p>	<p>start date has the meaning given in the cost recovery order.</p>	<p>No change to Draft Rule.</p> <p>We understand that the start date will be the later of that in the cost recovery OIC (1 Jan 2009) and the date of the commencement of this Rule.</p>
<p>[Clause 9.9B.1(b)] For the purpose of this clause 9.9B, volume consumption will be calculated in accordance with Schedule 2 of the <i>metrology procedure</i>.</p>	<p>Volume consumption means the volume of <i>energy</i> consumed by the customer at the relevant <i>connection point</i> calculated in accordance with Schedule 2 of the <i>metrology procedure</i>.</p>	<p>No change to Draft Rule.</p>
<p>[Clause 9.9B.1(c)] Clause 9.9B ceases to apply on 31 December 2013.</p>	<p>[Clause 9.10.2]</p> <p>This rule 9.10 expires on the earlier of:</p> <p>(a) 31 December 2013; and</p> <p>(b) the commencement of amendments to the <i>Rules</i> under the <i>National Electricity Law</i> that provide for an AMI roll out or equivalent in <i>participating jurisdictions</i></p>	<p>The 5DBs propose the following wording.</p> <p>This rule 9.10 expires on the earlier of:</p> <p>(a) 31 December 2013; and</p> <p>(b) the commencement of amendments to the <i>Rules</i> under the <i>National Electricity Law</i> that provide for an AMI roll out or equivalent in <i>participating jurisdictions</i></p>

DPI Proposed Rule	AEMC Draft Rule	5DB Proposed Drafting
	<p>other than Victoria.</p>	<p>other than Victoria.</p> <p>An alternative drafting could allow for an equivalent Rule:</p> <p>This rule 9.10 expires on the earlier of:</p> <ul style="list-style-type: none"> (a) 31 December 2013; and (b) the commencement of amendments to the <i>Rules</i> under the <i>National Electricity Law</i> that:: <ul style="list-style-type: none"> (i) provide for at least the equivalent scope and basis of the AMI rollout in <i>participating jurisdictions</i> other than Victoria, and (ii) include saving and transitional provisions which include saving the effect of this Rule 9.10.

Substantive Provisions

DPI Proposed Rule	AEMC Draft Rule	5DB Proposed Drafting
<p>9.9B.2 Designation as Responsible Person (clauses 7.2.2 and 7.2.3(a))</p> <p>Notwithstanding clauses 7.2.2 and 7.2.3(a), the <i>Local Network Service Provider</i> is the <i>responsible person</i> for any <i>relevant metering installation</i>, with the effect that:</p> <p>(a) a <i>Market Participant</i> may not elect to be the <i>responsible person</i> for a <i>relevant metering installation</i> under clause 7.2.2(a);</p> <p>(b) a <i>Market Participant</i> will not be the <i>responsible person</i> for a <i>relevant metering installation</i> under clause 7.2.2(b); and</p> <p>(c) the <i>Local Network Service Provider</i> will be the <i>responsible person</i> as if the <i>relevant metering installations</i> were referred to in clause 7.2.3(a)(2).</p>	<p>9.10.3 Designation as responsible person.</p> <p>For the purposes of clauses 7.2.2 and 7.2.3, a relevant <i>metering installation</i> is taken to be a <i>metering installation</i> referred to in clause 7.2.3(a)(2) even where that relevant <i>metering installation</i> is not a type 5, 6 or 7 <i>metering installation</i>.</p>	<p>The 5DBs consider that the Proposed Rule was unambiguous.</p> <p>However if the AEMC prefer to remain with the Draft Rule we suggest the following to strengthen the application of the clause and to ‘close the loop’ in a way that is clear from a simple reading of the provision:</p> <p>For the purposes of clauses 7.2.2 and 7.2.3, a relevant <i>metering installation</i> is taken to be a <i>metering installation</i> referred to in clause 7.2.3(a)(2) <u>and not a <i>metering installation</i> for the purposes of clause 7.2.2</u> even where that relevant <i>metering installation</i> is not a type 5, 6 or 7 <i>metering installation</i>.</p>
<p>9.9B.3 Terms and Conditions (clause 7.2.3 (b) – (h))</p> <p>(a) Clauses 7.2.3(b) and 7.2.3(c) will not apply to <i>relevant metering installations</i>.</p> <p>(b) Clause 7.2.3(ca) – (h) will apply to <i>relevant metering installations</i> as if the <i>relevant metering installations</i> were referred to in clauses 7.2.3(ca) and 7.2.3(d).</p>	<p>[No equivalent].</p>	<p>While it is arguable that the effect of Proposed Rule achieved by clause 9.10.3 of Draft Rule, clauses 7.2.3(d) to (i) are specific to types 5-7 metering installations. The Proposed Rule was a clear communication of intention available from a simple reading of the provision.</p> <p>The 5DBs suggest the following updated drafting:</p> <p>(a) Clauses 7.2.3(b) and 7.2.3(c) will not</p>

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<p>Note clauses 7.2.3(ca) is now clause 7.2.3(d).</p>		<p>apply to <i>relevant metering installations</i>.</p> <p>(b) Clause 7.2.3(ea d) – (h) will apply to <i>relevant metering installations</i> as if the <i>relevant metering installations</i> were referred to in clauses 7.2.3(ea d) and 7.2.3(d).</p>
<p>9.9B.4 Metering installation types and accuracy</p> <p>A <i>Local Network Service Provider</i> may alter a <i>metering installation</i> in accordance with clause 7.3.4(e) – (g):</p> <p>(a) in the circumstances described in clause 7.3.4(f); or</p> <p>(b) for the purposes of the AMI rollout.</p>	<p>9.10.4 Alterations of metering installations</p> <p>Clause 7.3.4(e) does not apply in respect of <i>relevant metering installations</i>.</p>	<p>The Proposed Rule made it clear that an installed AMI meter, if a type 4, could be treated as a type 5.</p> <p>The effect of the Draft Rule is that a <i>relevant metering installation</i> may <u>not</u> be altered so that it is capable of remote acquisition or any other change of functionality. Given the definition of <i>relevant metering installation</i>, this would seem to operate on all sub 160MWh/a meters installed before the start date.</p> <p>Presumably the purpose of the Proposed Rule is achieved by Draft Rule 9.10.5 (discussed below). If so, and that Rule remains, then this Proposed Rule is unnecessary.</p> <p>Either this Proposed Rule or the Draft Rule 9.10.5 need to remain to ensure the clarity that AMI meters may be considered type 5 meters for the period of the derogation.</p> <p>The Draft Rule has unintended consequences and we suggest it would be better to adopt Draft Rule 9.10.5. In particular, the Draft Rule removes the</p>

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		ability for Distributors and Retailers to make economically efficient arrangements to alter a relevant metering installation to achieve an outcome driven by a change to load condition or customer requirements.
[No equivalent].	<p>9.10.5 Classification of relevant metering installations</p> <p>(a) Subject to paragraph (b), a relevant <i>metering installation</i> which has features which, if activated, would classify that relevant <i>metering installation</i> as a type 1, 2, 3 or 4 <i>metering installation</i>, is taken to be a type 5 or type 6 <i>metering installation</i> (as the case may be) until such time as those features are activated.</p> <p>(b) A relevant <i>metering installation</i> which is capable of <i>remote acquisition</i> but otherwise has features of a type 5 or type 6 <i>metering installation</i>, is taken to be a type 5 or type 6 <i>metering installation</i> (as the case may be).</p>	<p>The Draft Rule provides for the classification of advanced meters as types 1, 2, 3, 4, 5 or 6 meters depending on functionality..</p> <p>However, it may be that once the AMI meters are delivering weekly interval data they will fall within paragraph (a) contrary to the intention of the Victorian rollout. This needs to be corrected.</p> <p>The 5DBs recommend:</p> <p>That paragraph (a) be removed and paragraph (b) be redrafted as</p> <p style="padding-left: 40px;">A relevant <i>metering installation</i> which is capable of <i>remote acquisition</i> but otherwise would be a type 5 or type 6 <i>metering installation</i>, is taken to be a type 5 or type 6 <i>metering installation</i> respectively.</p> <p>However if AEMC considers it desirable to retain the relevant parts of the intent of paragraph (a) then a single new paragraph similar to the following should be included:</p> <p style="padding-left: 40px;">A relevant <i>metering installation</i>:</p>

DPI Proposed Rule	AEMC Draft Rule	5DB Proposed Drafting
		<ul style="list-style-type: none"> • which, but for this clause, would be a type 4 <i>metering installation</i> is taken to be a type 5 <i>metering installation</i>; • which is capable of <i>remote acquisition</i> but otherwise would be a type 5 <i>metering installation</i>, is taken to be a type 5 <i>metering installation</i> ; • which is capable of <i>remote acquisition</i> but otherwise would be a type 6 <i>metering installation</i>, is taken to be a type 6 <i>metering installation</i>.
<p>9.9B.5 Cost Recovery (clause 7.3.6(f))</p> <p>Clause 7.3.6(f) will apply to the recovery of costs by a <i>Local Network Service Provider</i> associated with the provision, installation, maintenance, routine testing and inspection of <i>relevant metering installations</i>, as if the <i>relevant metering installations</i> were referred to in clause 7.3.6(f)</p>	<p>9.10.6 Cost recovery of AMI roll out</p> <p>Clause 7.3.6(a) does not apply to the recovery of costs by a <i>Local Network Service Provider</i> that are associated with the provision, installation, maintenance, routine testing and inspection of <i>relevant metering installations</i>, to the extent that these costs can be recovered by the <i>Local Network Service Provider</i> in accordance with the cost recovery order.</p>	<p>No change to Draft Rule.</p>
<p>9.9B.6 Agency data collection systems and agency metering databases (clauses 7,3,5(c) and 7.9.1(b) – (b1))</p> <p>For the purposes of clauses 7.3.5(c) and 7.9.1(b) – (b1) and despite anything to the contrary in any contractual or other arrangements between a</p>	<p>9.10.7 Agency data collection systems and agency metering databases</p> <p>(a) Where <i>NEMMCO</i> uses:</p> <p style="padding-left: 40px;">(1) <i>agency data collection systems</i> under clause 7.3.5(c); or</p>	<p>No change to Draft Rule.</p>

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<p><i>Market Participant</i> and <i>NEMMCO</i>, only the <i>responsible person</i> for any <i>relevant metering installation</i> may select the person to be engaged by <i>NEMMCO</i> to provide <i>agency data collection systems</i> and <i>agency metering databases</i> under clauses 7.3.5(c) and 7.9.1(b) – (b1), provided that such person complies with the service level requirements and other criteria established by <i>NEMMCO</i>, including accreditation requirements, referred to in clause 7.9.1(b1).</p>	<p>(2) <i>agency metering databases</i> to form part of the <i>metering database</i> under clause 7.9.1(b),</p> <p>in respect of <i>metering data</i> from a relevant <i>metering installation</i>, the person engaged by <i>NEMMCO</i> under clause 7.9.1(b1) to provide the <i>agency data collection systems</i> and the <i>agency metering databases</i> must be selected by the <i>responsible person</i> for the relevant <i>metering installation</i>.</p> <p>(b) Paragraph (a) applies despite anything to the contrary contained in any contractual or other arrangement between a <i>Market Participant</i> and <i>NEMMCO</i>.</p>	
<p>[No equivalent]</p>	<p>Remote acquisition of data by the responsible person</p> <p>For the purposes of clause 7.9.2(a):</p> <p>(a) the <i>responsible person</i> for a relevant <i>metering installation</i>, rather than <i>NEMMCO</i>, is responsible for the <i>remote acquisition</i> of <i>metering data</i> from the relevant <i>metering installation</i>;</p> <p>(b) <i>NEMMCO</i> is responsible for storing the <i>metering data</i> referred to in paragraph (a) as <i>settlements ready data</i> in the <i>metering database</i>; and</p> <p>(c) the <i>responsible person</i> for a relevant</p>	<p>Clause 7.9.2(a) of the Rules provides that <i>NEMMCO</i> is responsible for remote acquisition of metering data. The Draft Rule provides that it is not responsible for collection of such data from relevant metering installations, but that the data must be provided to <i>NEMMCO</i>. We note that this would apply to AMI meters that are relevant metering installations under this derogation, not all AMI metering installations (given the carve out of HV installations)</p> <p>No change to Draft Rule.</p>

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DPI Proposed Rule	AEMC Draft Rule	5DB Proposed Drafting
	<p><i>metering installation</i> must provide the <i>metering data</i> remotely acquired under paragraph (a) to <i>NEMMCO</i>.</p>	
<p>[No equivalent]</p>	<p>[No equivalent]</p>	<p>For the avoidance of inconsistency and doubt the 5DBs recommend that another clause be added to the derogation with wording similar to:</p> <p>9.10.9 Performance of Metering Installations – Metering Data</p> <p>Clause 7.11.1(d) applies to relevant <i>metering installations</i> even though relevant <i>metering installations</i> have the capability for <i>remote acquisition</i>.</p>