

1 August 2013

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Electronic submission: lodged online via www.aemc.gov.au

Dear Sir/Madam

RE: AEMC 2013, Victorian Jurisdictional Derogation, Advanced Metering Infrastructure, Consultation Paper, 4 July 2013

Momentum Energy welcomes the opportunity to provide comments in response to the Australian Energy Market Commission's Victorian Jurisdictional Derogation, Advanced Metering Infrastructure Consultation Paper.

Momentum Energy is a second tier retailer with current retail electricity licences in Victoria, New South Wales, South Australia, Queensland and the Australian Capital Territory. Momentum Energy is fully owned by Hydro Tasmania, one of the largest clean energy producers in Australia.

Overall, Momentum Energy does not support the rule change to continue the derogation as we believe it is unnecessary and is not in the long term benefit of Victorian customers.

Momentum recognises the benefits of smart metering and believes that the technology can assist customers to better use energy and has the potential to save them money. In rolling out smart meters to customers Momentum believes this is best done with the consent of customers and on a contestable basis. In order to ensure customers are able to benefit from smart metering it is important that there is the right environment for new technology to be developed. Momentum is of the view that the current derogation restrains new customer offerings, which is not conducive to customers making the most of smart metering technology to reduce their energy usage and save money.

The rollout of smart meters in Victoria has been a difficult program which has been beset by a number of issues associated with the communication of the costs and benefits of the program, the overall cost and the use of the distribution companies to roll out the meters. Since the initiation of the program it is clear that the technology and understanding associated with smart metering has developed to the point some consumer groups have begun to question the benefit of relying on distribution business to rollout smart meters where a mandate has been provided. While the purpose of the proposed rule change is not to question the pros and cons of the Advanced Metering Infrastructure rollout in Victoria, some consideration needs to be given to what is going to best serve customers. In reviewing the issues outlined in the Consultation Paper Momentum believes the extension of the derogation if anything, will result in worse outcomes for customers on the basis that it will take longer for retailers to develop specific product offerings for customer with smart meters.

From Momentum's perspective, the lapsing of the existing derogation would not cause any detriment to customers on 1 January 2014. Given that the cost of meter replacement will outweigh the benefit for some time, inefficient meter replacement is unlikely to occur and therefore the adverse impacts outlined in the Consultation Paper by the Victorian Government are overstated. Momentum is firmly of the view that the contestable metering environment needs time to develop and that in order for that to happen in the most effective way the derogation should not be extended. Momentum recognises that there are some issues, such as consumer education which need to be addressed by the government and industry. However, these issues do not require the extension of the derogation.

Momentum does not believe that extending the derogation to allow for the development of the national framework is practical, as the approach being proposed by the Victorian Government is to derogate from the national rules which would be the basis of the national smart metering framework.

Ultimately, Momentum believes not extending the derogation represents the best opportunity for contestable metering to develop, in that an extension will simply delay the inevitable commencement as any transition to contestable metering environment can only occur when the derogation has ended. Given the derogation was always due to expire on 31 December 2014, Momentum considers it disappointing that the Victorian Government did not undertake earlier consultation about how the derogation should conclude.

Momentum endorses the submission of the Energy Retailers Association of Australia.

If you would like to discuss this submission or any other matter, please contact Momentum's Regulatory Manager Luke Brown on (03) 8612 6437 or luke.brown@momentum.com.au.

Yours sincerely

Alastair Phillips
General Manager Regulatory and Compliance