

National Electricity Rules Version 24

Status Information

This is a draft consolidation based on the latest electronically available version of the National Electricity Rules as at 1 January 2009.

This draft consolidated version of the National Electricity Rules includes the following draft amendment:

National Electricity Amendment (Victorian Jurisdictional Derogation, Advanced Metering Infrastructure Roll Out) Rule 2009 No. 2

This version of the National Electricity Rules only contains the Chapters of the National Electricity Rules that are amended by the Rule.

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CHAPTER 9



9. Jurisdictional Derogations and Transitional Arrangements

9.1 Purpose and Application

9.1.1 Purpose

- (a) This Chapter contains the *jurisdictional derogations* that apply in relation to each *participating jurisdiction*.
- (b) This Chapter prevails over all other Chapters of the *Rules*.

9.1.2 Jurisdictional Derogations

The *jurisdictional derogations* that apply in relation to each *participating jurisdiction* are set out in this Chapter as follows:

- (a) Part A - Victoria;
- (b) Part B - New South Wales;
- (c) Part C - Australian Capital Territory;
- (d) Part D - South Australia;
- (e) Part E - Queensland; and
- (f) Part F – Tasmania.

Part G sets out the Schedules to this Chapter 9.

Part A – Jurisdictional Derogations for Victoria

9.2 [Deleted]

9.3 Definitions

9.3.1 General Definitions

For the purposes of this Part A:

- (1) a word or expression defined in the glossary in Chapter 10 has the meaning given to it in the glossary unless it is referred to in column 1 of the following table; and
- (2) a word or expression referred to in column 1 of the following table has the meaning given to it in column 2 of the table:

Column 1	Column 2
Counterparties	In relation to the <i>Smelter Agreements</i> , means Portland Smelter Services Pty Ltd, Alcoa of Australia Limited or any other party to one or more of the <i>Smelter Agreements</i> (other than <i>SEC</i>).
CPI	The Consumer Price Index: All Groups Index Number Melbourne compiled by the Australian Bureau of Statistics.
distribution licence	A <i>licence</i> to distribute and supply electricity.
Distributor	A person who holds a <i>distribution licence</i> .
EI Act	Electricity Industry Act 2000 (Vic).
EI (RP) Act	Electricity Industry (Residual Provisions) Act 1993 (Vic).
ESC	The Essential Services Commission established under section 7 of the <i>ESC Act</i> .
ESC Act	The Essential Services Commission Act 2001 (Vic).
Information requirements guidelines	The <i>submission guidelines</i> referred to in clause 6A.10.2.
licence	A licence within the meaning of the <i>EI Act</i> or deemed to be issued under the <i>EI Act</i> by operation of clause 5 of Schedule 4 to the <i>EI (RP) Act</i> .
maximum allowable aggregate revenue	The maximum allowable aggregate revenue for a <i>financial year</i> or <i>relevant regulatory period</i> (as the case may be) determined under clause 9.8.4C(d), as adjusted from time to time under clause 9.8.4C(g3) or (g4).
Quarter	The respective 3 monthly periods adopted by the Australian Bureau of Statistics for the compilation and issue of the CPI.

Column 1	Column 2
Regulated owner	An owner (whether <i>SPI PowerNet</i> or any other person) of the <i>Victorian Transmission Network</i> or a part of the <i>Victorian Transmission Network</i> : (a) who transmits electricity pursuant to a <i>transmission exemption</i> or <i>transmission licence</i> ; (b) who is subject to the operation of the <i>Rules</i> ; and (c) whose <i>aggregate annual revenue requirement</i> for <i>transmission services</i> is regulated under Chapter 6.
relevant regulatory period	A period comprising not less than 5 <i>financial years</i> .
SEC	State Electricity Commission of Victoria established under the State Electricity Commission Act 1958 (Vic).
shared network services	Services relating to the use of the <i>Victorian Transmission Network</i> or a part of the <i>Victorian Transmission Network</i> provided by a <i>Regulated owner</i> to <i>VENCorp</i> , whether in accordance with a <i>transmission exemption</i> or <i>transmission licence</i> or under an agreement with <i>VENCorp</i> .
shared transmission network use charges	Charges for the locational and non-locational components of <i>prescribed TUOS services</i> and/or <i>prescribed common transmission services</i> and any other charges through which <i>VENCorp</i> is allowed, under Part J of Chapter 6A as modified by clause 9.8.4F, to recover any proportion of its <i>maximum allowable aggregate revenue</i> .
Smelter Agreements	Agreements, contracts and deeds referred to in Part A of schedule 3 to the <i>EI (RP) Act</i> in their form as at 1 July 1996 other than the Portland and Point Henry Flexible Tariff Deeds between <i>SEC</i> and the State Trust Corporation of Victoria.
Smelter Trader	<i>SEC</i> in its capacity as <i>Smelter Trader</i> .
SPI PowerNet	<i>SPI PowerNet Pty Ltd</i> (ACN 079 798 173), or any successor or assignee of any asset of <i>SPI PowerNet</i> used for the provision of <i>transmission services</i> .

Column 1	Column 2
statutory electricity transmission-related costs	<p>In relation to <i>VENCorp</i>, the sum of the following costs for a <i>relevant regulatory period</i>:</p> <ol style="list-style-type: none"> (1) <i>VENCorp's</i> aggregate actual costs in operating and planning the <i>Victorian Transmission Network</i>; (2) all <i>network</i> charges payable by <i>VENCorp</i> to <i>SPI PowerNet</i> or any other owner of the <i>Victorian Transmission Network</i> or a part of the <i>Victorian Transmission Network</i>, including charges relating to <i>augmentations</i>; (3) all other charges payable by <i>VENCorp</i> to providers of <i>network</i> support services and other services which <i>VENCorp</i> uses to provide <i>network services</i> that are <i>transmission services</i>; and (4) any other costs that directly arise out of <i>VENCorp's</i> functions under the <i>EI Act</i> relating to the transmission of electricity, the application of the <i>Rules</i> to <i>VENCorp</i> or the conditions imposed on <i>VENCorp</i> under its <i>transmission licence</i> relating to the transmission of electricity, for which there is no alternative method (legislative or contractual) for the recovery of those costs.
System Code	The code of that name sealed by the Office of the Regulator-General under the Office of the Regulator-General Act 1994 (Vic) on 3 October 1994 and saved and continued in operation by section 67 of the <i>ESC Act</i> .
Tariff Order	Has the same meaning as in the <i>EI Act</i> .
transmission exemption	An exemption granted under section 17 of the <i>EI Act</i> under which the person to whom it has been granted is exempted from the requirement to obtain a <i>licence</i> to transmit electricity.
transmission licence	A <i>licence</i> to transmit electricity.
VENCorp	Victorian Energy Networks Corporation established under Division 2A of Part 2 of the Gas Industry Act 1994 (Vic) and continued under Part 8 of the Gas Industry Act 2001 (Vic).
Victorian Distribution Network	In relation to a person that holds a <i>distribution licence</i> , the <i>distribution systems</i> in Victoria to which that <i>licence</i> relates and includes any part of those systems.
Victorian Minister	The Minister who, for the time being, administers the National Electricity (Victoria) Act 1997 (Vic).
Victorian Switching Operator	The person or persons who operate the Victorian Network Switching Centre.

Column 1	Column 2
Victorian Transmission Network	The <i>transmission systems</i> situated in whole or in part in Victoria in respect of which <i>VENCorp</i> (or any successor entity appointed by Victoria to carry out those functions) exercises the functions specified in clause 9.3.2(a)(1)(i) and part 1 of the table in clause 9.3.2, and includes any part of those <i>transmission systems</i> .
Wholesale Metering Code	The code of that name sealed by the Office of the Regulator-General under the Office of the Regulator-General Act 1994 (Vic) on 3 October 1994, as in force immediately before <i>market commencement</i> .

9.3.2 Network Service Provider

- (a) For a provision of the *Rules* that refers to a *Network Service Provider*, in determining the *Network Service Provider* in relation to the *Victorian Transmission Network* or a part of the *Victorian Transmission Network*, the following rules apply:
- (1) subject to this clause and to anything to the contrary in the *Rules* or this Part A, the *Network Service Provider* is:
 - (i) *VENCorp*, if the provision relates to:
 - (A) the planning, development or *augmentation* of a *transmission network* or part of a *transmission network*; or
 - (B) the provision of *common services* or *network services* that are *transmission services* (other than *entry services* or *exit services*);
 - (ii) *SPI PowerNet* or any other owner of the *Victorian Transmission Network* or a part of the *Victorian Transmission Network*, if the provision relates to:
 - (A) the *connection* to, or modification of a *connection* to, a *transmission system*; or
 - (B) the provision of *connection services*;

- (iii) *SPI PowerNet*, if the provision relates to any function of, or service provided by, the *Victorian Switching Operator* in respect of the *Victorian Transmission Network* or a part of the *Victorian Transmission Network*;
- (2) in the case of each clause of the *Rules* referred to in part 1 of the following table, as modified by the description in that table, the *Network Service Provider* is *VENCorp*;
- (3) in the case of each clause of the *Rules* referred to in part 2 of the following table, as modified by the description in that table, the *Network Service Provider* is *SPI PowerNet* or any other owner of the *Victorian Transmission Network* or part of the *Victorian Transmission Network*; and
- (4) in the case of each clause of the *Rules* referred to in part 3 of the following table, as modified by the description in that table, the *Network Service Provider* is the *Victorian Switching Operator*.

Clause	Clause Description
Part 1 (VENCorp)	
3.13.3(d), (e), (f)(1), (f)(2), (g)(so far as it applies to clauses 3.13.3(f)(1) and (f)(2) and (i))	Standing data concerning expected network capability
4.5.1(b) and (c)	Determining the limits of the operation of the <i>power system</i> associated with <i>voltage</i> failure and translation of limits into key location operational settings or limits
4.7.1(a)	Submission of settings for <i>plant</i> required to maintain <i>power system</i> stability
5.2.3(b)	<i>Power system</i> performance and quality of <i>supply</i> standards of <i>transmission network</i>
5.2.3(d)(12), 5.6.2(n)	Reports about <i>network augmentation</i>
5.6.1	Forecasts for <i>connection points</i> to <i>transmission network</i>
5.6.2	Development of <i>networks</i> within a <i>region</i>
5.6.2A (except 5.6.2A(b)(2))	<i>Annual Planning Reports</i> for that part of the <i>transmission network</i> used for the provision of <i>common services</i> or <i>network services</i> that are <i>transmission services</i> (other than <i>entry services</i> or <i>exit services</i>)
5.6.6	Planning for the development, construction or <i>augmentation</i> of <i>new large transmission</i>

Clause	Clause Description
	<i>network assets that are not connection assets</i>
5.6.6A	Planning for the development, construction or <i>augmentation of new small transmission network assets that are not connection assets</i>
5.6.6B	Planning for the development, construction or <i>augmentation of funded augmentations that are not connection assets</i>
5.7.6	Tests of <i>generating units</i> requiring changes to normal operation
5.7.7 (except 5.7.7(e))	Inter-regional <i>power system tests</i>
Schedule 5.1, clause S5.1.2.3	<i>Power transfer capability between regions</i>
Schedule 5.3, clause S5.3.5	Power factor requirements of <i>loads</i>

Clause	Clause Description
Part 2 (SPI PowerNet or any other owner of the Victorian Transmission Network or part of the Victorian Transmission Network)	
4.6.5	Partial outage of power protection systems
4.11.1	Remote control and monitoring devices
4.11.2(a) and (d)	Provision and maintenance of communications facilities for control, operational metering and indications from local sites
5.2.3(e) and (e1) (except 5.2.3(e1)(2))	Management, maintenance, operation and restoration of <i>network</i>

Clause	Clause Description
Part 3 (Victorian Switching Operator)	
4.3.1(d)	High voltage switching procedures and arrangements
5.9.3	Involuntary disconnection
5.9.4	Disconnection to implement a court order
5.9.6	Obligation to reconnect
Schedule 5.1, clause S5.1.10.3(a)	Functional testing of <i>load shedding facilities</i>
Schedule 5.2, clause S5.2.3(8)	Switching and <i>isolation facilities</i>

- (b) Notwithstanding anything in clause 9.3.2(a), the obligations of *VENCorp*, *SPI_PowerNet* and any other owner of the *Victorian Transmission Network* or part of the *Victorian Transmission Network* under the *Rules* are several, and not joint nor joint and several.
- (c) *VENCorp*:
 - (1) is a *Network Service Provider* in respect of the provisions of the *Rules* as set out in clause 9.3.2(a), even when *VENCorp* does not own, control or operate a *transmission system*; and
 - (2) is required to be registered by *NEMMCO* as a *Network Service Provider* under clause 2.5, even when *VENCorp* does not own, control or operate a *transmission system*.
- (d) *VENCorp* must obtain the information from *SPI PowerNet* which *VENCorp* is required by clause 5.6.2A to publish in the *Annual Planning Report* in relation to *replacement transmission network assets*. *SPI PowerNet* must provide that information to *VENCorp* by 28 February in each year.

9.4 Transitional Arrangements for Chapter 2 - Registered Participants, Registration and Cross Border Networks

9.4.1 [Deleted]

9.4.2 Smelter Trader

- (a) For the purposes of the *Rules*:
 - (1) *Smelter Trader* is deemed to be entitled to register as a *Customer* in respect of the *connection points* used to supply the electricity supplied under the *Smelter Agreements*;
 - (2) *Smelter Trader* is deemed to be registered as a *Customer* and as a *Market Customer* in relation to the electricity supplied under the *Smelter Agreements*;
 - (3) the electricity supplied under the *Smelter Agreements* is deemed to have been classified as a *market load* and the *connection points* used to supply that electricity are deemed to have been classified as *Smelter Trader's market connection points*;
 - (4) *Smelter Trader* is deemed to be the person that must register as the *Generator* in relation to the *generating systems* forming part of Anglesea Power Station;

- (5) *Smelter Trader* is deemed to be registered as a *Generator* and a *Market Generator* in relation to the *generating systems* forming part of the Anglesea Power Station;
 - (6) *Smelter Trader* is only a *Market Generator* in respect of the *generating systems* forming part of the Anglesea Power Station to the extent to which the electricity generated by those *generating systems* is available to the *Smelter Trader* for sale under the *Smelter Agreements*;
 - (7) none of the *Counterparties* is or is to be taken to be entitled to become a *Market Participant*, an *Intending Participant* or a *Customer* in respect of the electricity supplied under the *Smelter Agreements*;
 - (8) none of the *Counterparties* or any person that operates or controls the *generating systems* forming part of the Anglesea Power Station (other than *Smelter Trader*) is or is to be taken to be entitled to register as a *Generator* in relation to the *generating systems* forming part of the Anglesea Power Station; and
 - (9) each of the *Counterparties* and any person that owns, controls or operates the *generating systems* forming part of the Anglesea Power Station (other than *Smelter Trader*) is taken to have been exempted from the requirement to register as a *Generator* in relation to the *generating systems* forming part of the Anglesea Power Station.
- (b) This clause 9.4.2 ceases to have effect upon the termination of the last of the *Smelter Agreements*.

9.4.3 Smelter Trader: compliance

- (a) If complying with a requirement of the *Rules* (the “Rules Requirement”) would result in the *Smelter Trader* being in breach of a provision of one or more of the *Smelter Agreements* (the “Contractual Requirement”), then the *Smelter Trader* is not required to comply with the Rules Requirement to the extent of the inconsistency between the Rules Requirement and the Contractual Requirement.
- (b) If the *Smelter Trader* does not comply with a Rules Requirement in the circumstances described in clause 9.4.3(a), then the *Smelter Trader* must:
 - (1) give written notice to the *AER* of:
 - (i) the Rules Requirement which has not been complied with;
 - (ii) details of each act or omission which partly or wholly constitutes non-compliance with that Rules Requirement; and

- (iii) details of each Contractual Requirement which is said by the *Smelter Trader* to be inconsistent with the Rules Requirement,

as soon as practicable and in any event within 30 *days* after the non-compliance with the Rules Requirement occurs or commences; and
 - (2) provide the *AER* with any documents or information in the possession or control of the *Smelter Trader* which evidence the matters referred to in clause 9.4.3(b)(1) within 14 *days* (or any longer period agreed by the *AER*) of receiving a written request from the *AER*.
- (c) If:
 - (1) the *Smelter Trader* requires the co-operation of a *Counterparty* to a *Smelter Agreement* to comply with a requirement of the *Rules*;
 - (2) the *Smelter Trader* has used reasonable endeavours to obtain the *Counterparty's* co-operation in order to enable the *Smelter Trader* to comply with that requirement; and
 - (3) under the *Smelter Agreements*, *SEC* has no ability to require the *Counterparty* to so co-operate with *SEC* and the *Counterparty* is not in breach of the *Smelter Agreements* by refusing to so co-operate with *SEC*,then the *Smelter Trader* is not required to comply with that requirement.
- (d) If the *Smelter Trader* does not comply with a requirement of the *Rules* in the circumstances described in clause 9.4.3(c), then the *Smelter Trader* must:
 - (1) give written notice to the *AER* of:
 - (i) the requirement of the *Rules* that has not been complied with;
 - (ii) details of each act or omission which partly or wholly constitutes non-compliance with that requirement of the *Rules*; and
 - (iii) details of the endeavours made by the *Smelter Trader* to obtain the co-operation of the *Counterparty* to enable the *Smelter Trader* to comply with the requirement of the *Rules*,as soon as reasonably practical and in any event before the expiration of 30 *days* after the non-compliance with the requirement of the *Rules* occurs or commences; and
 - (2) provide the *AER* with any documents or information in the possession or control of the *Smelter Trader* which evidence the matters referred

to in clause 9.4.3(d)(1) within 14 *days* (or any longer period agreed by the *AER*) of receiving a written request from the *AER*.

- (e) To avoid any doubt, if:
- (1) after reviewing any written notice provided by the *Smelter Trader* under clause 9.4.3(b)(1) and any additional documents or information provided by the *Smelter Trader* under clause 9.4.3(b)(2), the *AER* forms the view that compliance with the relevant Rules Requirement would not have resulted in the *Smelter Trader* being in breach of the relevant Contractual Requirement; or
 - (2) after reviewing any written notice provided by the *Smelter Trader* under clause 9.4.3(d)(1) and any additional documents or information provided by the *Smelter Trader* under clause 9.4.3(d)(2), the *AER* forms the view that any of the requirements of clause 9.4.3(c) were not satisfied in respect of the subject of the notice,

then the matter may be dealt with by the *AER* as a breach of the *Rules*.

- (f) The *Smelter Trader* must give any notice or other information required to be given under this clause 9.4.3 (called in this clause “required information”) in advance if it becomes aware of the potential for the circumstances giving rise to its obligation to give the required information to arise. If any required information is given under this clause 9.4.3(f), then:
- (1) the required information is taken to have been given in accordance with this clause 9.4.3; and
 - (2) notwithstanding clause 9.4.3(f)(1), notice must be given of the non-compliance and further information provided to the *AER* upon request under clause 9.4.3(b) or clause 9.4.3(d) (as the case may be) after the non-compliance occurs or commences.
- (g) If non-compliance with the *Rules* is continuing, the notice of non-compliance with the *Rules* provided under clause 9.4.3(b) or clause 9.4.3(d) (as the case may be) will be effective in relation to that non-compliance until that non-compliance ends if the relevant notice specifies that the non-compliance is continuing. The *Smelter Trader* must notify the *AER* of the end of the non-compliance no later than 30 *days* after the non-compliance ends.
- (h) Clauses 9.4.3(a) and 9.4.3(c) do not affect *SEC*’s obligations with respect to registration with *NEMMCO* or making payments in respect of *Participant fees, prudential requirements* or *settlement amounts*.

9.4.4 Report from AER

Within 30 *days* of the end of each *Quarter*, the *AER* must prepare a report for the previous *Quarter* and make it available on request to all *Registered Participants* and to those *participating jurisdictions* that participated in the *market* during the *Quarter* covered by the report. The report must include:

- (a) a summary of the acts or omission of the *Smelter Trader* constituting non-compliance with any requirement of the *Rules*, as disclosed in written notices received by the *AER* under clause 9.4.3 during the *Quarter* covered by the report; and
- (b) an assessment by the *AER* of the effect that those acts or omissions have had on the efficient operation of the *market* during the *Quarter* covered by the report.

9.4.5 Cross Border Networks

- (a) If:
 - (1) the *Victorian Minister* considers that a *transmission network* or *distribution network* situated in Victoria is a continuation of a *network* situated in another *participating jurisdiction* and should be considered to be part of the *network* of that other *participating jurisdiction*; and
 - (2) the *Minister* for that other *participating jurisdiction* consents,then the *Victorian Minister* and the *Minister* for that other *participating jurisdiction* may nominate that the *network* is deemed to be entirely in that other *participating jurisdiction* and the *Rules* including any relevant *jurisdictional derogations* for the other *participating jurisdiction* are deemed to apply to the *network* as if the *network* were located entirely within that other *participating jurisdiction*.
- (b) If a nomination is made under clause 9.4.5(a), then the *jurisdictional derogations* for Victoria do not apply to the extended part of the relevant *network* which is situated in Victoria.
- (c) If the *Minister* of another *participating jurisdiction* nominates that the *jurisdictional derogations* for Victoria should apply to a *network* part of which is situated in that other *participating jurisdiction*, then if the *Victorian Minister* consents, the *jurisdictional derogations* for Victoria are also to apply to that part of the *network* situated in the other *participating jurisdiction*.

9.5 [Deleted]

9.6 Transitional Arrangements for Chapter 4 - System Security

9.6.1 Operating Procedures (clause 4.10.1)

- (a) For the purposes of clause 4.10.1(b), the System Operating Procedures as defined in the *System Code* as at 13 December 1998 (with the necessary changes to be made by *VENCorp*) are the *regional specific power system operating procedures* that apply from that date in respect of the *Victorian Transmission Network*.
- (b) This clause is not to be taken as limiting in any way the operation of any other provision of the *Rules* relating to the review, updating and amendment of the *regional specific power system operating procedures*.

9.6.2 Nomenclature Standards (clause 4.12)

For the purposes of clause 4.12, the Nomenclature Standards as defined in the *System Code* as at 13 December 1998 are taken to be the *nomenclature standards* agreed between a *Network Service Provider* in respect of the *Victorian Transmission Network* or a *Victorian Distribution Network* and *NEMMCO* until *NEMMCO* and the relevant *Network Service Provider* agree otherwise under clause 4.12(a) or *NEMMCO* determines otherwise under clause 4.12(a).

9.7 Transitional Arrangements for Chapter 5 - Network Connection

9.7.1 [Deleted]

9.7.2 Application for Connection

- (a) This clause applies in respect of a *transmission network* (including a part of a *transmission network*) situated in Victoria in respect of which *VENCorp* and one or more other persons that hold a *transmission licence* is a *Network Service Provider*. In this clause, such a person (not *VENCorp*) is called a “*Connection Service Provider*”.

- (b) The requirements of Chapter 5 in relation to access to, *connection* to, *augmentation* of, the modification of a *connection* to, the provision of *network services* or *transmission use of system services*, or a modification to the provision of *network services* or *transmission use of system services*, in respect of, a *transmission network* to which this clause applies are subject to this clause 9.7.2.
- (c) If a *Connection Service Provider* receives a *connection* enquiry or an *application to connect* in respect of a *transmission network* to which this clause applies and the *connection* enquiry or *application to connect* relates in whole or part to the provision of *network services* or *transmission use of system services*, or a modification to the provision of *network services* or *transmission use of system services*, in respect of, a *transmission network* to which this clause applies, then the *Connection Service Provider* must give *VENCorp* the information provided by the person making the enquiry or the application under Chapter 5 in relation to the enquiry or application.
- (d) For the purposes of determining under clause 5.3.2(e) whether *VENCorp* or a *Connection Service Provider* is the *Network Service Provider* that should process and respond to a *connection* enquiry and provide the information required under clauses 5.3.3(b)(3) and 5.3.3(b)(4) in response to a *connection* enquiry in relation to a *transmission network* to which this clause applies, regard must be had to the following:
 - (1) *VENCorp* is the *Network Service Provider* in respect of those aspects of the *application* that relate to the provision of *network services* or *transmission use of system services*; and
 - (2) the relevant *Connection Service Provider* is the *Network Service Provider* in respect of the provision of *connection services*.
- (e) For the purposes of the following provisions of the *Rules*:
 - (1) responses to a *connection* enquiry under clause 5.3.3;
 - (2) provision of information about *connection* requirements under clause 5.3.4(b);
 - (3) an offer to *connect* under clauses 5.3.5 and 5.3.6;
 - (4) the terms of a *connection agreement* under clause 5.3.7; and
 - (5) the requirement to enter into a *connection agreement* under clause 5.3.7(a);

the *Network Service Provider* in respect of a *transmission network* to which this clause applies is:

- (6) *VENCorp*, in respect of the provision of *network services* or *transmission use of system services*; and
- (7) the relevant *Connection Service Provider*, in respect of the provision of *connection services*.

9.7.3 [Deleted]

9.7.4 Regulation of Distribution Network Connection

- (a) In this clause:

appropriate regulator means:

- (1) if there has been no transfer of regulatory responsibility to the *AER* under a law of Victoria – the *ESC*;
- (2) if there has been a transfer of regulatory responsibility to the *AER* under a law of Victoria – the *AER*.

- (b) This clause 9.7.4:

- (1) applies in respect of the regulation of access to, *connection* to, the modification of a *connection* to, the *augmentation* of, the provision of *network services* or *distribution use of system services*, and the modification of the provision of *network services* or *distribution use of system services*, in respect of, a *distribution network* (including any part of a *distribution network*) situated in Victoria; and
- (2) expires on the date fixed under the *National Electricity (Victoria) Act 2005* as the Victorian distribution pricing determination end date.

Note:

The date is 31 December 2010 or a later date fixed in a Victorian distribution pricing determination as the date on which the determination will cease to have effect.

- (c) Notwithstanding anything to the contrary in the *Rules*, the appropriate regulator is responsible for the regulation of access to, *connection* to, the modification of a *connection* to, the *augmentation* of, the provision of *network services* and *distribution use of system services*, and the modification of the provision of *network services* and *distribution use of system services*, in respect of, any *distribution network* to which this clause applies.
- (d) For the purposes of clause 5.3.6(c), any question as to the fairness and reasonableness of an offer to *connect* in relation to a *distribution network* to which this clause applies is to be decided by the appropriate regulator on the

basis of the appropriate regulator’s opinion of the fairness and reasonableness of the offer.

- (e) If a dispute arises in relation to any of access to, *connection* to, the modification of a *connection* to, the *augmentation* of, the provision of *network services* or *distribution use of system services*, or the modification of the provision of *network services* or *distribution use of system services*, in respect of, any *distribution network* to which this clause applies, then that dispute must be resolved in accordance with procedures specified by the appropriate regulator and clause 8.2 does not apply to that dispute.

9.7.5 [Deleted]

9.7.6 [Deleted]

9.7.7 [Deleted]

9.8 Transitional Arrangements for Chapter 6 - Network Pricing

9.8.1 [Deleted]

9.8.2 [Deleted]

9.8.3 [Deleted]

9.8.4 Transmission Network Pricing

- (a) Notwithstanding Chapter 6A, in determining *transmission service* pricing and revenues in respect of the *Victorian Transmission Network* or a part of the *Victorian Transmission Network*, the *AER* must:
- (1) **[Deleted]**
 - (2) apply, as the case requires and subject to clauses 9.8.4A to 9.8.4F, Parts A – H of Chapter 6A; and
 - (3) ensure that each *Distributor* has the benefit or burden of an equalisation adjustment for each *financial year* equal to the amount of the adjustment specified for that *Distributor* in the column headed “Equalisation Adjustment” in the following table:

TABLE	
Business	Equalisation Adjustment (\$'000) Note 2)
TXU Electricity Ltd	(4,939)
Powercor Australia Ltd	(19,011)
AGL Electricity Limited	5,171
CitiPower Pty Ltd	5,920
United Energy Ltd	12,859

multiplied by the relevant factor determined in accordance with the following table:

TABLE	
If the <i>financial year</i> falls within the period:	then the relevant factor is:
1 July 2001 - 30 June 2005	.80
1 July 2005 - 30 June 2010	.60
1 July 2010 - 30 June 2015	.40
1 July 2015 - 30 June 2020	.20
thereafter	0

(b) [Deleted]

9.8.4A Modification of Chapter 6A in its application to Victoria

The application of Chapter 6A in respect of the *Victorian Transmission Network* or a part of the *Victorian Transmission Network* is subject to the modifications set out in clauses 9.8.4B to 9.8.4F.

9.8.4B Transmission service revenues

(a) Despite anything to the contrary in Chapter 6A or in this Chapter 9, the applicable *transmission* revenue regulatory regime for the regulation of *transmission service* revenues in respect of the *Victorian Transmission Network* or a part of the *Victorian Transmission Network* is:

(1) in relation to any *transmission services* provided by a *Regulated owner*, the *transmission* revenue regulatory regime set out in Chapter 6A and, for that purpose, every reference in Chapter 6A to a

Transmission Network Service Provider is to be read as a reference to a *Regulated owner*; and

- (2) in relation to any *transmission services* provided by *VENCorp*, the *transmission* revenue regulatory regime set out in Chapter 6A as modified by clauses 9.8.4B to 9.8.4E, and for that purpose every reference in Chapter 6A to:
 - (i) a *Transmission Network Service Provider* is to be read as a reference to *VENCorp*;
 - (ii) the *maximum allowed revenue* for a *Transmission Network Service Provider* for a *regulatory year* of a *regulatory control period* is to be read as a reference to the *maximum allowable aggregate revenue*;
 - (iii) a *regulatory control period* is to be read as a reference to a *relevant regulatory period*; and
 - (iv) *prescribed transmission services* is to be read as a reference to services in respect of which *VENCorp* may determine *shared transmission network use charges*.
- (b) In clause 9.8.4B(a)(1), *transmission services* includes *shared network services*.

9.8.4C Transmission revenue regulatory regime for transmission services provided by VENCORP

- (a) The *transmission* revenue regulatory regime that applies to *VENCorp* must comply with the following principles:
 - (1) the amount of *VENCorp's maximum allowable aggregate revenue* for a *relevant regulatory period* must not exceed *VENCorp's statutory electricity transmission-related costs*; and
 - (2) *VENCorp's maximum allowable aggregate revenue* must be determined on a full cost recovery but no operating surplus basis.
- (a1) For the avoidance of doubt, *transmission services* offered by *VenCorp* are not taken to be offered on a contestable basis by reason only of *VENCorp* having procured those services through a competitive tender or similar process.
- (a2) The procedure set out paragraphs (b)-(g4) applies in relation to *transmission services* provided by *VenCorp* and Part E of Chapter 6A is modified in so far as it applies to the regulation of revenues.

- (b) Not less than 7 months before the commencement of a *relevant regulatory period*, *VENCorp* must, for the purpose of enabling the *AER* to determine *VENCorp's maximum allowable aggregate revenue* for a *relevant regulatory period*, submit its revenue application for that *relevant regulatory period* to the *AER* that sets out:
- (1) its proposed *maximum allowable aggregate revenue* for each *financial year* in that *relevant regulatory period*;
 - (2) its forecast *statutory electricity transmission-related costs* for each *financial year* in that *relevant regulatory period*; and
 - (3) **[Deleted]**
 - (4) a statement reconciling its most recent forecast of:
 - (i) the revenue that will be recovered by way of *shared transmission network use charges*; and
 - (ii) the *statutory electricity transmission-related costs*,for the *relevant regulatory period* immediately preceding the *relevant regulatory period* to which the application relates.
- (c) The application must be:
- (1) consistent with the principles set out in clause 9.8.4C(a); and
 - (2) in a form that meets the *Information requirements guidelines* but only to the extent to which those guidelines are relevant and applicable to *VENCorp*.
- (d) Subject to clause 9.8.4C(e), (f), (g), (g3) and (g4), the *AER* must determine *VENCorp's maximum allowable aggregate revenue* for a *relevant regulatory period*.
- (e) A determination under clause 9.8.4C(d):
- (1) must apply the principles set out in clause 9.8.4C(a);
 - (2) must comply with the requirements set out in clause 6A.14.2, modified as necessary to apply to the revenue regulatory regime under this clause 9.8.4C;
 - (3) must take into account:
 - (i) *VENCorp's* functions under the *EI Act*, the application of the *Rules* to *VENCorp* and the conditions imposed on *VENCorp* under its *transmission licence*; and

- (ii) **[Deleted]**
 - (iii) the difference (if any) between the forecasts referred to in clause 9.8.4C(b)(4); and
- (4) must set out the *maximum allowable aggregate revenue* for each *financial year* in that *relevant regulatory period*.
- (f) If, after considering the application, the AER finds that there is a difference of the kind referred to in clause 9.8.4C(e)(3)(iii), the AER must apply that difference in any determination it makes under clause 9.8.4C(d).
 - (g) If the AER does not make a determination under clause 9.8.4C(d) before the commencement of the *relevant regulatory period* in respect of which the application was made, the AER is to be taken to have made a determination as to VENCorp's *maximum allowable aggregate revenue* in respect of each *financial year* in that *relevant regulatory period* on the same terms as the application.
 - (g1) If, at any time during a *relevant regulatory period*, a *Regulated owner* proposes to send a notice to the AER which could have the effect (directly or indirectly) of varying a charge, or introducing a new charge, payable by VENCorp to the *Regulated owner* during that *relevant regulatory period* for *shared network services*, the *Regulated owner* must first provide a copy of that notice to VENCorp.
 - (g2) If VENCorp's *statutory electricity transmission-related costs* for a *financial year* have exceeded, or VENCorp anticipates (as a result of receiving a notice from a *Regulated owner* under clause 9.8.4C(g1) or otherwise) that they will exceed, the amount of the *statutory electricity transmission-related costs* for that *financial year* assumed by the AER in making the determination of VENCorp's *maximum allowable aggregate revenue*, VENCorp may apply to the AER for an adjustment to the *maximum allowable aggregate revenue* for each affected *financial year* in the *relevant regulatory period* of an amount, set out in the application, equal to the amount required to ensure that the *maximum allowable aggregate revenue* complies with the principles in clause 9.8.4C(a).
 - (g3) Following an application by VENCorp under clause 9.8.4C(g2), the AER must determine the amount, if any, by which VENCorp's *maximum allowable aggregate revenue* for each affected *financial year* in the *relevant regulatory period* is to be adjusted so that it complies with the principles in clause 9.8.4C(a).
 - (g4) If the AER does not make a determination under clause 9.8.4C(g3) within 30 *business days* after the application by VENCorp under clause 9.8.4C(g2), the AER is to be taken to have made a determination that VENCorp's *maximum allowable aggregate revenue* for each affected *financial year* in

the *relevant regulatory period* is to be adjusted by the amount set out in *VENCorp's* application.

(h) **[Deleted]**

9.8.4D Information disclosure by VENC Corp

VENC Corp must comply with Part F of Chapter 6A, but only to the extent to which it is relevant and applicable to *VENC Corp*.

9.8.4E [Deleted]

9.8.4F Pricing for connection to and use of Victorian transmission network

(a) The operation of Part J of Chapter 6A, as it operates in respect the *Victorian Transmission Network* or a part of the *Victorian Transmission Network*, is modified by this clause 9.8.4F so that the allocation of the *aggregate annual revenue requirement* and its equivalent determined under clause 9.8.4C, and the allocation of transmission costs and the conversion of those allocated *transmission costs* to *prescribed transmission service* prices and charges as provided for under Part J of Chapter 6A, reflects the arrangements in place in relation to the *Victorian Transmission Network* or a part of the *Victorian Transmission Network* under the *EI Act*, the *ESC Act* and the *Tariff Order*.

(b) **[Deleted]**

(c) Part J of Chapter 6A applies in respect of the *Victorian Transmission Network* or a part of the *Victorian Transmission Network* in the following manner:

(1) references to *prescribed transmission services* are to be read (as applicable) as including *shared network services*;

(2) subject to clauses 9.8.4F(d), (f) and (h) (as the case requires), applies to:

(i) where a provision relates to the provision of *prescribed TUOS services* or *prescribed transmission common services*, a *Regulated owner* and *VENC Corp* and, for that purpose, references in Part J to:

(A) a *Transmission Network Service Provider* are to be read as a reference to the *Regulated owner* or *VENC Corp* (as the case requires); and

(B) *prescribed TUOS services* or *prescribed common transmission services* are to be read as, in the case of a

Regulated owner, a reference to *shared network services*;
and

(C) the *aggregate annual revenue requirement* are to be read as, in the case of *VENCorp*, a reference to the *maximum allowable aggregate revenue* for the relevant *financial year*;

(ii) where a provision of Part J of Chapter 6A relates to the provision of *prescribed entry services* or *prescribed exit services*, a *Regulated owner* and, for that purpose, every reference in that provision to a *Transmission Network Service Provider* is to be read as a reference to the *Regulated owner*;

(3) rules 6A.27-6A.28 apply to:

(i) where a provision of any of these rules relates to the provision of *prescribed entry services* or *prescribed exit services*, a *Regulated owner* and, for that purpose, every reference in that provision to a *Transmission Network Service Provider* is to be read as a reference to the *Regulated owner*;

(ii) where a provision of any of these clauses relates to the provision of *prescribed TUOS services* or *prescribed common transmission services*, *VENCorp* and, for that purpose, every reference in that provision to a *Transmission Network Service Provider* is to be read as a reference to *VENCorp*.

(d) A *Regulated owner* must, on allocating its *aggregate annual revenue requirement* amongst all of its assets utilised in the provision of *shared network services*, immediately notify *VENCorp* of the actual amount of the *aggregate annual revenue requirement* allocated in respect of each of its assets utilised in the provision of those services.

(e) In addition to the modifications set out in clause 9.8.4F(c)(3), clause 6A.23.4 applies to a *Regulated owner* as if:

(1) there were substituted: “(3) *shared network services cost*” for the words in clause 6A.23.4(b)(3)-(5); and

(2) there were inserted in clause 6A.23.4, the following words:

“The portion of the *aggregate annual revenue requirement* referable to *shared network services* is recoverable by a *Regulated owner* from *VENCorp*.”

(f) *VENCorp* is to be taken to be:

- (1) the *Co-ordinating Network Service Provider* appointed under rule 6A.29 responsible for the allocation of all relevant *aggregate annual revenue requirements* relating to the provision of *transmission services* which are *transmission use of system services* or *common services* within the *Victorian region* in accordance with the relevant clauses of Part J of Chapter 6A; and
 - (2) the *Transmission Network Service Provider* referred to in clause 6A.29.2 which must liaise with *Network Service Providers* in other *interconnected regions* which are similarly responsible for the allocation of all relevant *aggregate annual revenue requirements* relating to the provision of *transmission services* which are *transmission use of system services* or *common services*.
- (g) **[Deleted]**
- (h) *VENCorp* must, in allocating the portion of its *shared transmission network use charges* that is to be recovered from each *Distributor* to which it provides *prescribed TUOS services* and *prescribed transmission common services* in each *financial year* of a *relevant regulatory period*, adjust that portion in accordance with clause 9.8.4(a)(3).

9.8.4G Transitional provisions

Despite anything to the contrary in clauses 9.8.4A to 9.8.4D, any determination of the *ACCC* setting *VENCorp's revenue cap* that is in force immediately before 1 January 2003 is deemed to be a determination of the *AER* under clause 9.8.4C(d), and for that purpose, clauses 9.8.4A to 9.8.4D and the provisions of Part B of Chapter 6 as modified by clauses 9.8.4A to 9.8.4D, apply accordingly.

9.8.5 Distribution Network Pricing – Victorian Jurisdictional Regulator

- (a) The *ESC* remains as the *Jurisdictional Regulator* for Victoria until a transfer of regulatory responsibility is made to the *AER* under a law of Victoria.
- (b) This clause expires on 1 January 2011.

9.8.6 [Deleted]

9.8.7 Distribution network pricing – transitional application of former Chapter 6

- (a) Subject to this clause, the former Chapter 6 continues to apply in relation to Victorian distribution networks during the transitional period.
- (b) The appropriate regulator has the powers and functions of the *Jurisdictional Regulator* under the former Chapter 6 as if appointed for Victoria as the

Jurisdictional Regulator for the purposes of clause 6.2.1(b) of the former Chapter 6.

- (c) The following apply only to the extent they are consistent with clause 2.1 of the *Tariff Order*:
- (1) national guidelines for *distribution service* pricing (so far as applicable to Victorian distribution networks) formulated under clause 6.2.1(c) of the former Chapter 6;
 - (2) guidelines and rules formulated for Victoria under clause 6.2.1(f) of the former Chapter 6,
- (d) The arrangements outlined in Parts D and E of the former Chapter 6 must also be applied by the appropriate regulator subject to clause 2.1 of the *Tariff Order*.
- (e) The value of sunk assets determined under clause 6.2.3(e)(5)(ii) of the former Chapter 6 must be consistent with clause 2.1 of the *Tariff Order*.
- (f) In regulating *distribution service* pricing for a Victorian distribution network:
- (1) the appropriate regulator must specify explicit price capping as the form of economic regulation to be applied in accordance with clause 6.2.5(b) of the former Chapter 6; and
 - (2) the appropriate regulator must comply with clause 2.1 of the *Tariff Order*.
- (g) Neither this clause, nor the provisions of former Chapter 6 as continued in force by this clause, are relevant to a distribution determination that is to have effect after the end of the transitional period.
- (h) In this clause:

appropriate regulator means:

- (1) if there has been no transfer of regulatory responsibility to the *AER* under a law of Victoria – the *ESC*;
- (2) if a transfer of regulatory responsibility has been made to the *AER* under a law of Victoria – the *AER*.

transitional period means the period commencing on the commencement of this clause and ending on its expiry.

Victorian distribution network means a *distribution network* situated wholly or partly in Victoria.

- (i) This clause expires on the date fixed under the *National Electricity (Victoria) Act 2005* as the Victorian distribution pricing determination end date.

Note:

The date is 31 December 2010 or a later date fixed in a Victorian distribution pricing determination as the date on which the determination will cease to have effect.

9.8.8 Exclusion of AER's power to aggregate distribution systems and parts of distribution systems

The following provisions of Chapter 6 apply to *distribution systems* situated in Victoria as if, in each case, the words “unless the AER otherwise determines” were omitted:

- (a) clause 6.2.4(c);
- (b) clause 6.2.4(d);
- (c) clause 6.8.2(e);
- (d) clause 6.8.2(f).

Note:

The effect of these modifications is to exclude the AER's power to consolidate, under the ambit of a single distribution determination, 2 or more distribution systems, or 2 or more parts of a single distribution system that had, before the commencement of Chapter 6, been separately regulated.

9.9 Transitional Arrangements for Chapter 7 - Metering

9.9.1 Metering Installations To Which This Schedule Applies

The transitional arrangements set out in this clause 9.9 apply in relation to a *metering installation* (including a *check metering installation*) in use at *market commencement* that was required to comply with, and did comply with, the *Wholesale Metering Code* at *market commencement*.

9.9.2 [Deleted]

9.9.3 [Deleted]

9.9.4 [Deleted]

9.9.5 [Deleted]

9.9.6 [Deleted]

9.9.7 [Deleted]

9.9.8 [Deleted]

9.9.9 Periodic Energy Metering (clause 7.9.3)

- (a) Subject to clause 9.9.9(b), for the purposes of clause 7.9.3, *NEMMCO*, the *Local Network Service Provider* and the *Market Participant* are taken to have agreed that the data referred to in clause 7.9.3 which is obtained from a *metering installation* to which this clause 9.9 applies may be collated in 15 minute intervals.
- (b) This clause 9.9.9 ceases to apply in respect of a *metering installation* if *NEMMCO*, the relevant *Local Network Service Provider* or the relevant *Market Participant* gives notice requiring an agreement to be reached under clause 7.9.3.

9.9.10 Use of Alternate Technologies (clause 7.13)

- (a) Subject to this clause 9.9.10, if at *market commencement* the *Wholesale Metering Code* provides for the use of alternate technologies or processes for the purpose of calculating the consumption of energy by a non-franchise customer (as defined in the *EI (RP) Act* and in force immediately before the commencement of section 39(a) of the *Electricity Industry Act 1995 (Vic)*), then the use of these technologies or processes is taken to have been agreed for the purposes of clause 7.13(a) but only to the extent to which the alternate technology or process was in use at *market commencement* in relation to that non-franchise customer.
- (b) *NEMMCO*, the relevant *Local Network Service Provider* or the relevant *Market Participant* may give notice requiring agreement to be reached under clause 7.13(a) in respect of a technology or process referred to in clause 9.9.10(a) and clause 9.9.10(a) ceases to apply to that technology or process from the date specified in the notice.

9.9A [Deleted]

9.9B Advanced Interval Meter Roll Out

9.9B.1 Definitions

In this rule 9.9B:

AMI rollout means the rollout of advanced metering infrastructure provided for in the cost recovery order.

cost recovery order means the order dated 28 August 2007 made by the Governor in Council under section 15A and section 46D of the EI Act and published in the Victorian Government Gazette, as amended by the order dated 25 November 2008 made by the Governor in Council under section 15A and section 46D of the EI Act, and by any subsequent Order in Council under section 46D of the EI Act.

relevant metering installation means a *metering installation* for a *connection point* located in Victoria (other than a type 1 or type 2 *metering installation*) in respect of which the volume consumption of the customer is less than 160 MWh per annum of *energy* and which:

- (a) is installed on or after 1 July 2009, unless the *Market Participant* is the *responsible person* for the *metering installation* which has been installed in accordance with the ordinary replacement cycle of the *Market Participant*;
or
- (b) was installed prior to 1 July 2009, unless the *Market Participant* is the *responsible person* for the *metering installation* at 1 July 2009,

and which is not a *metering installation* located at a *high voltage connection point*.

volume consumption means the volume of *energy* consumed by a customer at the relevant *connection point* calculated in accordance with Schedule 2 of the *metrology procedure*.

9.9B.2 Expiry date

This rule 9.9B expires on the earlier of:

- (a) 31 December 2013; and
- (b) the commencement under the *National Electricity Law* of amendments to the *Rules* that:

- (1) facilitate the roll out of smart meters, advanced metering or similar metering installations of at least the equivalent scope and purpose of the AMI rollout; and
- (2) provide for an orderly transfer of the regulation of relevant metering installations under this rule 9.9B to the regulation of metering installations under the Rules.

9.9B.3 Designation as responsible person

Despite clauses 7.2.2 and 7.2.3, the Local Network Service Provider is the responsible person for a relevant metering installation.

9.9B.4 Classification of relevant metering installations

- (a) 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 respectively.
- (b) For the purposes of this rule 9.9B, the definition of remote acquisition in Chapter 10 of the Rules is taken to include the transmission of metering data from the site of the metering point to the metering database via the metering installation database.

9.9B.5 Cost recovery of AMI roll out

Clause 7.3.6(a) does not apply to the recovery of costs by a Local Network Service Provider that are associated with the provision, installation, maintenance, routine testing and inspection of relevant metering installations, to the extent that these costs can be recovered by the Local Network Service Provider in accordance with the cost recovery order.

9.9B.6 Agency data collection systems and agency metering databases

(a) If NEMMCO uses:

- (1) agency data collection systems under clause 7.3.5(c); or
- (2) agency metering databases to form part of the metering database under clause 7.9.1(b),

in respect of metering data from a relevant metering installation, the person engaged by NEMMCO under clause 7.9.1(b1) to provide the agency data collection systems and the agency metering databases must be selected by the responsible person for the relevant metering installation.

- (b) Paragraph (a) applies despite anything to the contrary contained in any contractual or other arrangement between a *Market Participant* and *NEMMCO*.

9.9B.7 Remote acquisition of data by the responsible person

For the purposes of clause 7.9.2(a):

- (a) the *responsible person* for a relevant *metering installation*, rather than *NEMMCO*, is responsible for the *remote acquisition* of *metering data* from a relevant *metering installation*;
- (b) *NEMMCO* is responsible for storing the *metering data* referred to in paragraph (a) as *settlements ready data* in the *metering database*; and
- (c) the *responsible person* for a relevant *metering installation* must provide the *metering data* remotely acquired under paragraph (a) to *NEMMCO*.

9.9B.8 Capability for remote acquisition of metering data

For the purposes of clause 7.11.1(d), a relevant *metering installation* is taken not to have the capability for *remote acquisition* of actual *metering data*.