



26 May 2008

Dr John Tamblyn
Chairman
Australian Energy Markets Commission
Level 16, 1 Margret Street
Sydney NSW 2000

Response to: Department of Primary Industries Rule Change Proposal (Victorian Jurisdictional Derogation)

Dear Dr Tamblyn,

WINenergy is a privately owned Australian company providing energy management products and services to end consumers. WINenergy's core business is the implementation and operation of Embedded Networks within Victoria and NSW. WINenergy (on behalf of site owners) act as an Exempt Retailer and Exempt Distributor within an Embedded Network and as such has a vested interest in any outcomes effecting the metering of consumers (whether inside or outside of an embedded network).

As WINenergy only became aware of the above proposed derogation a few days ago, we have had limited time to research and formulate an appropriate response. As such, our response is more generic in nature as time constraints do not allow us to tackle the specific detail of the proposal.

Competition promotes new market entrants.

Since deregulation began in Victoria in 2002, there have been many new players enter the market including retailers, meter providers, meter data agents etc. Similarly, deregulation has allowed many exempt parties such as WINenergy to also offer products and services to the end consumer. Allowing distributors exclusivity with regards the introduction of metering technologies will inhibit new entrants from entering this market space unless have been specifically contracted with distributors.

Competition helps drive prices downward.

The key outcome of deregulation was increased competition which in turn has resulted in cheaper energy prices for the end consumer. Without competition in the metering space, distributors will be free to set corpulent pricing structures that benefit no-one but themselves. The anti-competitive nature of market monopolies has consistently been proven to be at the detriment of the end consumer.

The DPI presented an argument that by allowing retailers to act as RPs, any AMI rollout would be inefficient and costly. Retailers cannot allow this to happen or they will be forced out of the market by the end consumer on price point. If anything, because retailers will have a wide choice on metering technologies to use, they will not only use best of breed but at a price point that ensures they remain competitive within the market place.

Reducing the ability of retailers to choose the most suitable and cost effective meter technology can only be to the detriment of the market. Indeed allowing the derogation could dangerously promote cost complacency amongst the distributors which will be channeled through to the end consumer thereby increasing prices.

Competition promotes innovation.

Currently there are numerous AMI trials occurring statewide. Indeed WINenergy is trialing 4 different AMI solutions within its embedded networks. Allowing the Victorian derogation will stifle the introduction of innovative new technologies. Indeed companies that are unable to align themselves with the distributors will no longer have a market to sell into. How then can the government correctly determine if the best technology is being deployed to the market?

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For example, distributors may choose a technology to roll out on price point alone. This could be to the detriment of other technology solutions and the benefits they offer (eg. load management, remote connect, disconnect, display into homes etc etc). By allowing the retailer or end consumer determine which technology suits them best, price becomes a secondary issue.

In summary, WINenergy supports the initiatives of the Victorian Government with regards a rollout of automated metering technologies. What we do not support however is that any such rollout be monopolized through the derogation as proposed by the Victorian government. Allowing a free and open market for the AMI rollout will not only ensure the best technologies are deployed but that these technologies are deployed within a cost competitive framework.

Regards,

A handwritten signature in black ink, appearing to read "DR", with a horizontal line underneath.

David Regenspurger
General Manager
WINenergy Pty Ltd