



6 November 2008

570 George Street  
Sydney NSW 2000  
Telephone (02) 9269 2112  
+61 2 9269 2112  
Facsimile (02) 9264 2982

Address all mail to  
GPO Box 4009  
Sydney NSW 2001  
Australia

**George Maltabarow**  
**Managing Director**

Dr John Tamblyn  
Chairman  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

By email: [submissions@aemc.gov.au](mailto:submissions@aemc.gov.au)

Dear Dr  Tamblyn

### **AEMC Draft National Electricity Amendment (Victorian Jurisdictional Derogation, Advanced Metering Infrastructure Roll Out) Rule 2008**

EnergyAustralia welcomes the opportunity to comment on the AEMC draft Rule determination relating to the Victorian Jurisdictional Derogation for Advanced Metering Infrastructure Roll Out dated 25 September 2008. EnergyAustralia recognises the substantial impact and potential customer benefits offered by an effective AMI deployment. In line with these opportunities EnergyAustralia has been proactive in undertaking large scale testing and evaluation of AMI technologies and applications over a number of years.

In our previous submission to the AEMC in relation to this proposed derogation<sup>1</sup>, EnergyAustralia made the comment that it could not agree that the proposal is consistent with the National Electricity Market (NEM) objective. Although EnergyAustralia strongly supports the view that network exclusivity for an AMI roll out would be a more efficient and practical approach, it is concerned that the derogation could result in fragmented national market rules and business systems for smart metering. EnergyAustralia advocated the alignment of Victorian and national AMI programs with the objective of developing agreed national rule change proposals through national co-regulatory arrangements.

Since the original derogation proposal was submitted Victoria has announced substantial changes to the minimum functionalities and service level requirements for its AMI roll out. Importantly the specifications have been reduced to include only remote interval data retrieval and remote de-energisation and re-energisation. EnergyAustralia applauds these changes as recognising the importance of national stakeholder support and conformance with a national electricity market. This decision by Victoria has eased EnergyAustralia's concerns regarding the proposed derogation in so far as the risk of potential misalignment with a future national AMI framework is considerably reduced.

<sup>1</sup> Victoria's proposed derogation from the Rules for Advanced Metering Infrastructure (AMI) Deployment, Submission to AEMC 10 March 2008.





In addition, the National Stakeholder Steering Committee (NSSC), which is based on the original concept proposed by EnergyAustralia in its submission to the Department of Resources Energy and Tourism (DRET) on the National Cost Benefit Study in November 2007<sup>2</sup>, has now been established. This committee consists of industry and customer representatives and provides the platform for collaborative development of a consistent national AMI framework. EnergyAustralia believes this committee will enable the national and Victorian AMI programs to develop in a compatible manner and significantly reduces the risk of jurisdictional misalignment.

On this basis EnergyAustralia supports the AEMC draft Rule determination as providing a sound basis for the Victorian industry to progress deployment of AMI within its Jurisdiction. In addition, we support the AEMC's conclusion that the distributors have the necessary "experience and project management capability to coordinate and deliver large scale infrastructure and network equipment projects"<sup>3</sup>. EnergyAustralia also agrees with the AEMC that distributors would be better placed to resolve customer issues over installations and to manage the risks of difficult sites.

However, Energy Australia contends that the uncertainty created by clause 9.10.2 (b) which allows for the derogation to expire on the commencement of national rules providing for an AMI roll out in other jurisdictions, should be removed.

Another key point of difference between EnergyAustralia's views and that expressed by the AEMC, is that EnergyAustralia believes the same inherent advantages for distributors in the installation of AMI meters during the roll out extends to the on-going operation, maintenance and eventual replacement of AMI for small customers.

EnergyAustralia therefore contests the AEMC assertion that there are "disadvantages associated with a distributor led roll out"<sup>4</sup>, and that these could be "minimised by the implementation of mechanisms to allow for transition from service provided under a monopoly environment to contestable environment"<sup>5</sup>. It is noted that the derogation does not seek to extend beyond the period of the roll out and therefore the AEMC was not required to rule on this issue. EnergyAustralia therefore looks forward to addressing this issue through the National Stakeholder Steering Committee as part of the development of a nationally consistent framework for AMI, including appropriate National Electricity Rule change proposals.

Please do not hesitate to contact Mr. Trevor Armstrong on (02) 9269 2611 should you wish to further discuss any of these matters.

Yours sincerely



**GEORGE MALTABAROW**  
**Managing Director**

---

<sup>2</sup> EnergyAustralia Comments on MCE cost-benefit analysis of smart metering and direct load control; phase one report, Submission to DRET November 2007.

<sup>3</sup> AEMC Draft Rule Determination, National Electricity Amendment (Victorian Jurisdictional Derogation, Advanced Metering Infrastructure Roll Out) Rule 2008, 25 September 2008, page 20.

<sup>4</sup> AEMC Draft Rule Determination, National Electricity Amendment (Victorian Jurisdictional Derogation, Advanced Metering Infrastructure Roll Out) Rule 2008, 25 September 2008, Summary vii.

<sup>5</sup> *ibid*