

8 October 2015

Ms Anne Pearson
Chairman
Australian Energy Market Commission
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Dear Ms Pearson

RE: Directions Paper – Meter Replacement Processes

We appreciate the opportunity to respond on the Directions Paper – Meter Replacement Processes Rule change 2015.

The Commission's alternative solution outlined in the Directions Paper represents a welcome change from the original Rule change proposal, in particular, for the mass market meter replacement process for small customers.

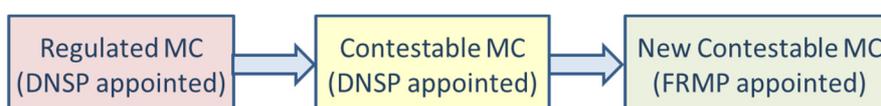
We consider that this solution meets a number of the desired criteria for the meter replacement process.

1. Ensuring that the incumbent metering parties (Metering Coordinator, Metering Data Provider, and Metering Providers) are not forcibly exposed to regulatory risk associated with operating with a meter owned and operated by another party.
2. Facilitating the early appointment and notification of the Metering Data Provider (MDP) and Metering Providers (MPs) to apply from the churn date, and hence minimising potential churn delays.
3. Ensuring that the incumbent Metering Coordinator (MC) can honour any agreements established with a Distribution Network Service Provider (DNSP) and third parties to provide smart meter services until the churn date (and not be cut-short).
4. Allowing for the incumbent MC to come to a commercial arrangement with the new Retailer or MC regarding the level of "compensation" for accepting the regulatory risk of sourcing existing services from a new meter. In doing so, establishing a user pays approach.

We note that the 'expanded competition in metering and related services' Rule change will enable large customers to directly appoint a metering coordinator. However, this process initiated by the customer does not force acceptance of a new meter, MP or MDP onto the incumbent MC, but rather it is the customer requesting another MC and associated parties. We consider it is not unreasonable for the large customer to exercise this level of control over directly appointed parties. As such, we recommend that the Rules requirements for large customers need to be more flexible than proposed mass market process and not be subject to the requirement identified as the alternative solution in the Directions Paper.

We have observed that franchise customers (mostly large customers) often seek to effect a change in energy supply contracts on a single date across multiple sites, and having the new metering arrangements in place on the contractually nominated date. On the basis of competitive tensions, we suggest that commercial agreements between incoming and incumbent metering parties may not be fully effective in facilitating this on behalf of franchise customer.

However, if incumbent metering parties for franchise customers, classified as small customers, were not afforded the protections proposed in the Directions Paper, then all deemed DNSP MCs would need to make costly system and process changes to handle this overly complicated replacement arrangement. This could lead to very complicated outcomes. In the particular, where a meter exchange occurs after a retail transfer, three successive MCs for a site in a short period of time would be required, as represented below.



As such if deemed DNSP Metering Coordinators were obligated to support such a complicated process it would be of concern to us.

Acknowledging that the volumes of franchise customer churn and hence meter exchanges are low, and benefits of a streamlined process would not justify the cost to the providers of deemed DNSP metering services. On this basis, we would be supportive of a balanced approach that provided franchise customers the same flexibility afforded to large customers, but only to the extent that it does not apply to sites that have deemed DNSP MCs. If this is not possible, the Commission's proposed alternative process would be the next most efficient outcome.

In general terms, we acknowledge the alternative solution outlined in the Directions Paper mostly meets our desirable outcomes in terms of efficiency improvements and compliance risk reductions for incumbent metering parties, but it does not provide for our desired outcome of continuity (or no reduction) of smart meter services (to DNSPs and third parties) that DBs raised in response to the 'expanded competition in metering and related services' Rule change.

AusNet Services is a member of Energy Networks Australia (ENA) and has contributed to and supports the ENA submission.

We welcome the opportunity to participate further in this Rule change development and look forward to the opportunity to provide input to the Draft Determination. Should you have any comments in relation to this response please do not hesitate to contact Justin Betlehem on 03 9695 6288 or Peter Ellis on 03 9695 6629.

Sincerely,

Katie Yates
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AusNet Services