



Minister for Energy and Resources

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Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box H166
AUSTRALIA SQUARE NSW 1215

Dear Dr Tamblyn,

RE: CONTINUATION OF CERTAIN VICTORIAN ARRANGEMENTS FOR ELECTRICITY METERING

I am writing to notify the Australian Energy Market Commission that, in accordance with clause 89 (b) of the *National Electricity Law*, the Victorian Government considers it necessary and appropriate that certain arrangements with respect to customers' metering in Victoria continue under the developing national arrangements. Accordingly, the Victorian Government is proposing a jurisdictional derogation to the National Electricity Rules to continue arrangements that have been established under Victorian legislation.

The proposed derogation (refer to attachment) will establish the local distribution company as the exclusive responsible party for small customer metrology and in particular for the legislated rollout of advanced metering infrastructure (AMI). This policy represents a continuation of the current position that distributors are responsible for small customer metering and is also consistent with the Australian Energy Market Agreement which contemplates that, in the transition to national regulation, policies on the type of meters required for specific customer classes will remain a jurisdictional responsibility.

In Victoria, the current regulatory arrangements relate directly to provisions of the *Electricity Industry Act 2000* which provides for the mandated roll-out of AMI and associated cost recovery arrangements. The distributor exclusivity contemplated by the proposed derogation is an integral part of existing regulatory arrangements and the Victorian Government accordingly considers it is necessary and appropriate that these arrangements continue.

The Victorian Government supports the current initiatives for the harmonisation and enhanced national regulation of metering generally and of the broader initiative for the examination of a national mandated rollout of electricity smart meters. Nevertheless, implementation of the Victorian Government's policy for the introduction of advanced metering infrastructure needs to be progressed in the context of current legislative and regulatory arrangements and the transition to national instruments.

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For further information please contact Mr Peter Clements, Director Retail and Distribution Policy, Energy Division, Department of Primary Industries on telephone (03) 9658 4927.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Peter Batchelor', written in a cursive style.

Peter Batchelor MP
Minister for Energy and Resources

31 11 2007