



2 July 2015

Mr John Pierce  
Chairman  
Australian Energy Market Commission  
PO Box A2449  
Sydney South, NSW 1235

By electronic lodgement

Dear Mr Pierce,

**ERC0182: CONSULTATION PAPER—NATIONAL ELECTRICITY AMENDMENT (METER REPLACEMENT PROCESSES) RULE 2015**

CitiPower and Powercor Australia welcome the opportunity to respond to the Australian Energy Market Commission's (AEMC) consultation paper on meter replacement processes. We consider the proposed rule change should be rejected, as it does not meet the assessment criteria outlined in the AEMC's consultation paper.

**Consumer engagement and customer satisfaction**

We appreciate that consumers may expect retailers to provide their chosen product on or near to the day their contract with a retailer commences. The Rules, however, should not reduce the existing contractual rights of incumbent parties. Instead, minimising potential delays in the timing of meter churn processes are best driven by commercial incentives. For example:

- the Rules (and AEMO's amended procedures) appropriately place commercial incentives and accountabilities on prospective parties to ensure prompt meter replacement (where required). That is, if a retailer wants to provide a customer a product the existing meter cannot provide, they have an incentive to develop efficient processes to replace the meter at the earliest possible time following the retail transfer date.
- the Rules (and AEMO's amended procedures) appropriately recognise that prospective parties are best positioned to communicate to customers the operational implications of their offers, and any impacts from not being able to deliver their offer promptly.
- to the extent that barriers exist that limit the prompt and efficient replacement of a meter after the retail transfer date, we consider these should be removed. This may include shifting the 'meter parties reassignment' objection period to before the completion of the retail transfer date.
- where the incumbent and prospective parties can agree to commercial terms for the early replacement of a meter, the Rules should not preclude this from occurring.

**Regulatory transparency and certainty**

AEMO's amended procedures provide the clearest, least complex definition of roles and responsibilities. In particular, they provide certainty as to the rights and obligations of all parties at every stage during the transfer process. This certainty will become increasingly important in the context of expanding metering

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contestability. In contrast, ERM Power’s proposal requires the introduction of four new roles, with a complex delineation of roles and responsibilities.

Further, the basis of ERM Power’s proposed rule change—that there is ambiguity in the Rules—appears unfounded. For example, ERM Power contend that clause 7.1.2 of the Rules envisage a prospective Financially Responsible Market Participant making arrangements for the alteration or replacement of a metering installation before participating in the market in respect of that connection point.<sup>1</sup> The obligations in clause 7.1.2, however, should be read in the context of new or greenfield sites (as distinct from existing connections). This is clear from the reference in clause 7.1.2 to obligations of market participants to *establish* metering installations, as well as the reference in 7.1.2(c) regarding the need to obtain a NMI (which would already exist for an existing connection).

### **Transaction costs**

Changes related to metering contestability, including the substantial re-drafting of Chapter 7 of the Rules, should be finalised as a higher priority than the rule change proposed by ERM Power. Finalising the metering contestability framework first represents a more holistic approach to metering contestability, and is likely to minimise subsequent Rule amendments and associated transaction costs.

### **Queries regarding this submission**

If you have any queries regarding this submission please do not hesitate to contact Jeff Anderson on (03) 9683 4809, or [janderson@powercor.com.au](mailto:janderson@powercor.com.au).

Yours sincerely,



Renate Tirpcou

**Manager Regulation, CitiPower and Powercor Australia**

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<sup>1</sup> ERM Power, *Rule change request: facilitating an efficient meter replacement process*, January 2015, p. 10.