

15 February 2008

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

Dear Dr Tamblyn

**Victorian Jurisdictional Derogation (Advanced Metering Infrastructure Rollout)**

I note the application for a jurisdictional derogation by the Victorian Government to the *National Electricity Rules* relating to the rollout of advanced metering infrastructure in Victoria.

The distribution network industry has been consulting with the Victorian Government on the derogation application over 2007. ENA considers they provide a positive initial framework to facilitate the scheduled rollout of Advanced Metering Infrastructure (AMI) in Victoria.

ENA considers the changes will on balance contribute to the National Electricity Objective by providing a framework for required network investments to support the roll-out of advanced metering infrastructure.

ENA particularly supports the approach taken in the proposed derogation of establishing distribution businesses as the exclusive responsible party for AMI infrastructure and industry considers that this position should also be reflected in proposed national smart meter rollout arrangements. In this regard ENA's assessment of the relative advantages of a distributor-led smart meter rollout relative to a retailer-led roll out are broadly in accordance with the views expressed in the Victorian Government submission.

ENA, in its submission to the Ministerial Council on Energy, in response to its "Cost Benefit Analysis Phase 1 Report", identified the scope for distributors to use existing infrastructure to deliver metering and communications services, and the inherent benefits of economies of scale in a distributor-led roll out. In contrast, our submission pointed to the problems posed to retailer-led roll out by costs related to meter churn and the incentives for retailers to pursue accelerated cost recovery compared to distributors, who operate in a regulated framework which provides scope for longer term cost recovery.

For further information please contact Bill Layer, Research Officer, ENA on telephone (02) 6272 1555.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'ABlyth', followed by a period.

Andrew Blyth  
Chief Executive