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7 March 2014

John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235


Dear Mr Pierce,

Submission on the AEMC Supplementary Paper – Regulatory Framework – Framework for Open Access and Common Communication Standards Review

The AER welcomes the opportunity to comment on the AEMC's preliminary findings on the need to regulate access to smart meter data and functionality. We recognise the centrality of non-discriminatory communications and access arrangements in enabling the competitive provision of meters and related services for residential and small businesses, as recommended in the Power of Choice review.

The AER agrees with the recommendations in the supplementary paper. As we emphasised in our submission to the draft report, we consider it important that the AEMC consider metering contestability and other inter-related processes in an integrated fashion. We are encouraged by AEMC staff's assurances that the AEMC will have regard for technical and other issues considered in this open access and communications review in its assessment of the metering contestability rule change and other related process.

We strongly support a framework for contestability in the services enabled by smart meter infrastructure. The process by which multiple service providers acquire access to smart meter data and functionality will influence the extent and nature of competition in end user services for consumers. We agree with the assessment that there is currently insufficient evidence to support regulatory intervention in this process, with the exception of transitional arrangements where distributor-led roll outs have commenced.

Additionally, we also agree with the AEMC's recommendation that a competition review be undertaken at an appropriate time following the introduction of metering contestability. This will require consideration of a number of inter-related issues over a period of time, including:

- The effectiveness of contractual arrangements between service providers and the metering coordinator;
- Non-discriminatory co-ordination and congestion management by the party managing the smart meter point of entry, under a message prioritisation framework to be determined. This corresponds to duties ascribed to the smart metering provider in the draft report, potentially to be assigned to the metering coordinator role in the metering contestability rule change;
- Trade-offs and potential impacts across other parts of the electricity supply chain in the overall context of the national electricity objective. For instance, once there is a sufficient critical mass of smart meters in a network area, distributor access to certain smart meter data and functions could improve network utilisation, in the long term interest of consumers. Wider benefits of this nature should be important considerations when determining distributors' terms of access and what should be included in the minimum data and functional specifications.

We consider it appropriate that responsibilities associated with access to smart meter functionality, such as managing access, security and congestion be subject to Australian Energy Market Operator accreditation. This is given AEMO's existing capabilities and responsibilities and the importance of these roles in the national electricity market.

The AER would be pleased to provide further assistance to the AEMC on this important area of work. If you would like to discuss any aspect of this submission please contact me, on (03) 9290 1470.

Yours sincerely



Chris Pattas
General Manager
Networks