

15 February 2008

Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Dr Tamblyn,

Victorian jurisdictional derogation (advanced metering infrastructure roll out)

Thank you for the opportunity to provide a submission on the Victorian Government's proposed jurisdictional derogation under the National Electricity Rules (Rules) concerning the roll out of advanced metering infrastructure (AMI) in Victoria.

Role of the responsible person

Integral Energy supports the Victorian Government's proposal to provide exclusivity for local network service providers (distributors) to act as the responsible person in respect of the AMI meter roll out to small (less than 160 MWh per annum) customers. As stated in Integral Energy's submission to the Ministerial Council on Energy (MCE) dated 29 October 2007 in response to the *Smart Metering and Direct Load Control Cost Benefit Analysis — Phase 1 Report*, distributors have the ability to use existing infrastructure to deliver metering and communications services and to leverage economies of scope in relation to the proposed roll out. Mandating this role for local distributors would provide greater certainty as to the delivery and operational efficiencies that are key components of the AMI project.

Relationship with national approach

Integral Energy notes that the Victorian Government has, in the derogation request, indicated its support for the national mandate to roll out smart meters in areas where the benefits outweigh the costs, arrangements for which are currently being progressed by the MCE. Integral Energy also understands that the Victorian industry is at present undertaking the activities required to enable phase 1 of the local roll out to commence in order to meet the Victorian Government's objective of completing that roll out by the end of 2012.

Going further for you is what we do

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The power is in your hands

Integral Energy notes that the differences between the national and Victorian processes may have overall efficiency implications and understands that the AEMC would take these into account in making its decision. On balance, Integral Energy considers that the certainty as to the responsible person provided by the derogation will benefit Victorian customers.

Should you wish to discuss any aspect of this submission, please contact Anthony Englund on (02) 9853 6511.

Yours faithfully

A handwritten signature in black ink that reads "Daniel Lucas". The signature is written in a cursive, flowing style.

Daniel Lucas
Acting Chief Executive Officer