



Victorian Jurisdictional Derogation (Advanced Metering Infrastructure Rollout) Rule Change Proposal – Section 108A Report

Purpose

The Commission is required under section 108A of the National Electricity Law (NEL) to publicly report on Rules not made within 12 months of publication of the notification of the commencement of the Rule change process.

Background

On 21 November 2007 the Commission received a Rule change proposal from the Minister for Energy and Resources (Victoria) seeking a jurisdictional derogation to implement the rollout of advanced metering infrastructure. The Commission published a notice under section 95 of the NEL on 20 December 2007 commencing first round consultation on the Rule change proposal.

The derogation proposal would establish the local network service provider as the exclusive responsible party for small customer metrology and in particular for the roll-out of advanced metering infrastructure in Victoria.

Reasons for the Rule Determination not being made within 12 months

The Commission has not made a final Rule determination within 12 months after the publication of the section 95 notice for this Rule change proposal due to the quantity of new information and relevant ongoing developments that have required consideration and analysis. This was reflected in the Commission extending the timeframe for publication of a draft Rule determination on three occasions and a final Rule determination on one occasion. The reasons for the extensions are explained below.

On 3 April 2008 the Commission extended the time for the making of a draft Rule Determination by nine weeks to 26 June 2008. The basis of this extension was to assess the impact on the derogation proposal of the draft cost benefit analysis of smart metering commissioned by the Ministerial Council of Energy (MCE) that was released on 5 March 2008 for consultation. The cost benefit analysis contained information that was considered directly relevant to the Rule change proposal. In addition, the MCE Standing Committee of Officials was expected to release a Regulatory Impact Statement (RIS) on the cost benefit analysis of the options for a national smart meter rollout. The extension was made to provide for the consideration of the new information as well as any stakeholder submissions to the MCE on these matters.

On 26 June 2008 the Commission extended the time for the making of the draft Rule Determination by eight weeks. On 14 June 2008 the MCE published its Smart Meter Decision Paper (dated 13 June 2008) on the national regulatory framework for smart meters. This paper outlined the MCE's response to the smart meter cost benefit analysis and the RIS and contained substantial new information of direct relevance to the assessment of the derogation proposal. In addition, the MCE also published a Statement of Policy Principles (SPP) at the same time as the decision paper. Sections 33 and 88 of the NEL require the AEMC to have regard to an SPP in making a Rule. On this basis, the Commission extended the time for publishing the draft Rule Determination to 22 August 2008.

On 21 August 2008 the Commission extended the time for the making of the draft Rule Determination by five weeks to 26 September 2008. The basis of this extension was to allow recent developments to be taken into account in the Commission's assessment of the derogation proposal. These developments included progress on the national smart meter considerations made by the National Stakeholder Steering Committee (NSSC). In addition, the Victorian AMI Industry Steering Committee had proposed an alternative rollout model. At that time the Victorian Government was reassessing its AMI rollout model in relation to the overall timeframes, and functionalities and service levels of the meters to be rolled out. Any such changes would have altered the derogation proposal. The extension was made to allow consideration of these developments.

On 18 December 2008 the Commission extended the time for the making of the final Rule Determination by six weeks to 29 January 2009. Submissions to the draft Rule Determination received in November and December 2008 raised a number of issues that were not specifically considered in the derogation proposal. These issues included potential exceptions to the derogation proposal, specific metering requirements for photo-voltaic (PV) generation systems, and queries regarding the metering data delivery standards and standards for customers. The extension was made to allow these new issues to be investigated and considered.

Expected timing for the final Rule Determination

The Commission considers it will make and publish the final Rule Determination for the *National Electricity Amendment (Victorian Jurisdictional Derogation – Advanced Metering Infrastructure Rollout) Rule 2009* by 29 January 2009.