



1 October 2010

The Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submitted electronically

Dear Mr Pierce,

AGL Energy Limited (**AGL**) welcomes the opportunity to comment on Consultation Paper on Specific Issues National Electricity Amendment (Provision of Metering Data Services and Clarification of Existing Metrology Requirements) Rule 2010 (AEMC reference ERC0092) (**the Rule Change**).

AGL continues to strongly support the establishment of a new category of service provider within the Rules called a Meter Data Provider (**MDP**). This service is currently provided on a contestable basis under contract to market participants and formalising this role within the rules, like that of Meter Provider, is long overdue.

It is our view that the benefits that this Rule Change will deliver would outweigh the potential cost increases. We also propose changes to strengthen AEMO's accreditation and registration requirements to promote greater compliance.

AGL saw merit in the Commission's recommendation within the Draft Determination that the Financially Responsible Market Participant (**FRMP**) maintains the ability to nominate the MDP. We see that this approach preserves the current agreements that exist under the Deed framework.

We consider that the role of Responsible Person provides a convenient way of encapsulating the functions necessary to ensure appropriate metering in the NEM. Indeed when the role was established both the Meter Provider and Meter Data Agent were outside of the Rules. The function therefore provided a neat way of including the functions within the Rule.

The Responsible Person role is actually performed by either the FRMP or the LNSP. As such, it is not actually necessary since the responsibility to appoint the MP and MDP functions can be directly assigned to the FRMP or LNSP within the Rules.

AGL has recently been considering this issue as part of its involvement with the National Smart Metering Program (**NSMP**). It has been proposed that a third provider be established under the Rules, the Customer Functions Service Provider (**CFSP**). The CFSP is to provide access to the meter "smarts" on an open and contestable basis so that all parties can provide services to customers. This role is also to be appointed by the Responsible Person.

As the Commission would be aware, although the Rule change has not yet been formally presented, the draft Transitional Rule for smart metering assigns the Responsible Person role to the LNSP during the mandate. At the end of the mandated period, the role reverts to the FRMP. AGL is currently proposing that the National Smart Metering Committee consider

- > Being selected as a member of the Dow Jones Sustainability Index 2006/07
- > Gaining accreditation under the National GreenPower Accreditation Program for AGL Green Energy®, AGL Green Living® and AGL Green Spirit
- > Being selected as a constituent of the FTSE4Good Index Series

whether it would be in the longer term interests of customers, and more in keeping with the National Energy Objective, if the mandated function of MP be assigned to the LNSP and the FRMP retain the Responsible Person role (if it is felt necessary to retain it).

We see that mandating the MP (and MDP if necessary functions) rather than the Responsible Person provides a cleaner way of providing for accelerated rollouts of remotely read meters. It is also more flexible if the a jurisdiction wishes to extend or fade out a mandate. It is a logical extension of this thinking to simply remove the Responsible Person.

AGL notes that there are a number of advantages in maintaining the FRMP model in directly engaging the MDP for metering installation types 1 to 4, including:

- the FRMP can choose the MDP that best meets its cost and performance criteria;
- the FRMP can negotiate value added data services directly with the provider of the services; and
- it is a continuation of current operational practice under the deeds arrangements that is well understood.

These advantages also apply to the FRMP directly engaging the Meter Provider. If the FRMP wishes to pass this responsibility to the LNSP it can simply assign it as is possible now under the Rules (except it must assign the Responsible Person role).

AGL therefore urges the AEMC to consider reviewing whether the role of Responsible Person is necessary at all now that the MDP and MP are clearly defined functions that are accredited by AEMO.

Whether or not the AEMC takes the further step of removing the Responsible Person role, AGL supports the establishment of the MDP and considers that it should be directly appointed by the FRMP. We consider that this proposal would enhance achievement of the National Electricity Objective and the efficient operation and use of, electricity services for the long term interests of consumers of electricity.

Should you have any questions in relation to this submission, please contact Sallie Proctor on 03)833 7871.

Yours sincerely,



Alex Cruickshank
Head of Energy Regulation

- > Being selected as a member of the Dow Jones Sustainability Index 2006/07
- > Gaining accreditation under the National GreenPower Accreditation Program for AGL Green Energy®, AGL Green Living® and AGL Green Spirit
- > Being selected as a constituent of the FTSE4Good Index Series