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Mr John Tamblyn
Chairman
Australian Energy Market Commission
Level 16
1 Margaret Street
Sydney NSW 2000

**Draft Rule Determination
Chapter 7 – National Electricity Rules**

Dear Dr Tamblyn,

Centurion Metering Technologies Pty Ltd (Centurion) is an accredited Metering Data Agent specialising in the remote acquisition of metering data from type 3 & 4 metering installations.

We write in our capacity as a Metering Data Agent to avail the Australian Energy Market Commission (the Commission) of our experience dealing with Distributors, in Victoria and New South Wales, charged with the responsibility for the implementation of type 5 metering programs under the Chapter 9 derogations.

As a Metering Data Agent we are, of course, interested in gaining access to as many connection points as possible in order to build our business. And for Centurion to be able to offer metering data management services to Retailers, connection points must either be fitted with type 3 or 4 metering installations, or upgraded to type 3 or 4 metering installations.

At the same time, Centurion has no interest in churning interval meters installed at a connection point.

For this reason Centurion approached Distributors to discuss strategies by which type 5 meters could be readily upgraded to type 4 meters, and to discuss Distributors providing services to upgrade metering installations from type 6 to type 4 where requested by Retailers – to avoid the cost of having an interim type 5 metering installation where a type 4 metering installation is preferred.

We were under-whelmed. The Distributors simply refused to deal with us.

When I pointed out that this would leave us little option but to replace the Distributor meters we encountered, the response was universal – the Distribution businesses didn't care because

they are guaranteed cost recovery through the electricity distribution price controls put in place by the respective Jurisdictional Regulators.

All commercial risk has been removed and with it the need to innovate or operate on normal commercial terms.

By rights, the prospect of meter churn should have had the Distributors clambering to enter into commercial contracts with us so that we would continue to use their meters – this is what any commercially orientated, pragmatic meter owner would do.

Instead we were greeted with a shrug of the shoulders and a disinterested yawn. Hardly a regulatory control model designed “to regulate the non-competitive market for ...distribution services in a way which seeks the same outcomes as those achieved in competitive markets.”¹

The idea that Distributors should be entitled to compensation when their meters are replaced is misguided. Quite the contrary – they need to be exposed to reasonable levels of risk to encourage them to behave like commercial enterprises.

Our experience clearly demonstrates that the protectionism advocated by the Commission is a catalyst for meter churn, rather than a fair and reasonable counter to it, and very definitely a barrier to competition.

Distributors will only respond to the demands of the market if exposed to commercial sanctions for not meeting those demands.

On the other hand – as suggested in our Metropolis submission – it would be best to introduce a mechanism that restricts the demand on Distributors for providing type 5 metering installations where Retailers have a preference to upgrade metering installations directly to type 4.

We strongly implore the Commission to reconsider its views.

Yours sincerely,



Marco Bogaers
Managing Director

¹ National Electricity Rules – Clause 6.1.1(b)(3).