

8 October 2015

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Mr Pierce,

RE: AEMC Directions Paper - Meter Replacement Processes Rule 2015 (ERC0182)

The NSW Distribution Network Service Providers, Ausgrid, Endeavour Energy and Essential Energy (the NSW DNSPs) welcome the opportunity to provide comment on the AEMC's Directions Paper regarding the *National Electricity Amendment (Meter Replacement Processes)* Rule change.

The NSW DNSP's support the AEMC's decision to issue a Directions Paper and delay making its Draft Determination on this proposed National Electricity Rule (Rule) amendment until after the *Expanding Competition in Metering and Related Services* Rule change (Metering Rule change) has been finalised. We consider that this approach will better enable stakeholders to understand and assess the implications of this Rule change within the context of the new metering framework.

Overall, the NSW DNSPs are broadly comfortable with the AEMC's proposed policy position and consider that it is likely to better contribute to the achievement of the National Electricity Objective (NEO) than the changes proposed by ERM Power. Specifically, the NSW DNSPs support the AEMC's policy position to:

- Not create "prospective metering roles" in the Rules. We agree with the AEMC that the introduction of "prospective metering roles" would likely be overly complex and disproportionate to the issue identified by ERM Power.
- Clarify in the Rules that an incoming retailer cannot require a metering installation to be changed at a meter point until the retail transfer is complete. This addresses a key concern previously raised by the NSW DNSPs.
- Clarify in the Rules that incoming and incumbent parties can enter into commercial agreements to churn the meter during the retail transfer period.
- Align implementation of this Rule change with the project timeline for implementing the Metering Rule change, embedded networks Rule change and the Shared Market Protocol.

We consider that if the Draft Rule appropriately reflects the above policy positions, it will better promote the achievement of the NEO than under the changes proposed by ERM Power as it provides a more proportionate response to the issues identified by this Rule change; is less complex and burdensome; and more closely aligns with the recent Meter Churn procedures that came into effect on 1 September 2015.

The NSW DNSPs broadly support clarifying the Rules so that an incoming retailer cannot require a metering installation to be changed until the retail transfer is complete, unless a commercial agreement can be reached between the incoming and incumbent parties. However, we consider further details will be required to understand the costs and benefits of allowing the incoming retailer to nominate the prospective metering coordinator, meter provider and meter data provider in advance of the retail transfer date.

In determining how to reflect this policy position in the Rules, the NSW DNSPs urge the AEMC to be guided by the overarching principle enshrined by the new Meter Churn procedures that the incoming party should bear the risk associated with meter churn. We consider that this approach promotes the efficient allocation of risk between parties and therefore promotes the achievement of the NEO.

We look forward to reviewing the AEMC's Draft Determination and providing further feedback. If you have any queries or wish to discuss further please contact Murray Chandler, Group Manager Network Technology & Innovation at Networks NSW on (02) 9249 7210 or via email at murray.chandler@ausgrid.com.au.

Yours sincerely,

A handwritten signature in black ink that reads "J. Hardwick," with a comma at the end. The signature is written in a cursive, slightly slanted style.

John Hardwick
Group Executive Network Strategy
Ausgrid, Endeavour Energy and Essential Energy