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Our Ref:

Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box H166
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Dear Dr Tamblyn

Draft National Electricity Amendment (Metrology) Rule 2006

I refer to the above Draft Rule Determination.

As you would be aware the Victorian Government, through the Department of Infrastructure (DOI), is coordinating a project to deploy Advanced Metering Infrastructure (AMI) to all small Victorian electricity customers. In relation to this we wish to comment on section 3.10.3 of the Draft Rule Determination.

We would support the views of a number of stakeholders, as noted in this section that *“the LNSP should be permitted to become the deemed responsible person for type 4 metering installations for small customers”*. In the analysis performed by CRA and Impaq Consulting for DOI and the Victorian Electricity Industry (*Advanced Interval Meter Communications Study, 23 December 2005*), it was determined that there is a societal business case for adding communications to the rollout of interval meters. The business case however, was largely predicated on the capture of significant scale and density economies of an accelerated and geographic-based rollout.

The project envisages that all consumers in a given area are connected, at least initially, to a common communications network. In light of the major developmental work undertaken on the project this year, it has become apparent that LNSPs are best placed to achieve the associated scale and density economies. It is therefore our view that further consideration should be given to designating the LNSP to be the responsible person for at least the initial deployment of type 4 metering installations at small customer sites.

We note however, notwithstanding the need to address the stranded asset issue, that there may be a valid business case for Retailers to elect to take-over the role of responsible person for individual customer sites, subsequent to the initial AMI deployment. We believe that this scenario should be allowed for.

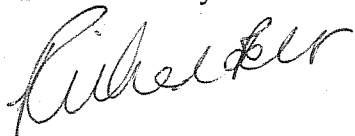
It is also noted that the threshold value of 160MWh for delineating small customers is convenient for Victoria, but may not be the right value for other jurisdictions. For customers with consumption above the relevant threshold value, we do not see a need to change the current arrangement for type 4 meters where the Retailer has the first right of refusal to be the responsible person. We consider that through this current arrangement competition in Metering Provision and Metering Data Provision has produced cost and service benefits to these larger customers.

To the extent that analyses undertaken by other jurisdictions (as envisaged by the CoAG meeting of February 2006) find that the efficient deployment of AMI requires the capture of scale and density economies, it is submitted that these are most likely able to be captured by LNSPs. Accordingly, in the interests of providing certainty to stakeholders, and in the interests of securing widescale deployment of AMI over the shortest practicable time period, we believe that there is a strong case for LNSPs to be the designated responsible person, at least for initial AMI deployment.

Because of the above we would suggest that the AEMC raise this matter with the MCE in relation to the COAG decision to encourage the implementation of smart metering throughout all jurisdictions. From Victorian consultations with industry both within Australia and internationally, we believe that there would be considerable support for LNSPs becoming the deemed responsible person for type 4 metering installations for small customers, and that such a change would enhance the likelihood of smart meters being rolled out on a widescale basis across the jurisdictions.

For further enquiries on this issue, please contact Peter Clements on (03) 96556364.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richard Bolt', written in a cursive style.

Richard Bolt
Executive Director, Energy and Security