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17 December 2014

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

Attention: Mr Richard Owens

Dear Mr Pierce

Implementation Plan for Competition in Metering and Related Services

Thank you for the opportunity to comment on the proposed Australian Energy Market Commission (AEMC) implementation timetable for the competition in metering and related services rule change and the associated work required by the Australian Energy Market Operator (AEMO) and the Australian Energy Regulator (AER) to implement the rule change.

TasNetworks has contributed to, and supports, a submission made by the Energy Networks Association. This submission is made in addition to that submission, and highlights some issues particular to our situation.

TasNetworks is the sole provider of regulated transmission and distribution network services in Tasmania. Under the National Electricity Rules TasNetworks is required to provide non-contestable metering services in Tasmania and is therefore a key stakeholder in the provision of metering and related services in the Tasmanian jurisdiction. TasNetworks (and previously Aurora Energy's distribution business) has been installing 'smart ready' meters, as part of rolling out new and replacement meters, in Tasmania for the last six years. To date, the cost of telecommunications and supporting communications has been too high to warrant the conversion of these meters to fully enabled smart meters. This approach was endorsed by the AER as part of its most recent revenue decision for the Tasmanian distribution network.

TasNetworks welcomes the work that has been done by the AEMC to identify and coordinate the complex issues pertaining to the implementation of the Power of Choice review. It is important that this work continue in a manner that recognises the inter-dependencies that will occur. It is also important that policy and process development provides sufficient certainty, and adequate time, to efficiently implement any required system changes.



TasNetworks agrees that the AEMC's proposed delay in the drafting and publication of the final rule is a preferable path forward, and that this delay should ensure a better outcome for all parties. TasNetworks cautions against fixing dates that do not allow sufficient time for policy development and system implementation after publication of the final rule.

As with other rule changes, stakeholders will not be in a position to efficiently plan for system changes that will be required until such time that the final rule is published by the AEMC, and until AEMO has fully tested and implemented its own system changes. It is therefore important that sufficient time is allowed for AEMO, and subsequently market users, to fully test and implement their solutions. The significance, time and cost of testing new systems across all market participants, including AEMO, should not be underestimated. Any shortened timeframe will impact on both efficient delivery and cost.

The final ring-fencing guideline produced by the AER will also impact on the system requirements of market participants, and is a prerequisite to the development of the design and build of these systems.

The greater the level of ring-fencing and any functional and/or accounting separation that is required, the greater the level of associated system complexity and costs as businesses seek to separate legacy and future roles. The completion of this phase of the implementation should not be underestimated and the AEMC will need to allow sufficient time after publication of the final AER guideline for business system compliance.

Whilst some work may be conducted concurrently following the final rule determination, TasNetworks suggests that a period of at least 18 months will be required after the final rule determination to allow all parties to most efficiently achieve full compliance.

TasNetworks suggests that jurisdictional implementation dates for the final rule should also align with regulatory control years wherever possible, and that final implementation and compliance should occur in either January or July, depending on jurisdictional regulatory arrangements. In the case of TasNetworks, an implementation date of 1 July 2017 is preferable as it will coincide with the commencement of the next distribution regulatory control period for TasNetworks. This will enhance consumer engagement opportunities in explaining changed metering obligations and costs, and is likely to reduce any prospect of future pass through events occurring.

If you have any queries on this submission please contact Chantal Hopwood on 0400 827 037 or via email at chantal.hopwood@tasnetworks.com.au.

Yours sincerely



Bess Clark

GM – Strategy & Stakeholder Relations