

21 May 2015

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

Lodged online at: www.aemc.gov.au

Dear Mr Pierce

RE Expanding Competition in Metering and Related Services Draft Rule (ERC0169)

Tasmanian Networks Pty Ltd (TasNetworks) would like to acknowledge the extensive work undertaken by the Australian Energy Market Commission (AEMC) in developing the draft determination and draft rule on expanding competition in metering and related services.

We endorse the submissions provided to the AEMC by Grid Australia and the Energy Networks Association, which are broadly supportive of the introduction of competition in metering and related services and highlight some general issues still to be resolved. However, TasNetworks is unable to support implementation of the draft rule in Tasmania at this time.

There are significant differences between Tasmania's circumstances and those of other jurisdictions within the national electricity market (NEM) which make the implementation of competitive metering and related services less likely to deliver the desired benefits to residential and small business customers. Therefore, unless major changes in market conditions occur, the Tasmanian market should be excluded, at least initially, from the implementation of the draft rule.

The AEMC's proposed model requires all new and replacement meters to be communications-enabled smart meters. The model contemplates further take-up of smart meters, funded by retailers and/or distributors, in response to retail pricing offers and value added services. The AEMC is aiming to support increased competition and customer choice by encouraging innovation, greater options for consumers and efficiency in metering services.

For Tasmanian consumers, these benefits may not be realised and may come at significant cost. The cost to implement the reforms in Tasmania, including associated system and process changes that may be required by the Australian Energy Market Operator, will be relatively high given the small customer base.

The benefits anticipated by the AEMC may also be compromised by the lack of retail competition in the residential and small business market. This brings the risk that Tasmanian consumers will bear the significant costs of reform without benefiting from the same level of competition and innovation in retail pricing offers and metering services that emerge elsewhere in the NEM.

In the absence of major changes in market conditions in the Tasmanian region, our assessment is that the implementation of competition in the provision of metering services will not contribute to achievement of the National Electricity Objective. TasNetworks welcomes the opportunity to further discuss the issues identified in this letter and evaluate options for Tasmania to deliver the benefits to consumers that the metering rule change is designed to facilitate.

If you have any questions or require further information in relation to the matters raised in this letter, please contact Kirstan Wilding at kirstan.wilding@tasnetworks.com.au or on (03) 6271 6696.

Yours sincerely

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

Lance Balcombe
Chief Executive officer