



Tel: 1300 137 245
Fax: 1800 654 337

AGL Energy Sales & Marketing Limited
ABN 18 076 092 067

AGL Centre
226 Greenhill Road
Eastwood SA 5063

GPO Box 888
Adelaide SA 5001
www.agl.com.au

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John Tamblyn
Chairman
Australian Energy Market commission
Level 16, 1 Margaret Street
Sydney NSW 2000

By email: submissions@aemc.gov.au

National Electricity Law – Proposed Rule Change

AGL¹ welcomes the opportunity to provide comments to the Australian Energy Market Commission ("AEMC") on the 'National Electricity Law - Proposed Rule Change' submitted to the AEMC by the National Electricity Market Management Company ('NEMMCO').

AGL supports the move towards a national regulatory framework, and, to that extent welcome rules and obligations that promote harmonisation of existing metering arrangements and support the work undertaken by NEMMCO to develop a single national metrology procedure for metering installation types 1 to 7.

While AGL agrees with the majority of the proposed rule changes, such as NEMMCO taking up responsibility of metrology coordinator, there are some proposed rules and some existing rules that AGL either does not support or suggests that further consideration to content is required. These include, but are not limited to:

- **Responsible Person** – In addition to the Market Participant being able to elect to be the responsible person for metering types 1,2,3 and 4, AGL considers that where it is economically justifiable, Market Participants should be allowed to elect to be the responsible person for other metering types, subject to considerations on consequential sunk costs by the LNSPs.
- **Inspection and Testing Requirements** – Timeclocks attached to metering installations for controlled load supply arrangements should be subject to the same level of inspection and testing requirements as general metering installations.

AGL's detailed comments are contained in the following attachment. Please contact Carol Lydford, Manager Regulatory Development on 02-9921 2511 if you wish to discuss any aspect of our submission or require any additional information.

Yours Sincerely,

Sean Kelly

General Manager Energy Regulation

¹ AGL represents the retail businesses of AGL.

AGL Submission on the National Electricity Law - Proposed Rule Change

Single National Metrology Procedure and Metrology Coordinator

AGL supports the removal of jurisdictionally based metering provisions, the implementation of a single national metrology procedure and that the National Electricity Market Management Company ("NEMMCO") will undertake the role of metrology coordinator. The responsibility of NEMMCO as metrology coordinator will be the development and publication of the metrology procedure that will apply to metering installations.

A single national metrology procedure will minimise inconsistency between jurisdictions that adds costs and complexity to participants that operate nationally in the electricity market, and will allow for greater alignment of procedures and processes.

Metering Installation Types

AGL notes that the proposed changes to the Rules and Metrology Procedure will result in a modification to existing metering installation types 4 and 5. This modification will result in a low volume interval meter with remote read capability being classified as a type 4 metering installation.

This metering installation has been described in existing publications, such as the report published by the Independent Competition and Regulatory Commission ("ICRC") - Joint Jurisdictional Review of Metrology Procedures, as a Type 5 remotely read interval meter ("5RRIM").

AGL supports this reclassification on the basis that the following conditions are met:

- Provisions are outlined in the Metrology Procedure that act to prevent NEMMCO from requiring retailers to provide daily interval data to NEMMCO for low volume interval meters;
- Consideration is given to a separate category in the Rules and Metrology Procedures for innovative metering products, such as Prepayment meters and that these products are open to competition; and
- The National Metrology Procedure is updated accordingly to reflect this change.

Responsibility for Metering Installation

The proposed Rule changes will give effect to the Local Network Service Provider ("LNSP") being the exclusively responsible person for metering installation types 5, 6 and 7 and that retailers will have the ability to elect to be the responsible person for metering installation types 1,2,3 and 4. This is broadly in line with the derogations² that are currently in place in each jurisdiction and are due to expire on 31 December 2006, by which time, without changes to existing legislation the responsibility of all metering installations would become contestable.

² National Electricity Code: Jurisdictional Chapter 9 Derogations.

It is AGL's understanding that the current derogations were sought by the jurisdictions and put in place to further facilitate the transition to full retail competition by simplifying the metering arrangements. It is AGL's view that there is a sufficient level of competition evident in Victoria, South Australia, New South Wales and the Australian Capital Territory to warrant a review on whether responsibility for all metering services should become contestable after 31 December 2006.

AGL notes the proposed rule changes will provide for the LNSP to be the responsible person for metering installation types 5,6 and 7. However, AGL believes that it is important that where it is economically justifiable, and for innovative metering technologies, Market Participants should be allowed to be the responsible person for metering types other than 1,2,3 or 4. AGL notes that consideration will need to be given to the recovery of costs incurred by the LNSPs in relation to metering installation types 5,6, and 7 should the responsibility for these become contestable.

Should the Australian Energy Market Commission ("Commission") choose to endorse the proposed changes that will limit the circumstances in which the retailer has the right to be the responsible person, AGL strongly recommends that innovative technology such as prepayment meters should not be categorised with general type 5 or type 6 meters, but rather a new 'type' is determined, and that new type of metering installation is open to competition.

Prepayment meters, in a competitive environment, is an innovative product that will offer customers increased payment flexibility, a choice of metering and tariff configurations and a tool for monitoring their electricity usage and their budgeting for energy costs. To a retailer it will provide another means of differentiating themselves from other retailers and to better meet the needs of a segment of its customers. Prepayment meters, or any other innovative metering technology would be offered by retailers if it is cost effective, and would only be taken up by customers if the prices are competitive.

Election by a Market Participant to be the responsible person

The proposed rules provide that a Market Participant can elect to be the responsible person for metering installation types 1,2,3 or 4.

As outlined earlier, AGL supports that, where economically viable, Market Participants should be able to elect to be the responsible person for 'new technology' metering types 5,6 and 7. At a minimum, AGL strongly recommends that innovative and advanced technology, such as prepayment meters are categorised separately to the existing metering types, and that market participants have the opportunity to elect to be the responsible person for such innovative and advanced metering technologies.

Other responsibilities

Clause 7.2.5 requires that the responsible person must "ensure that for each of its metering installations a communications link is installed and maintained to the telecommunications network...". There appears to be an oversight, as this clause should not apply to metering installation types 5,6 or 7. In addition, with advanced metering technology, the communications network may not be limited to telecommunications, but rather a power line carrier, mess radio, Internet etc.

It is AGL's view that the wording of the clause should reflect the innovative technologies for communications, and not be limited to telecommunications.

Metering Installation Components

Clause 7.3.1 (a)(9) requires that a metering installation include facilities on site for storing the interval energy data for a period of at least 35 days.

AGL does not consider that 35 days of data is sufficient, and strongly recommends that for a metering installation that produces interval energy data and that does not have a communications facility there should be a minimum storage capability of energy data to accommodate quarterly billing cycles and occasions where the meter cannot be read.

This would provide for sufficient data readily obtainable from the metering installation in the event of a customer dispute, or where access to the meter is not obtained for an extended period.

Clause 7.3.1 (b)(6a) refers to 'telecommunications'. As outlined earlier, AGL does not consider that the use of 'telecommunications' covers the potential communications solutions that may be available for advanced metering technology.

Inspecting and Testing Requirements

AGL supports the requirement that the responsible person must ensure that metering equipment purchased has National Measurement Institute pattern approval from an accredited laboratory recognised under the International Certification Scheme in accordance with specifications or guidelines (including transitional arrangements) specified by the National Measurement Institute under the National Measurement Act 1960 (Cth).

In addition to metering installations, AGL strongly recommends that timeclocks attached to metering installations for controlled load supply arrangements should be subject to the same level of ongoing inspection and testing requirements. AGL suggests that the inspection and testing of timeclocks to ensure a reasonable level of accuracy could be undertaken annually as part of the normal meter reading schedule.