



12 October 2006

Dr John Tamblyn
Chairman
Australian Energy Market Commission
Level 16
1 Margaret Street
SYDNEY NSW 2000

Dear Dr Tamblyn

AEMC Draft Rule Determination: Metrology

The Energy Networks Association (ENA) welcomes the opportunity to comment on the AEMC draft Rule Determination and Draft *Rule* for metrology. The ENA supports the development of new national rules for metrology, and makes the following comments on the draft *Rule*.

Single national metrology procedure

As noted in the *Draft Determination*, the development of a single national metrology procedure for all metering types is likely to simplify metering arrangements, thereby reducing industry compliance costs. The ENA considers, however, that the inclusion of jurisdictional metrology material in the metrology procedure has the potential to undermine the move to national arrangements, unless there are limitations on the scope of jurisdictional powers, and clear processes are in place for the eventual phasing out of these jurisdictional arrangements in favour of national arrangements.

To address these concerns, the ENA considers that the power to include jurisdictional policy material should be restricted to the transfer of jurisdictional arrangements currently in place, as well as a limited number of areas where new policy decisions are currently being implemented, such as the Queensland FRC arrangements and the Advanced Metering Infrastructure project in Victoria. These current policy processes should be specified in the savings and transitional provisions of the *Rules*.

The ENA supports the inclusion in the draft *Rule* of provisions for a periodic review of jurisdictional metrology material to test whether special arrangements are still justified. This is particularly important in the event that the NEMMCO report provided under clause 7.14.2(f) identifies issues with the content of the metrology material, and these issues are not addressed by the *Ministers of the MCE* through amendments to that material. The drafting of clause 7.14.2 could also be improved by providing further clarity as to the roles and responsibilities of the *Ministers of the MCE* in considering the report from NEMMCO, as well as the process NEMMCO must follow in seeking and responding to advice from the *Ministers of the MCE*. The *Rules* should also allow the MCE to refer the review of jurisdictional metrology material to the AEMC for consideration against the national electricity market objective.

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Where jurisdictional arrangements are deemed to be no longer appropriate, the *Rules* should provide for NEMMCO to manage an orderly transition to the national metrology arrangements, recognising the potential financial impacts these changes may have on registered participants. This should at least include the minimum three month transition period required for other changes to the metrology procedure, and scope for a longer transitional period, if necessary.

The ENA supports the inclusion in the draft *Rules* of a sunset date on the power for individual ministers to include jurisdictional metrology material in the metrology procedure. The ENA considers that the AEMC proposed date is appropriate, provided that the above limitations on the scope of jurisdictional metrology material, and well as arrangements for phasing out arrangements, are adopted.

LNSP responsibility for metering installations

The ENA supports the inclusion in the draft *Rule* of existing derogations making the Local Network Service Provider (LNSP) the responsible person for type 5, type 6 and type 7 metering installations.

The draft *Rule* provisions allow the *Financially Responsible Market Participant* to install remote acquisition capabilities on a meter without changing the classification of that meter installation, where certain operational difficulties require a meter to be remotely read (cl.7.3.4). The ENA considers that the *Rules* should also include a power for the LNSP to install remote acquisition capabilities for operational reasons without changing the classification of the metering installation. This approach would more accurately reflect the legal obligations and financial incentives faced by distribution businesses with respect to meter reading at chronic access sites.

While the ENA understands that the COAG decision on the national rollout of smart meters was not addressed in the NEMMCO proposed *Rule* change, this decision, announced during the *Rule* change consultation process, has significant implications for the draft *Rule* and the development of the national metrology procedure. It is important that this *Rule* change process not close off potential efficient approaches for the proposed smart meter rollout, ahead of the release of further information on the COAG decision and proposed process.

The ENA therefore encourages the AEMC to seek clarification from COAG and the MCE on the proposed approach to this rollout, and provide these bodies with information on the implications of this proposed *Rule* change on the potential for an efficient rollout of smart meters in the future.

Thank you again for the opportunity to comment on this proposed *Rule* change. If you would like to speak further on these matters, please contact me on 02 6272 1555.

Yours sincerely



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Energy Networks Association