

8 July 2008

Dr John Tamblyn
Chairman
Australian Energy Markets Commission
Level 16, 1 Margret Street
Sydney NSW 2000

RE: Department of Primary Industries Rule Change Proposal (Victorian Jurisdictional Derogation)

Dear Dr Tamblyn,

Semitech Innovations welcomes and appreciates the opportunity to comment on the proposed jurisdictional derogation to the National Electricity Rules (NER) in relation to the rollout of Advanced Metering Infrastructure (AMI), in Victoria.

Semitech was established in 1997 with the assistance of the Victorian government to create a world-class semiconductor design centre in Melbourne, Australia. Its current flagship product is a System On A Chip power line communication device which uses existing power line grid infrastructure to send and receive data and other control signals. This technology eliminates the need for additional communications infrastructure by transporting electronic information along power line networks. The technology has been proven to work reliably on networks that span a wide area. It enables utility companies to streamline their network management by reducing costs, enhancing efficiency, reducing emissions and cutting energy consumption. This technology can also be used for home automation and control, giving consumers real time consumption and usage data.

The reasons for deregulation was because of projected national economic benefits resulting from increased competition in generation and retailing, a bigger market, and corporatized transmission and distribution services. Projected benefits to customers included choice of supplier, cheaper electricity and an increased range of services. The proposal derogation provides that the distributors will be exclusively responsible for

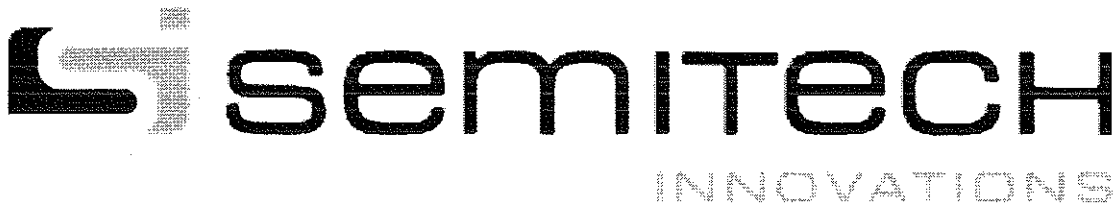
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small customer metering. This will stop electricity retailers having the option to choose the most suitable and cost effective meter technology for remotely read interval meters. This is inconsistent with the purposes of the deregulation.

Among the a few AMI trials occurring, Semitech is working with a few sub metering companies to test our PLC AMI technology in Victoria. Semitech has developed a solution that promotes open competition between suppliers of the key components necessary for the mass roll out of AMR systems. By providing an open source platform, free of license or royalty, any manufacturer, distributor or retailer could develop or modify their existing systems to utilize the Semitech communication solution.

Semitech PLC AMI technology provides a reliable and cost effective AMI system to utilities/sub-metering companies. The system is capable of collecting and managing data from smart meters at real time via a two way power line communications link. The utilities/sub-metering companies use the data to provide consumers with new and enhanced products in real time and to ensure a seamless service experience.

Semitech supports the Victorian Government initiatives of AMI rollout, however, we think the proposed derogation will affect to the best and cost effective technology to be used.

Please do not hesitate to contact myself or Nishant Shah on (03) 9349 4522 should you wish to discuss any aspect of our submission further.

Your Sincerely

A handwritten signature in black ink, appearing to read 'Rino Simonelli', is written over a light grey background.

Rino Simonelli,

Executive Vice President, Corporate Strategy

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