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29 May 2014

John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Dear Mr Pierce

ERC0169 – EXPANDING COMPETITION IN METERING AND RELATED SERVICES – CONSULTATION PAPER

Ergon Energy Corporation Limited, in its capacity as a Distribution Network Service Provider in Queensland, welcomes the opportunity to provide a submission to the Australian Energy Market Commission on its *Expanding Competition in Metering and Related Services Consultation Paper*.

Should you require any additional information or wish to discuss any aspect of this submission, please do not hesitate to contact either myself on (07) 3851 6416 or Trudy Fraser on (07) 3851 6787.

Yours sincerely

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Encl: Ergon Energy's submission.

Submission on the *Expanding Competition in Metering and Related Services* Consultation Paper

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Australian Energy Market Commission

29 May 2014

This submission, which is available for publication, is made by:

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Introduction

Ergon Energy Corporation Limited (Ergon Energy), in its capacity as a Distribution Network Service Provider (DNSP) in Queensland, welcomes the opportunity to provide comment to the Australian Energy Market Commission (AEMC) on its *Expanding Competition in Metering and Related Services* Consultation Paper (the Consultation Paper).

Ergon Energy generally does not support the establishment of a Metering Coordinator (MC) role in the National Electricity Rules (NER).

Ergon Energy is a member of the Energy Networks Association (ENA), the peak national body for Australia's energy networks. The ENA, in collaboration with Ergon Energy and other distribution businesses, has prepared a comprehensive submission addressing the Consultation Paper. Ergon Energy is supportive of the arguments contained in their submission. In particular, Ergon Energy supports the ENA's assertion that the establishment of a MC role does not address the identified issue of a lack of competition in metering and related services.

In response to the AEMC's invitation to provide comments on the Consultation Paper, Ergon Energy has addressed the questions posed in the Consultation Paper and has also provided comments on specific areas of concern in the next section. Ergon Energy is available to discuss this submission or provide further detail regarding the issues raised, should the AEMC require.

Specific comments

Ergon Energy is supportive of expansion of the contestable metering environment but has significant concerns about a number of proposals that form part of the current consultation process. Ergon Energy also questions whether the benefits which can flow to customers from advanced metering will be restricted because of poor market design (leading to higher than necessary implementation costs) and failure to enable network related benefits (which extend well beyond half hourly consumption data). Ergon Energy believes there are some basic principles that must be adopted in the design of any rule change on this matter. These include:

- Placing emphasis on leveraging the current New and Replacement Meter drivers, and capabilities, in each of the network areas, so as to take advantage of available efficiencies (e.g. single site visit to new premises) and to avoid duplicated costs;
- Understanding and delivering value at optimal cost across the entire supply chain regardless of which party initiates the installation of a smart meter;
- Distribution and Retail businesses must be collaborating to deliver the best outcomes to end customers cost effectively;
- That the minimum data sets available to accredited parties in the market from smart meter installations are broader than the current energy market data sets used to bill customers or settle markets (e.g. power quality monitoring, electrical safety alarms);
- Distribution businesses being able to progress targeted smart meter installation as part of Non Network Alternative programs and Network Monitoring functions (as a Standard Control Service (SCS)) where it avoids or defers higher future augmentation costs and/or is considered critical to better managing network performance; and
- That metering contestability should not push overall end costs to customers upwards (in terms of total cost of energy delivery).

Establishment of a Metering Coordinator

Ergon Energy does not believe that the establishment of a MC role represents the most efficient approach to enhance competition in metering services and achieve the objectives of the proposed Rule change. Notwithstanding, Ergon Energy has addressed the questions posed by the AEMC in the Consultation Paper should a MC role be established. In particular, Ergon Energy believes that the role of MC should be classified as a Registered Participant (RP) to compel alignment with other RP roles and to operate under existing/enhanced NER / National Energy Market (NEM) obligations and processes.

Ergon Energy believes there is a significant risk to safety (including to life support customers), reliability and security of supply through, for example, erroneous switching by the MC. As such, changes to the NER, National Electricity Retail Rules, and distribution licenses are required to clarify all roles, responsibilities and liabilities. Moreover, if third party MCs are permitted, new processes and obligations will need to be developed in the case of failure of the MC, with clear accountabilities and cost recovery mechanisms for the MC alternative.

Competition

Ergon Energy believes that the AEMC model does not facilitate competition for the MC role. For example, only distribution businesses have price regulation: all other parties are free to charge their own price, creating a non-level playing field. Furthermore, Ergon Energy estimates that no more than a few new parties will participate in this market, and it is likely that over time these will

consolidate to 2 or 3. Nonetheless, if meter competition does pick up and there is strong competition then distributors will face increasing costs in a market that wants to drive down those costs, so at some stage networks may want the ability to withdraw from these services due to the cost increases.

Moreover, the Rule change request suggests the MC must not increase its charges to the retailer for providing metering services. Ergon Energy seeks clarification that this would not preclude distribution businesses from increasing charges in accordance with the prices approved as part of the annual Pricing Proposal process.

Complexity

There are existing NEM issues with large customer churn where meters are changed prior to retail transfer completion. That is, the current RP is 'responsible for new Metering Provider (MP) meters' and there are no contractual provisions between the MP and Financially Responsible Market Participant (FRMP) until the transfer completion. This will be further complicated with the introduction of the MC role.

Ergon Energy notes the rule change request suggests the MC can also be a MP and/or a Meter Data Provider (MDP) where accredited to fulfil these functions. Ergon Energy believes this will create a conflict of interest, as the MC 'engages' the MP and MDP. That is, the MC would be likely to always engage themselves. This may not be in the best interests of the customer (in terms of costs) and promoting competition etc.

Costs

It should be noted that any (potential) cost savings to be passed to the customer with the introduction of the MC role may well be negated by the cost to the industry of managing this new role, such as system and process changes to existing participants and the Australian Energy Market Operator (AEMO); additional transaction requirements for interactions between existing participants and the MC; and the administration overhead of the new role. These costs are currently unquantified but are expected to run into the millions of dollars.

Furthermore, distribution businesses will not see a linear cost reduction for other parties conducting a meter installation for a new connection. For example, Ergon Energy currently has one crew that does the service cable and meter install. This efficiency will be lost as there will now be two crews, two trucks and travel time. Moreover, there is not a linear relationship in costs for things like meter reading and the number of meters – e.g. if 5 customers on a street of 100 customers go contestable, there will not be a 5 per cent reduction in meter reading costs.

Load control

Ergon Energy believes that networks must retain load control ability. As noted above, there is significant risk to the safety, security and reliability of supply through erroneous switching. In addition, the load control ability should not be transferred to time-switches separate from smart meters by other parties. This can only be achieved if there is a minimum standard. If this does not occur, Ergon Energy has identified the following risks:

- Retailers could contract the customer to take a simplified energy service that doesn't include load control, thereby resulting in removal of the service;

- There is no market mechanism in standing data to identify load control if a tariff doesn't exist alongside of it. If there is no tariff in place, there is no benefit to the customer from charging a fee for load control;
- There is no market mechanism for networks to access load control in a retailer's meter, and there is likely to be a fee for access; and
- Without a minimum specification, distributors would need to physically separate the relay to gain load control, which is contrary to the preferred 'least cost to install' method.

Network Regulatory Arrangements

As detailed in our response to the questions below, Ergon Energy believes that the current regulatory framework does not provide for distribution businesses to allow for advanced metering technology as part of a regulated Demand Side Participation (DSP) business case / program. Clause 7.11.1 of the NER provides that where communications are installed the interval data should be settled in the market. This effectively means the metering installations must be registered as Type 1-4 metering installations. As Type 1-4 metering is classified as an unregulated service by the Australian Energy Regulator (AER) this means that distribution businesses cannot install advanced meters for regulated purposes. The only exception to this is clause 7.3.4 of the NER which allows distribution businesses to enable communications on electronic meters at customers' premises and retain the type 6 metering classification, only where it can demonstrate it is for operational difficulties. This excludes the use of communications enabled metering to support implementation of lower cost network alternatives to building additional network capacity.

However, energy data is critical to understanding and managing network safety performance, utilisation and investment drivers. Consequently, distribution businesses are restricted in their ability to pursue, shape and embed energy consumption behaviours and patterns. Ergon Energy believes that targeted advanced metering at the customer premise level is an integral part of effective decision making on network utilisation opportunity and investment, and as such must form part of the regulated solutions developed by DNSPs to address network constraints, manage load and customer growth at a feeder level, and deliver effective pricing signals.

For this to occur, distribution businesses need to be able to invest in advanced metering where it is the best commercial solution, and in the best interests of customers. Furthermore, Ergon Energy suggests that DNSPs should not be required to undertake these investments through a subsidiary company as it creates unnecessary costs to customers. As such, Ergon Energy recommends changes to the NER are required to facilitate DNSP investment as type 6 metering.

Table of detailed comments

Question(s)	Ergon Energy Response
Assessment Framework	
1. Are there any additional criteria that should be considered in assessing this rule change request?	Ergon Energy supports the additional criteria discussed in the ENA's submission. In particular, Ergon Energy notes there are significant economic costs and increased risks in the areas discussed in that submission, specifically safety, reliability and security of supply. Furthermore, Ergon Energy suggests that customer benefits and minimum data specifications require further consideration. The functional specification must be developed in line with the data required from the meter as this data will be used to 'safe guard' the customer and the network. The data will also be used to better understand customer usage/profiles which in turn should lead to more cost reflective pricing signals for both the DNSP and the FRMP. Ergon Energy suggests that a national minimum functional and data specification be developed allowing for flexibility in jurisdictional differences in policy and timing. Ill-considered minimum specifications may also result in costs to consumers, for example, where network benefits are not realised. <u>Privacy</u> Ergon Energy believes that neither the Rule change request nor the Consultation Paper explores in significant detail the privacy issues associated with interval metering. In particular, the NER currently provides that metering data is confidential, and that a RP must not disclose confidential information except as permitted by the NER. As such, if the role of MC is adopted, these issues will require further consideration, particularly in terms of classification of the MC, as discussed further below. <u>Pricing Principles for Metering Services and Data Provision</u> Information gathered by smart meters will have a number of commercial applications, and therefore may be made on commercial terms to a number of potential users. As the cost of metering equipment and services can be recovered in a number of ways, this needs to be taken into account in developing the pricing principles for smart metering. While there are a number of international models and proposals for the recovery of smart metering costs, an

	appropriate course here might be to empower and require the AER to consult on and develop pricing principles, taking into account matters such as the potential for multiple uses of metering information, and the potential that there may only be a single use in a particular case. Moreover, the Consultation Paper appears to be 'vendor focused' and gives little consideration to customer benefits. For example, not all customers will necessarily benefit from the services provided, such as those customers who only want basic meters and quarterly billing. It is not clear whether these customers will be required to pay for the services of a MC under certain conditions. Furthermore, even in the absence of a MC, costs to service these meters may increase due to the declining population of 'basic meters'. The implications of the above are explored further in the ensuing responses to this consultation.
Efficient provision of metering and related services	
2. What are the benefits for competition by allowing any registered and accredited party to take on the Metering Coordinator role?	Ergon Energy suggests the benefits for competition are unclear. Rather, the introduction of MCs has the potential to become unnecessarily complex and costly with added administrative overheads. Furthermore, it is possible that the market will be dominated by retailer-owned MCs and is likely to provide retailers with an opportunity to reduce their trading and hedging risk. Notwithstanding, there may be merit in a national MC function to ensure cost efficiency and standard access and cost arrangements.
3. Are there alternatives that are preferable to creating a separate Metering Coordinator role? For example, would it be appropriate to combine the proposed Metering Coordinator responsibilities with the existing Metering Provider role? If so, what advantages would this alternative deliver?	The benefits of combining the MC and MP roles are not clear. As stated above, this would create another layer of complexity, supporting self-interest groups rather than customers.
4. If established, should the new Metering Coordinator role be classified as Registered Participant under the NER or should other arrangements be put in place? If so, what accreditations may be required?	Ergon Energy agrees that an MC role should be classified as a RP with accreditations similar to that currently required of MPs and MDPs.
5. Are any specific arrangements required in the event that a Metering Coordinator fails?	Ergon Energy believes that new processes and obligations will need to be developed in the case of failure of the MC, with clear accountabilities and cost recovery mechanisms for the MC alternative.

6. Should there be any specific changes to the ROLR arrangements regarding metering?	There are currently no similar retailer of last resort (ROLR) provisions for metering services in Queensland. As such, changes to the ROLR arrangements will be required, pending clarification of the MC specific roles. Furthermore, it is likely that a lack of standard protocols will be problematic in the event of an MC failure. For example, if a minimum specification is not defined, then the meters used by the MC that failed may not have the functions that a network needs. Therefore, it would be imprudent to require the business to take over those functions.
7. How would the proposed jurisdictional arrangements impact on the proposed approach for competitive provision of metering and related services?	Ergon Energy believes that customer driven jurisdictional policy may look different to that which is vendor, retailer or distributor only focused policy. Given the greater potential for vendor focused policy, there is significant potential that jurisdictional arrangements will respond to poor design on metering contestability. Consideration will also need to be given to obligations under the Electricity Industry Code (Code), Guaranteed Service Levels (GSL) and Minimum Service Standards (MSS) etc., and whether changes will generate additional costs to networks and ultimately customers.
8. Should SCER's proposal for prescribing Metering Coordinator exclusivity be limited to certain metering types? If yes, what are the metering types that should be considered?	Ergon Energy supports distribution businesses remaining responsible for type 5 and type 6 metering, particularly over the transitional period.
Roles and relationships between parties	
9. What information and consent requirements would be appropriate under the competitive model for provision of metering and related services?	Ergon Energy suggests that customer consent should not be required where meters are installed for DSP activities.
10. Should opt-in / opt-out provisions apply where a party seeks to upgrade a consumer's metering installation to achieve business operational efficiencies that may lead to reduced costs for consumers?	It is anticipated that 'reduced costs for consumers' would not be assessed at the individual level, but rather as a whole. Therefore, any possible benefits of the new metering would need to be communicated to the customer, and it is unlikely that customers would 'opt-in' if it results in direct costs to them, with the possibility of reduced costs further down the track (which in many cases won't be of the same magnitude). Therefore where meters are installed for DSP activities, there should be no ability to opt-out.
11. Should retailers be required to inform consumers of their metering services charges? If so, what is an	Ergon Energy agrees retailers should be required to inform customers of metering services charges, similar to network Alternative Control Services (ACS)

appropriate means for retailers to fulfil this obligation?	charges.
12. Should the relationship between the retailer and the Metering Coordinator be based on a commercial arrangement? If not, what alternatives should be considered? What are considered the costs and benefits of a standard contract for this relationship?	Ergon Energy agrees the relationship between the retailer and the MC should be based on a commercial arrangement.
13. Should residential and small business consumers be able to exercise a right to appoint their own Metering Coordinator? If so, what arrangements would need to be put in place to govern that relationship?	Notwithstanding that Ergon Energy does not support establishment of the MC function, if it were to occur, Ergon Energy does not support letting the customer choose their MC, as they won't have the knowledge or expertise to understand which MC offers the right product and metering technology to support them. If this is to go ahead, AEMO should govern this relationship, and rules will be required to ensure MCs have an obligation to provide a customer with accurate, reliable products and services. Furthermore, an external party (like AEMO) could provide a consolidated list of MCs to facilitate customers making an informed choice.
14. Are any additional consumer protections required to support a direct relationship between a consumer and a Metering Coordinator?	Ergon Energy agrees additional consumer protections are required to support this option. MCs must be held liable for promises made to customers and there must be expectations as to the impacts on customer's experiences.
Network regulatory arrangements	
15. Do the NER require any changes to facilitate unbundling of metering charges from distribution use of system charges? If so, what factors should be considered?	Ergon Energy does not believe it is necessary to include specific provisions in the NER. The AER classification of services appears to be an appropriate framework, and the AER has already begun making changes to proposed classifications to reflect the unbundling of metering charges in most jurisdictions. The AER should also be able to rely on existing rules which govern the requirements for the classification of services to ensure all jurisdictions transition to a similar approach (e.g. refer to Rules which talk about desirability for consistency within and beyond jurisdictions under clauses 6.2.1 and 6.2.2 of the NER).
16. Should the AER have a role in determining exit fees for accumulation and manually read interval meters?	Ergon Energy considers that it is appropriate for the AER to have a role in the process. However, they should not be responsible for determining the methodology or price of an exit fee. That is, it would not be appropriate for the AER to calculate or determine the fee, or for the NER to prescribe how the exit fee is required to be priced by a DNSP. To ensure DNSPs are afforded flexibility in structuring prices to recover their

	stranded (sunk) costs, it would be more appropriate for the NER to set out high level principles around the intended scope and application of the exit fee, and for the AER to approve DNSPs' proposed exit fees (including any associated pricing methodologies) through the annual Pricing Proposal. That is, the process for developing prices for meter exit fees should not be treated any differently to the development of prices for any other distribution service. Therefore exit fee(s) should be specific to each DNSP.
17. If so, are SCER's proposed criteria for determining exit fees appropriate, and should a cap on fees be considered?	As noted above, Ergon Energy does not consider it is appropriate for the NER to prescribe how an exit fee should be priced. Accordingly, the following criteria proposed by the AEMC may not be appropriate: *The fee should be based on the average depreciated value of the stock of the distribution business's existing accumulation and manually read interval meters. (p51)* Notwithstanding, Ergon Energy suggests that in determining appropriate exit fees for each DNSP, consideration should be given to the aged asset profile of the meters. For example, meters less than five or ten years may have one exit fee, while older meters may have another fee. Consideration should also be given to the non-reversion policy, i.e. meters which meet the minimum requirements should not be replaced. *Where a meter is installed that is not compliant with the new and replacement policy and minimum functionality required by that jurisdiction, exit fees would not apply. (p52)* Although Ergon Energy agrees that it is unclear under what circumstances a non-compliant meter would be allowed to be installed, it would seem unreasonable for a DNSP to be prevented from charging an exit fee (and recovering stranded (sunk) costs) in circumstances where an alternative provider installs a non-compliant meter. As such, it may be appropriate for exit fees to be charged to the retailer or new MP rather than the customer. If the AER reclassify metering services as an ACS charge, and make provision in the classification of services to allow a DNSP to charge an exit fee, then the form of control and basis of price for the exit fee will be decided as part of the Distribution Determination. If the AER decide to apply a price cap form of control to the service, then a cap on the exit fee will automatically be applied. Therefore, Ergon Energy suggests that the introduction of additional provisions in the NER to 'cap' exit fees is not required. Furthermore, applying a cap outside of the regulatory determination process may

	mean that DNSPs will be unable to recover their efficient costs.
18. Are the existing arrangements under the NER appropriate to enable a distribution network business to allow for advanced metering technology as part of a regulated DSP business case / program?	No. Clause 7.11.1 of the NER provides that where communications are enabled the interval data is required to be settled in the market which means they must be treated as Type 1-4 metering which is an unregulated service. The only exception to this is clause 7.3.4(e),(f) and (g)) of the NER which allows communications to be enabled in limited circumstances such as the remoteness of the site or difficulties accessing the site or in operating the metering installation and for the meter to be treated as a type 5 of 6 metering installation. Ergon Energy believes that targeted advanced metering at the customer premise level is an integral part of effective decision making on network utilisation opportunity and investment, and as such must form part of the regulated solutions developed by DNSPs to address network constraints, manage load and customer growth at a feeder level, identify and respond to power quality and electrical safety issues and deliver effective pricing signals. For this to occur, distribution businesses need to be able to invest in advanced metering where it is the best commercial solution, and in the best interests of customers. As such, Ergon Energy recommends changes to the NER are required to facilitate DNSP investment as type 6 metering. LNSPs may also wish to mandate the deployment of smart metering, effectively as a research and development tool, as part of network planning. A simple example might be to understand the effect of solar uptake on distribution networks or provide energy profiling by customer segment to support development of effective and relevant network price signals.
19. If not, what additional arrangements might need to be put in place to allow sufficient certainty to distribution businesses to do so?	It is not clear that the restrictions in NER 7.3.4 will continue to apply to effectively preclude LNSPs from providing smart metering services and achieving the objectives listed above. Clause 1.2.2 of the Rule change proposal provides that the 'existing rules in Chapter 7 of the …NER… remain unless altered by the intent of this Rule change request'. *Suggested amendment:* In order for the Rule change proposal to be clear to the point, notwithstanding that Ergon Energy does not support LNSP's being required to use a subsidiary, it is submitted that clause 3.4 (of the Rule change request) would need to read: 'An LNSP's Subsidiary Metering Co-ordinator … would be able to provide metering services <u>(including type 5 metering, type 6 metering installations and other smart metering services)</u>.'

	Ergon Energy suggests that it also be made clear that: • an LNSP would need to be able to support progress of the installation of a particular type of meter if that formed part of a regulator approved demand side management program (noting that in Queensland there is already a requirement to have an annual demand management plan); • customers within the program who already had appropriate smart metering would be required either to make metering data available or transfer the meter to the LNSP; • the FRMP must allow the LNSP to appoint an accredited and capable party if that forms part of an approved regulatory proposal; • efficient and prudent expenditure on smart metering should be permitted where it will aid network planning and forecasting, identification of quality and reliability issues, improve customer safety as well as for demand side participation (DSP); and • an LNSP may mandate smart metering if approved by the regulator. In addition, once smart metering becomes a reality, LNSPs ought not to be required to wait until the commencement of a reset period, to put a DSP program to the Regulator. This is for two reasons: • To require LNSPs to wait until a reset period would give retailers and other metering providers a competitive advantage; and • If efficiencies can be achieved now due to technological change, there should be opportunities to achieve them.
20. Are changes required to the AER's ring fencing guidelines to accommodate a distribution network business seeking to take on the role of Metering Coordinator?	The Rule change request states that a LNSP can maintain the provision of metering, albeit by means of a separate subsidiary. It provides: 'A LNSP's Subsidiary Metering Co-ordinator….would be able to provide metering services' (Rule change request para 3.4). Normally, the establishment of a separate legal entity is the simplest way for a party to maintain a Ring-Fenced business, for no other reason than it makes it easier to establish accounting separation. However, just as there is no inherent need to have separate legal ownership for the regulated and unregulated parts of a LNSP's business, there may be circumstances where it is less appropriate to establish a subsidiary to run a metering business, as the information flow is the critical matter to appropriately control. Ergon Energy considers that the Ring-Fencing principles in clauses 3.4 and 3.5 of the Rule change request could be amended to make it clear that:

	A LNSP should not be precluded from establishing a Metering Coordinator or Meter Provider or Meter Data Provider business even if it does not establish a separate subsidiary to do so, provided: *i. appropriate Ring-Fencing and competitive procurement arrangements are in place; and* *ii. the relevant information is made available to interested parties on reasonable and appropriate terms.* The data gathered by smart meters can be separately sold to third parties such as retailers, alternative energy providers, etc. It follows that the costs of the metering installation can be amortised over a number of potential users. It will be important, therefore, that the Regulator has access to information about the terms on which this information is routinely made available.
Minimum functionality specification	
21. What do you consider are appropriate governance arrangements for allowing for a new smart meter minimum specification in the NER?	Ergon Energy supports comments made in the ENA submission that the market will fail without a common market interface that is well defined and enforced across all providers in the market. Jurisdictions should be able to mandate minimum functionality and data availability specifications.
22. Is AEMO the appropriate body to develop and maintain the proposed minimum functionality specification to support competition in metering and related services, or are there alternative options that could be considered?	Ergon Energy suggests there is significant risk that the minimum meter specification and minimum data specification will be determined by MCs and retailers based on their own commercial agendas, and will not give due consideration to the distribution value to customer proposition. As suggested above, jurisdictions would be better placed to develop and maintain minimum functionality specifications.
23. Should there be arrangements that allow for jurisdictions to determine their own new and replacement policies or should all new and replacements meet a common minimum functionality specification?	Ergon Energy believes there should be consistency around the base meter data sets available on enablement and the management of load control. However, jurisdictional impacts should also be considered to avoid perverse outcomes for customers. Jurisdictions will continue to need to have to make decisions as to the appropriate metering solutions for non-NEM networks. Notwithstanding, it seems reasonable to have some consistency where it is commercially sensible to do so in these areas (for example, Mount Isa and remote islands).
Transitional and implementation arrangements	
24. Is it appropriate that the Victorian distribution network businesses would become the Metering Coordinator for the smart meters they have deployed?	Yes it is appropriate that they remain their own MC as they have already deployed these smart meters and worn the associated costs. Notwithstanding, Ergon Energy recommends that minimum data and minimum meter

	specifications match that available to all other distributors. Ergon Energy suggests that where the Victorian meter specification is less than the final national draft, there is a transitional path over time to align with that agreed nationally.
25. Should an exclusivity arrangement be put in place to allow Victorian distribution network businesses to continue in the Metering Coordinator role for a specified period of time? If so, should this be determined by the Victorian Government or defined in the NER?	Nil comment
26. Should Victoria's local distribution network business be required to take no the Metering Coordinator role as a ring fenced entity after the exclusivity period has ended?	Nil comment
27. Is it appropriate that as part of the transitional arrangements, the local distribution network business would become the initial Metering Coordinator for existing meters for which it is the Responsible Person?	Ergon Energy agrees this is an appropriate approach. However as noted above, the functions of the MC role appear to be within the capabilities of the current service provider roles and the responsibilities for ensuring service could be handled with the broad scope of the existing Responsible Person role.
28. If so, should the local distribution network business be required to take on this role as a ring fenced entity? And by what stage of the transition would the ring fenced entity need to be established?	Ergon Energy supports the ENA position that networks should be able to continue to offer a regulated metering service until such time as the market has developed to the point that there is no further demand for one.
29. Is it appropriate that as part of the transitional arrangements, retailers would become the initial Metering Coordinator for existing meters for which it is the Responsible Person?	Ergon Energy agrees this approach would be appropriate, predominantly for large customers.
30. Are there any other systems, procedures or guidelines that might need to be amended to support competition in metering and related services?	Ergon Energy suggests further amendments are likely. However, significantly more discussion is required to this end. It is likely that any changes may increase costs to end customers. It may also be important to consider the need for electricity retailers to Ring-Fence their metering businesses, including managing insider trading risks, especially if their metering businesses are not tied to their retail customer base. The Rule change request notes that: *[M]ost jurisdictional guidelines include some provisions around non-discrimination, requiring that a distribution network business must not deal with a related business on more favourable terms than it deals with*

	other businesses. These requirements indicate that the costs and procurement policies of regulated electricity businesses already receive comprehensive oversight through the regulatory process. Presumably the pricing of an LNSP can be benchmarked against external pricing as part of the determination process or recognised as a consideration in any updated Ring-Fencing guidelines. The addition of competitive procurement processes for LNSPs would mean an additional cost to the business, which must ultimately be recovered from customers, and which costs may not apply to other third parties from a competitive neutrality viewpoint.