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Dear Rory

**RE: Supplementary Paper – Regulatory Framework, Framework for open access and common communication standards**

United Energy, CitiPower and Powercor (the DBs) appreciate the opportunity to respond to the AEMC on the Supplementary Paper- Regulatory Framework, Framework for open access and common communication standards. This response covers two areas outlined in the Supplementary Paper – regulation of access to smart meter data and services and whether accreditation is required for the metering coordinator role.

**Regulation of Access to Smart Meter Functions**

The AEMC states that, “On whether regulation is required for access to smart meter functionality...: the service that provides access to smart meter functionality, whether provided by independent third-parties, retailers or network businesses should be given the opportunity to develop free of access regulation.”

This market based approach, where competitive commercial processes are used to drive the best outcomes, is good provided that all parties have choice and that the opportunities for alternatives is maximised. For example, where DNSPs have a requirement for enhanced services above the metrology service they should be able to either purchase these services from the MC on commercial terms or provide/retain their own device.

This model clarification is consistent with the AEMC discussion on the choices afforded to the customer or the retailer in selecting the MC for the metrology and DSP services. The paper suggests that there are commercial tensions for the MC (retailer or 3rd party) where if the services provided do not meet the customer’s or retailer’s expectations they will seek an offer from another retailer or another MC. The customer and/or retailer in selecting the MC have some commercial negotiating power or choice in the provision of services. These commercial tensions would be further enhanced to the benefit of the customer if DNSPs had a cost effective mechanism to undertake network management activities either through market provided services or the provision of alternative devices.



The AEMC refer to the smart meter services as metrology and DSP services. A third category of services should be explicitly recognised comprising functionality that the devices can provide which benefits all consumers through better management of network operations. The functionality and data from these devices can lead to improved safety arrangements, better management of the network and equipment loading on hot days, improved network utilisation through better phase balancing on the Low Voltage network, improved customer services in outage events, improved data to meet network compliance requirements etc. These services can be provided by a 'smart meter' or a separate network device.

The Victorian DNSPs, and the DNSPs more generally that are utilising data and services from current 'metering' devices, for the benefit of all consumers in providing improved network services, should have a choice to be able to retain the old meter as a network device and continue these services in their current form.

We note that without the DNSPs ability to provide their own device, there is a risk that a retailer or MC will unintentionally frustrate DNSPs access to the data and functionality that they choose to best manage their network. If a retailer's (or 3rd party's) standard meter and back office systems do not collect and transmit the data/signals that a particular DNSP needs for their network management processes, then the retailer/3rd party as MC will face a very big hurdle to meet the needs of the DNSP.

is the DBs are supportive of enabling the competitive market to determine the access to services through negotiations on the basis that the regulatory arrangements support DNSP choice of procuring network services or utilising their alternative own device.

In establishing the regulatory framework for metering competition for small customers, the DBs recommend that the NER more explicitly recognises distributors customer beneficial rights to have the meter remain as a network device rather than have it forcibly removed and that the regulatory framework afford rights for continued load control and enhanced services to be maintained by the DNSP on churn of the market meter or churn of the gatekeeper role.

## **MC Accreditation**

The DBs agrees with the Supplementary Paper notes that the MC role is not well defined and that this will impact accreditation decisions. We suggest that the issue of MC accreditation be reassessed in the metering competition rule change process.

The MC or 'gatekeeper' role manages congestion of data flows, security and access to data. As noted in the Supplementary Paper, AEMO accreditation is about auditing that the required information is accurate, timely and reliable.

There are a number of factors such as technology and role clarification that may influence interfaces and access to data and functionality. For example the current NER suggests that the MDP role may offer additional services.

Given that the MC role is not well defined and that access issues are intended to be resolved in the competitive market by negotiation, at this stage it is unclear what needs to be the subject of accreditation as there is no set benchmark against which to audit/accredit parties.



Should you have any questions in relation to this response please do not hesitate to call me on (03) 8846 9856 or Renate Tirpcou (03) 9683 4082.

Yours sincerely

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On behalf of United Energy, CitiPower and Powercor