

12 January 2007

Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box H166
Australia Square
NSW 1215

Dear John

Chapter 7 Rule Change Proposal Responsible Person Contestability

I refer to the Rule change proposal submitted to the Commission from Metropolis Metering Assets Pty Ltd (Metropolis) in a letter dated 8 December 2006. The proposal is for a change in the Rules to allow Market Participants to seek offers from, and enter into agreements with, accredited Metering Providers to act as the Responsible Person for type 1, 2, 3 or 4 metering installations. We note that Metropolis is seeking an expedited Rule change under section 96 of the NEL as a non-controversial Rule change.

In SP AusNet's view the Rule change proposed by Metropolis cannot be classified as a "non-controversial" Rule change as it potentially impacts on some fundamental aspects of maintaining data integrity in the Market. We consider that it is desirable that the opportunity is provided for further information from full stakeholder consultation to be put before the AEMC for consideration in making a draft Rule Determination

The continuity, accuracy, independence, and security of metering data is key to continuing confidence in the market settlement and billing process. The current Rules arrangements for responsibility for this data have been established with the view to achieving the desired level of oversight of metering data performance. Although the current arrangements may not be ideal they contain a number of desired important characteristics which may not be achieved by the Metropolis proposal. Careful analysis and consideration of participants' views will be required to determine whether the Metropolis proposal, or a modified version of the proposal, may offer a workable alternative and provide more flexibility.

The important characteristics offered by the current Responsible Person (RP) arrangements, where the Retailer as the Financially Responsible Market Participant (FRMP) chooses themselves or the Local Network Service Provider (LNSP) as the RP, include:

- the current two options for RP are Market Participants and have fundamental obligations and commitment to the Rules and hence must consider all aspects of meter data integrity and its impact on market processes
- as Market Participants the FRMP and the LNSP are subject to a wide range of market driven assessments and scrutiny which ensure reasonable levels of compliance monitoring and financial viability.
- the FRMP and the LNSP have a fundamental requirement for data quality and timeliness to be maintained as it is fundamental to their business cash flow and maintenance of customer relationships. They have a clear requirement to ensure the metering installation interface with the Meter Data Agent, as NEMMCO's agent for the data collection and delivery, is maintained.
- the FRMP, and at least to some extent the LNSP, provide a separate party to the Metering Provider to take on the "policing" task associated with the RP role. The LNSP, and to a large extent the FRMP, have an interest in the long term viability of the metering installation and hence provide long term stability independent of the Metering Provider.

Finally, the Metropolis submission outlines some factors in support of the proposal, but we note that the details documented in the submission do not provide full consideration of these factors.

If you have any queries relating to the matters discussed in this letter please contact Peter Ellis, Network Market Services Manager, on 03 9695 6629.

Yours sincerely,



Charles Popple

GENERAL MANAGER REGULATORY AND BUSINESS STRATEGY