

28 October 2013

Mr John Pierce
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Project Reference Code: ERC0159

RE: Victorian jurisdictional derogation – advanced metering infrastructure

Dear Mr Pierce *John,*

ENA welcomes the opportunity to comment upon the draft rule determination "National Electricity Amendment (Victorian Jurisdictional Derogation, Advanced Metering Infrastructure) Rule 2013" which the Australian Energy Market Commission (AEMC) released on 18 September 2013.

The Victorian government requested the AEMC to make changes to the National Electricity Rules (NER) to extend by up to three years the jurisdictional derogation for Victoria from some of the existing provisions in chapter 7 of the NER. If the derogation is not extended, the metering rules that are not currently applied to Victoria would come into force, enabling competition in supply of AMI metering services for small Victorian electricity customers.

In response, the AEMC has determined that it should make the rule change proposed by the Victorian Government, with some minor amendments relating to the commencement date, triggers for expiry and definitions.

ENA strongly supports the draft determination by the AEMC to extend the Victorian derogation for three years, endorsing AEMC's view that making the draft rule is likely to be in the long term interests of consumers, because:

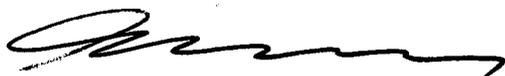
- *There is not currently a clear and viable framework for commercial contestability in AMI metering and related services in Victoria. In the absence of such a framework, expiry of the existing derogation might limit consumer benefits from the existing investment, without creating benefits from better third party access to related services*
- *The incremental benefits of allowing retailers to provide small customer metering services in Victoria are likely to be low over the period until a national framework for competition in metering and related services is established.*
- *The costs of establishing a Victorian-specific framework for commercial contestability are likely to outweigh the incremental benefits of doing so*

As noted in our earlier submission (dated 1 August 2013) to the AEMC's consultation paper on the National Electricity Amendment (Victorian Jurisdictional Derogation, Advanced Metering Infrastructure) Rule 2013, the ENA considers that the proposed rule change sensibly seeks to ensure an efficient transition by Victoria to a national framework for contestable metering services without unnecessary risk, expenditure or confusion for Victorian consumers.

In a separate process, the AEMC has commenced engagement with the industry on open access and common communication standards relating to enabling competition in metering services in the national market. Resolution of the complex issues and processes to facilitate effective interface and operation of

smart metering systems, whilst protecting the interests and rights of customers, will require significant resourcing and commitment from many parties. ENA considers that it is appropriate that the Victorian AMI system continue in its current format for the next three years to enable concentration on developing the appropriate national framework. For further information on this submission, please contact Susan Streeter, Strategic Program Coordinator, on ssreeter@ena.asn.au or 02 6272 1520.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Bradley', with a long, sweeping horizontal stroke extending to the right.

John Bradley
Chief Executive Officer