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Ms Alex Badham
A/c Director, Energy Markets, Policy and Regulation
Department of Environment, Land, Water and Planning
8 Nicholson Street,
Melbourne VIC 3000

14 June 2017

Dear Ms Badham,

RE: Metering Competition in Victoria – Proposed Changes to the AMI Orders

AGL Energy (AGL) welcomes the opportunity to submit a response to the Department of Environment, Land, Water and Planning on its summary of proposed changes to the Advanced Metering Infrastructure (AMI) Orders (Summary). We acknowledge that such changes are required to give effect to the Victorian Government's decision to defer the adoption of metering competition for small customers in Victoria until at least 1 January 2021.

AGL is one of Australia's leading integrated energy companies and the largest ASX listed owner, operator and developer of renewable generation. Our diverse power generation portfolio includes base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources. We are also a significant retailer of energy, providing energy solutions to over 3.7 million customers throughout eastern Australia.

AGL welcomes the Summary in advance of the proposed legal text, which has been drafted to present a high level illustration of the Victorian Government's intention to temporarily defer metering competition and move away from the national regime. However, we note that there are some significant gaps in the Summary which have not been addressed and must be clarified through this Ministerial drafting process to eliminate unintended consequences on 1 December 2017 and provide certainty to industry.

These issues include greater clarity on:

- **Transitional Policy** - how the Victorian Government will transition to the metering competition arrangements set out in the new National Electricity Rules (NER) Chapter 7 and associated rules and procedures in force from 1 December 2017. These transitional arrangements should also outline a comprehensive review process to reassess the Victorian market and confirm the Government's transitional steps no later than six months prior to 1 January 2021.
- **Compatibility with other National Rules** - how the AMI Orders will work with respect to the Australian Energy Market Commission's Embedded Networks and Meter Replacement rules (AEMC Rules). This should include further detail about the relationships between Embedded Network Managers and Metering Coordinators, alignment of consumer protections and minimum requirements for metering installations in embedded networks to facilitate customers seeking to move on-market.



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- **Amendments to Regulatory Instruments** – what changes will be made to the Victorian AMI Specification, the Victorian Energy Retail Code and the Electricity Distribution Code to give effect to the Victorian Government’s decision to defer metering competition. Such changes are necessary to align Victoria more closely with the national arrangement, to enable specific flexibilities and/or obligations set by the AEMC Rules, and to account for recent technological advancements.
 - **Retailer Responsibility for Distribution Network Actions** – how the Victorian Government intends to obligate retailer’s to “ensure that a distributor appointed as a Metering Coordinator installs a remotely read interval meter” per bullet 1(b) of the Summary.

AGL considers this obligation on retailer’s unreasonable, unnecessary, and impossible to enforce, noting that the Victorian Distribution network business will be the monopoly service provider. We also point out that, per bullet 1(c), the same obligation will directly apply to Victorian Distribution network businesses.

We recommend the Victorian Government remove the obligation as contained in bullet 1(b) and reconsider a more workable and practical approach to giving connection appointments effect

- **Application of Ring-Fencing** - what ring-fencing arrangements will apply to Victorian Distribution network businesses, noting that metering remains a regulated service and therefore the data, information and shared service activities generated within this monopoly setting risks supporting uncompetitive behaviours to the detriment of Victorian industry and customers.

We note that both Victorian ring-fencing arrangements and the National ring-fencing arrangements will be simultaneously in effect on 1 December 2017, unless the Victorian arrangements are revoked. AGL is therefore very concerned that the Summary is silent on this issue.

Without clear direction, Victorian Distribution network businesses may use their regulated revenues to further their interests at the expense of Victorian consumers by removing the innovation that competitive markets can deliver. This ability will directly conflict with the objective of the National ring-fencing arrangements which were recently updated, came into effect on 1 December 2016 and are enforced by the Australian Energy Regulator from 1 January 2018.

In our view the Summary must make clear that it only applies to existing metering services and data under the existing Victorian AMI Orders-In-Council (and associated instruments), and that the National ring-fencing guidelines apply to all other contestable services.

- **Metering Coordinator Appointment** – the difference between the ‘standard set of terms and conditions’ outlined in bullet 7 of the Summary and the mandated ‘terms and conditions’ in bullet 9.

The Summary should also make clear:

- how the Victorian Government will ensure that Victorian Distribution network businesses meet the parameters in bullet 10; and
- which Victorian body will enforce these agreements and resolve any disputes between parties.



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AGL strongly encourages the Victorian Government to appoint an independent body to address these functions and to develop default 'reasonable terms and conditions' with industry. We also note that a civil penalty is to apply to Distribution network businesses, where they fail to provide an offer for Metering Coordinator services within the allocated time period, as outlined in the current NER 7.2.3. We suggest that this penalty be adopted for completeness.

Other issues

As part of our review of the Summary, AGL has identified some other minor amendments or positions. These are below:

- The definition of "relevant metering installation" should include another sub-bullet point to exclude type 3 metering installations.
- Bullet 3 should not include reference to "type 6" metering installations, noting that bullet 12(d) confirms that relevant metering installations in Victoria will be deemed to be type 5 meters.
- AGL supports using existing Use of Service Agreements for Metering Coordinator appointment, where appropriate.

AGL welcomes further, comprehensive and timely stakeholder consultations on the Victorian Government's next steps to implement its decision.

Should you have any questions or comments, please contact Dan Mascarenhas on (03) 8633 7874 or DMascare@agl.com.au.

Your sincerely,

A handwritten signature in black ink, appearing to read 'Con Hristodoulidis'.

Con Hristodoulidis

Manager, Regulatory Strategy