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Australian Energy Market Commission  
PO Box A2449  
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Project Number: ERC0182

## **Submission on the AEMC's Draft Rule Determination on Meter Replacement Processes**

### **Introduction**

1. This is Vector Limited's ("Vector")<sup>1</sup> submission on the Australian Energy Market Commission's ("AEMC") Draft Rule Determination on the *National Electricity Amendment (Meter Replacement Processes) Rule 2015*, dated 17 December 2015.
2. Vector's metering business (Advanced Metering Services - AMS) is actively engaging with customers in Australia's advanced metering market. On 11 January 2016, we received accreditation from the Australian Energy Market Operator ("AEMO") to operate as a Metering Provider ("MP") and Metering Data Provider ("MDP") in the National Electricity Market ("NEM"). Market conditions permitting, we expect to start installing advanced meters in NSW in early 2016.
3. We are therefore interested in the ongoing reforms in the NEM, particularly the expansion of competition in metering and related services to the mass market that will commence on 1 December 2017. We are making this submission in the context of these reforms.

### **The AEMC's more preferable Draft Rule**

4. We support the AEMC'S "more preferable" Draft Rule for meter replacement processes. We believe it is generally fit for the purpose of addressing earlier concerns raised about meter replacement processes.
5. In particular, we agree with the AEMC's decisions:
  - not to establish "prospective MC, MP and MDP roles" prior to the completion of the retail transfer process. We consider this proposal to be overly

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<sup>1</sup> For more information on Vector, see [www.vector.co.nz](http://www.vector.co.nz) and <http://vectorams.com.au/>.

complex, creating greater regulatory burden without overriding consumer benefits;

- to allow an incoming retailer to nominate parties to metering roles during the retail transfer process, and that such nominated parties cannot assume those roles until the day the retail transfer is completed; and
  - to allow the incoming retailer and incumbent metering parties, in certain circumstances, to enter into commercial agreements to change the meter prior to the completion of the retail transfer process.
6. We believe the above arrangements provide greater clarity and certainty to market participants without compromising their flexibility to 1) make preparations for the post-retail transfer arrangements, or 2) effect a change in the meter through commercial arrangements.

### **The AEMC's potential alternative option**

7. The AEMC identifies a potential alternative option for the future, which will:
- allow an incoming retailer to appoint a Metering Coordinator for a limited time prior to the retail transfer being completed;
  - allow the above appointment to be made only for the purpose of installing a new or replacement metering installation immediately preceding the completion of the retail transfer process. Such appointment would terminate if the retail transfer is not completed within a specified period of time; and
  - require AEMO to develop procedures to enable the above transactions.<sup>2</sup>
8. We do not support this potential alternative option. The need to develop new regulations and define new rights and obligations requires higher transaction costs, and is likely to create greater complexity and disruption. We therefore agree with the AEMC's assessment that this alternative option is not worth pursuing, and with its decision against implementing this option as part of the Draft Rule.
9. Importantly, the complexity of this alternative option is likely to delay the transition to a competitive metering market and the timely delivery of benefits to consumers.

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<sup>2</sup> Draft Rule Determination, page 21

10. As a matter of principle, and to ensure the 'future proofing' of meter functionalities that can support service offerings required by customers, the ability to change the meter should be limited to 'legitimate' reasons, including:
- the replacement of a legacy meter with an advanced meter;
  - where the retailer has some unique service requirement that cannot be delivered by an incumbent provider's solution, after giving the incumbent a fair chance to meet the new requirement; or
  - where the retailer cannot reach suitable commercial terms with the incumbent provider.
11. Should the AEMC decide to re-consider this alternative option or similar options in the future, it should only do so 1) when the metering market has transitioned to competitive arrangements, and 2) where there are indications that the alternative option will deliver significantly greater benefits than what the emerging competitive market is capable of delivering.

### **Concluding comments**

12. We encourage the AEMC to focus on ensuring there will be no further delays to the commencement of competitive metering arrangements. We note that the AEMC's *Competition in Metering Rule Change* envisages a competitive metering market that provides incentives for the resolution of issues, including meter replacement issues, through market mechanisms.
13. Please contact me if you have any questions or require further information at [Luz.Rose@vector.co.nz](mailto:Luz.Rose@vector.co.nz) or +644 803 9051.
14. No part of this submission is confidential and we are happy for it to be made publicly available.

Yours sincerely  
For and on behalf of Vector Limited



Luz Rose  
**Senior Regulatory Specialist**