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Submission on the Proposed Selection Criteria for Membership of the Rule Change Panel

Introduction

1. This is Vector Limited's ("Vector")¹ submission on the Department of Finance's consultation paper, *Selection criteria for membership of the Rule Change Panel*, dated 2 March 2016.
2. Vector's metering business (Vector Advanced Metering Services – VAMS) is actively engaging with customers in Australia's advanced metering market. On 11 January 2016, we received accreditation from the Australian Energy Market Operator to operate as a type 3 & 4 Metering Provider and Metering Data Provider in the National Electricity Market. We intend to start installing advanced meters in New South Wales in 2016.
3. We are also highly interested in developments in the metering market in Western Australia (WA), particularly the policy intention to introduce competition in this market as part of the ongoing review of the wider WA electricity market.

General independence statement

4. We support the proposed general independence statement for Rule Change Panel members set out on page 4 of the consultation paper.
5. We also support the inclusion of the proposed additional restrictions on appointments to the Rule Change Panel, and the proposed clauses to address conflicts of interest, in the regulations establishing the Panel (pages 4-5 of the consultation paper).

¹ For more information on Vector, see www.vector.co.nz and www.vectorams.com.au.

Requirements for individual members of the Rule Change Panel

6. We generally support the proposed requirements for individual members of the Rule Change Panel set out on page 2 of the consultation paper.
7. In addition, we suggest that the fifth requirement (“Understanding of corporate finance”) be broadened to “Understanding of the commercial and technological environments of the WA electricity market”. Given the emergence of new and innovative technologies in the electricity market, and their increasing convergence with technologies used in other markets, such as telecommunications, it is important that Panel members understand the implications of proposed rule changes for particular market segments (e.g. advanced metering) on the wider electricity market.

Collective requirements for the Rule Change Panel

8. We generally support the proposed collective requirements for the Rule Change Panel set out on pages 2-3 of the consultation paper.
9. We consider it important that some Panel members have an in-depth understanding of the drivers and dynamics of market competition, and their impact on investment and innovation incentives. The rapid evolution of the electricity market makes this particular competency important in making decisions on the regulation or deregulation of particular products/services, including arrangements for their transition from one classification to the other. It is important that regulatory decisions do not dampen incentives to invest, or stifle technological and service innovations that benefit consumers.
10. We therefore suggest that the above competency be added to the collective requirements for the Rule Change Panel.

Concluding comments

11. We are happy to discuss our submission with WA Department of Finance officials. Please contact me at +644 803 9051 or Luz.Rose@vector.co.nz.
12. 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