



Department of Natural Resources and Environment

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Level 5, 250 Victoria Parade
PO Box 500
EAST MELBOURNE VIC
3002
www.vic.gov.au

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Mr Mike Rawstron
General Manager Electricity
Australian Competition and Consumer Commission
PO Box 1199
Dickson ACT 2602

Fax: (02) 6243 1199

Dear Mike

Code Changes to facilitate full retail competition

I refer to the amendments to chapter 7 of the National Electricity Code which were granted interim authorisation by the Commission on 27 October 2000 and in respect of which the Commission is currently preparing a draft determination.

As you will be aware, Victoria has commenced preparation of its initial metrology procedures in anticipation of these Code changes being granted final authorisation by the Commission. A technical issue has arisen in the course of preparing the metrology procedures in relation to the process specified in the Code for changing a metrology procedure. We would like the Commission to consider a further amendment to the Code changes to address this issue.

In granting interim authorisation of the Code changes, the Commission wished to ensure separation between the roles of developing and approving the metrology procedures. Victoria and New South Wales worked with the Commission to implement this separation pursuant to provisions which require that, after a transitional period in which Government is able to act as the Metrology Coordinator to implement the initial metrology procedures, the Metrology Coordinator must develop a process for changes to the metrology procedures to

be prepared by persons other than the Metrology Coordinator (for example by industry participants) and submitted to the Metrology Coordinator for approval.

The relevant Code provisions require that:

- all changes to the metrology procedures must be approved by the Metrology Coordinator; and
- the Metrology Coordinator may only approve changes to the metrology procedures:
 - ◆ if the change process developed by the Metrology Coordinator has been followed;
 - ◆ following consultation with Code Participants and other interested persons; and
 - ◆ in accordance with the high level objectives for metrology procedures set out in clause 7.3.1(ba)(3A) of the Code.

In preparing the metrology procedure the opportunity has been taken to provide a simple and straightforward description of the obligations imposed on Responsible Persons pursuant to the Code. In particular, it is intended that the metrology procedure (or the relevant schedules) may be provided to Metering Providers as a complete summary of the tasks they are required to perform. We understand the draft metrology procedures for NEMMCO (for metering installation types 1 to 4) and New South Wales have been prepared on the same basis.

This approach has resulted in a large degree of overlap with the provisions in the Code itself. For example, the technical requirements that are relevant to a type 5 metering installation (which are found in clause 7.3 and throughout schedule 7.2 of the Code) have been presented in a single schedule to the metrology procedure relating only to type 5 metering installations. Where the Code provides some flexibility or requires the Metrology Coordinator to make some decision then the metrology procedure specifies the requirement that is to apply in respect of a type 5 metering installation. However, where the Code imposes an absolute obligation the metrology procedure merely reproduces the relevant Code clause. As a result, there are a large number of clauses in the metrology procedure that reproduce clauses in the Code.

The metrology procedure recognises that, where there is an inconsistency between the metrology procedure and the Code, the Code will prevail to the extent of that inconsistency. Therefore, if a clause of the Code that is reproduced in the metrology procedure is changed that new Code clause will apply in precedence to the metrology procedure. However, to maintain the objective of the metrology procedure providing a complete summary of the relevant Code provisions applicable to specific metering installation types, it is necessary to ensure that the metrology procedure is kept up to date with changes in any Code provisions that have been reproduced in the metrology procedure.

Amending and reissuing an updated metrology procedure in these circumstances may be regarded as a “change” to the metrology procedure. However, it seems to us that the change process that has been included in the Code does not contemplate this type of change. We consider that, in these circumstances, it would not be appropriate to undertake a consultation procedure (as the Code changes would already have been subject to this procedure) or to consider the changes in light of the high level objectives for metrology procedures. Rather, as the Code change would apply in any event (whether the metrology procedure is actually updated

or not) we believe that the tests to be applied to substantive changes to the metrology procedure would have no practical effect in relation to this type of change.

Accordingly, we are proposing that clause 7.3.1(ba)(2) of the Code be amended to take into account the type of change under consideration. We have included some suggested wording for a new paragraph in the attachment to this letter.

I would be happy to discuss this issue further with you. Please call me on (03) 9412 4978 if you have any queries.

Yours sincerely

John Robinson
Executive Director
Energy Policy Division

ATTACHMENT

Insert a new clause 7.3.1(ba)(2)(vi) as follows and renumber the existing clause 7.3.1(ba)(2)(vi) as clause 7.3.1(ba)(2)(vii):

(vi) if a *metrology procedure* for a *participating jurisdiction* reproduces a clause or part of a clause of this *Code*, the *Metrology Coordinator* appointed in that *participating jurisdiction* must, if there is a *change* to any such clause of this *Code*, update the *metrology procedures* to maintain consistency between the *metrology procedures* and the relevant clauses of this *Code*. Such changes to the *metrology procedure* must be provided to *NEMMCO* for publication in accordance with clause 7.3.1(ba)(2)(vii) but are not otherwise subject to this clause 7.3.1(ba) or to clause 7.3.1(bc);