



New South Wales  
**TREASURY**

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Australian Competition and Consumer Commission  
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Contact: Rob Bruce  
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30 APR 2001

Dear Mr Rawstron

### **SUBMISSION ON ACCC FRC DRAFT DETERMINATION**

The New South Wales Market Implementation Group (MIG) appreciates this opportunity to provide comments on the ACCC's Draft Determination on the Code changes for full retail competition in electricity (FRC).

The MIG considers the Commission's Draft Determination will facilitate the implementation of FRC and the delivery of the benefits of competition to the smallest electricity customers. Finalisation of the Code changes as proposed by the Commission will provide welcome certainty in the market.

The MIG believes, however, that one change should be made to the Draft Determination conditions to clarify the role of the jurisdictional regulator's review. Condition 6 outlines the need for a jurisdictional regulators' review of type 5 and 6 metering installations and metrology procedures. Part (a)(i) of Condition 6 requires the regulators to consider whether there exist barriers to consumers adopting economically efficient meters or other technologies and, if so, to make recommendations to reduce these barriers.

MIG has a concern that the framework for considering whether there are in fact barriers to the adoption of economically efficient technologies established in part (a)(i) is not extended to part (a)(ii), which requires regulators to consider whether there is a need to sunset load profiling in light of historic and current metering costs.

MIG argues that a sunset for load profiling can only be contemplated as a potential resolution to barriers (if any) to consumers adopting economically efficient technologies. Regulators should not be placed in the position where they must make recommendations about which technologies can or can not be utilised without reference to proven barriers to the market delivering efficient outcomes. If regulators intervene in markets without a demonstrated market failure, small customers are likely to be burdened with unnecessary costs which will be a result of the regulatory regime established to support the implementation of FRC.

It seems clear that the intention of the condition is to ensure recommendations are made to overcome any barriers to the adoption of economically efficient technologies. A sunset of

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profiling is simply one (rather blunt) response from a number of potential responses to any demonstrated market failure.

Therefore, MIG suggests amending Condition 6 (a)(i) to read as follows:

*“consider whether barriers exist to consumers adopting economically efficient metering solutions or other efficient technology and, examine for both first and second tier customers whether meter ownership acts as a barrier to customer switching. If it is determined that such barriers exist, the review must make recommendations in relation to reducing those barriers in order to promote the adoption of economically efficient solutions for example recommendations regarding the accelerated replacement of type 6 meters with type 5 meters and/or the sunseting of load profiling.”*

Condition 6 (a)(ii) may then be deleted.

Please contact me on (02) 9228 3245 or Rob Bruce on (02) 9228 3869 if you would like to discuss this matter further.

Yours sincerely,



Don Anderson  
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