



Minister for Energy Industries and Resources

Ref: MBN003656

File:

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Mr Graeme Samuel
Chairman
Australian Competition and Consumer Commission
Level 35, 360 Elizabeth Street
MELBOURNE VIC 3000

Dear Mr Samuel

National Electricity Code - Request for interim authorisation of Victorian metering derogations

I refer to the application for authorisation of amendments to the Victorian derogations under chapter 9 of the National Electricity Code (the Code), submitted to the Commission by the National Energy Code Administrator Ltd (NECA) on 6 April 2004.

I am writing to request that the Commission consider granting authorisation to the proposed amendments on an interim basis under section 91(2) of the Trade Practices Act to enable the Commission to give due consideration to the application.

In 2001, the Victorian Government obtained transitional derogations from the Code, to facilitate the smooth implementation of full retail competition. The derogations provide that electricity distribution businesses are responsible for the provision, maintenance, installation of, and management of data derived from, all manually read interval meters, basic meters and unmetered supply points until 1 July 2004.

The Code requires the Victorian Essential Services Commission and other jurisdictional regulators to jointly review the use of manually read interval meters and basic meters, and make recommendations, by 31 December 2003. I understand the Commission imposed a sunset date of 1 July 2004 on the derogations as a condition of authorisation, believing that a response to the review would be possible before the derogations expired.

The jurisdictional regulators released a draft report on 23 December 2003. I am advised, however, that their final report is not expected until May 2004. It will not be possible to develop and implement a response to the regulators' recommendations in the near future. Extending the sunset date on the derogations will ensure the ongoing smooth operation of full retail competition in Victoria in the medium term and enable development of and consultation on a response to the recommendations.



Victoria's proposed amendments seek an extension of the metering derogations until 31 December 2006. This sunset date has been selected as it will enable NEMMCO to develop a package of Code changes and submit those draft Code changes to the Australian Energy Market Commission by 30 June 2005, consistent with the jurisdictional regulators' draft recommendations.

I believe it to be important to ensure regulatory certainty for distribution businesses and other industry participants in the period until the recommendations of the jurisdictional regulators' review can be implemented.

If your officers have any queries concerning this matter, they should contact Ms Carmel Collins, Manager, Legal Policy, Energy and Security Division, on (03) 9655 6918.

Yours sincerely



Theo Theophanous MP
Minister for Energy Industries and Resources

26/14/2004

cc: Mr Gavin Fox, ACCC

Mr David Swift, NECA