



# Pre Decision Conference – Victorian metering derogation

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# PDC - Metering Derogation

**I will comment representing the:**

- **Essential Services Commission and its decision on interval meters and to increase the competition in metering services**
- **Joint Jurisdictional Regulators' Review of the metrology procedures and its relevant recommendations**

# ESC and Interval meters

**The ESC has made a decision to mandate interval meters in Victoria from 2006 with a timetable that depends on customer size and meter type.**

**The ESC recognised increased benefits associated with two way communication (not just AMR) however in taking light handed approach stopped short of mandating two way communication or AMR due to:**

- **uncertainty in both the costs and benefits and the status of development of the technology associated with the two-way communication option**
- **Uncertainty whether barriers exist to the businesses making an efficient decision regarding the relative effectiveness of automatic meter reading overall and in specific circumstances under the rollout – hence whether there is justification for regulatory intervention**
- **The ESC's desire for customers and market participants to drive this type of innovation in the competitive market.**

# ESC and Interval meters

**In conclusion, the ESC is supportive of the ACCC draft determination to extend the derogation with the associated conditions.**

**The ESC, consistent with the draft determination, in the current price review process will:**

- **allow metering competition for first tier customers with remote reading and**
- **Retain distributor's responsibility for first tier meters that are walk-by read including basic interval meters**



# **Joint Review – Principal Recommendations:**

- **Distributors be given exclusive responsibility for all small customer basic metering**
- **The extension of Chapter 7 of the Code to incorporate metrology for first tier as well as second tier customers**
- **An equitable approach to metering competition for first and second tier customers**
- **The development of a single national Metrology Procedure, which allows for jurisdictional specific policies, replacing individual jurisdictional procedures**
- **NEMMCO to have responsibility for the single national Metrology Procedure, and lead this Code change process**
- **NEMMCO, when developing the single national Metrology Procedure, should consider the requirements for storage and access to metering data**
- **Interval meters to be assessed in each jurisdiction and that profiling not be sunset at this time**

# **Joint Review – What is achieved by the recommendations?**

- **Broad approach was taken to the review consistent with moves towards, “a single national governance framework” for the market**
- **Brings first tier metrology formally under the Code – a single national approach to first and second tier metrology- removes considerable complexity and uncertainty**
- **Removes the uncertainty of the metering derogation**
- **Adopts “hybrid” approach to metering competition**
- **Elimination of 6 jurisdictional “metering codes” for first tier and 6 separate Metrology Procedures**
- **Resulting efficiency benefits for market**

# Joint review – General Outcomes to date

- Two jurisdictions (Vic and SA) have commenced to implement metering competition for large first tier customers consistent with the recommendations
- MCE/SCO has recognised the review and will;  
*“refer relevant findings to the AEMC for incorporation in overall market policy”*
- NEMMCO have commenced planning with industry for the recommended review of chapter 7 of the Code

# Joint review and ACCC draft determination

## The ACCC draft determination:

- in extending the derogation for basic meters is consistent with the recommendations of the review
- Retains the principle of metering competition for enhanced metering installations
- Recognises that the recommendations of the Joint Review should be addressed;

*“it is necessary to extend the derogations to ensure that there is a comprehensive response to the final recommendations of the jurisdictional regulators”*