



CitiPower Pty
ACN 064 651 056
www.citipower.com.au

Head Office: 40 Market Street Melbourne Victoria
Telephone: (03) 9683 4444 Facsimile: (03) 9683 4499 DX 433 Melbourne
Postal address: Locked Bag 14090 Melbourne Victoria 8001 Australia

Powercor Australia Ltd
ACN 064 651 109
www.powercor.com.au

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Mr Sebastian Roberts
General Manager
Regulatory Affairs – Electricity
Australian Competition and Consumer Commission
PO Box 1199
DICKSON ACT 2602

Email: electricity.group@acc.gov.au

Dear Mr Roberts

**National Electricity Code Changes
Extension of Victorian Full Retail Competition Derogations.**

Thank you for the opportunity to attend the conference held at the ACCC's Melbourne Office on the 13 January 2005.

CitiPower and Powercor support the proposal to extend the existing derogation to the 31 December 2006. This will allow time for implementation of recommendations from the Joint Jurisdictional Review of metering arrangements undertaken in accordance with clause 7.13(f) of the Code.

CitiPower and Powercor note the concern expressed by AGL over problems in arranging for the installation of type 5 interval meters. We agree that current regulations require distributors to install type 5 metering if requested by retailers. CitiPower and Powercor are actively assisting AGL with their current interval meter retail promotion and it is unclear why AGL is experiencing the difficulties reported to the meeting.

The proposal to reduce the consumption threshold from 160 MWh per annum to 20 MWh per is not supported by CitiPower and Powercor. Such a decision should not be made on an arbitrary basis in association with an extension to the derogations designed to provide time to implement recommendations of the Jurisdictional Metrology Co-ordinators. It would also undermine the mandatory roll-out of interval meters to Victorian customers in the 20-160 MWh per annum consumption range

which would be particularly unfortunate as these customers represent a priority target to provide benefits from interval metering. A decision to alter the threshold should also give careful consideration to the potential for meter ownership or control to be used as a barrier to customer switching.

In relation to the communications discussion, particularly in relation to the call for two way communications to be made mandatory, we believe that pricing signals are provided by interval meters irrespective of communications or reading frequency. How these signals are passed through to customers depends on retailers. Communications has a potential role to play in reading meters and providing control signals for controllable loads such as storage hot water. Given the current peak loading concerns are centred on air-conditioning load, considerable market research and development may be required to provide products that will address this concern through two-way communication. We also note that there is nothing in the regulatory environment preventing a distribution business from proposing a communications solution as part of the interval meter roll-out based on a suitable business case.

It is also worth noting that the Victorian Metrology Procedure requires type 5 interval meters to have a facility for the connection of a communications system.

It is understood that the ACCC's intention is to exclude the use of walk-by or close proximity drive-by meter reading as "remote reading" for the purposes of the derogation. In other words, meters read by such methods are not regarded as remotely read.

If you have any queries concerning this matter, please give me a call on (03) 9683 4282.

Yours sincerely

Rolf Herrmann
Manager Regulation.