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Project Number: ERC0182

## **Submission on AEMC's Directions Paper on Meter Replacement Processes**

### **Introduction**

1. This is Vector Limited's ("Vector")<sup>1</sup> submission on the Australian Energy Market Commission's ("AEMC") Directions Paper on the draft *National Electricity Amendment (Meter Replacement Processes) Rule 2015*, dated 10 September 2015 ("Meter Replacement Processes Rule Change").
2. Vector is one of New Zealand's largest listed companies and provides energy and telecommunications services across the country. We are actively seeking commercial opportunities in Australia's advanced metering market. We are an active participant in AEMC's consultations on the expansion of competition in metering and related services to small-to-medium businesses and residential consumers in the National Electricity Market ("NEM").
3. We generally agree with AEMC's proposed policy position set out in the Directions Paper. We believe it better reflects the Government's objective of promoting competition in the metering market than the proposals in its May 2015 consultation paper, triggered by ERM Power's rule change request on meter replacement processes.
4. No part of this submission is confidential and we are happy for it to be made publicly available.

### **AEMC's proposed policy position**

5. We agree with AEMC's assessment that the solution proposed in ERM Power's rule change request on meter replacement processes "is overly complex and may

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<sup>1</sup> For more information on Vector, see [www.vector.co.nz](http://www.vector.co.nz) and <http://vectorams.com.au/>.

represent a large regulatory burden for participants in comparison with the expected benefits".<sup>2</sup>

6. As expressed in our submission on AEMC's consultation paper on meter replacement processes, dated 2 July 2015, we believe ERM Power's proposal to de-link the meter replacement process from the retail transfer process is unnecessary because it:
  - increases the complexity of the ongoing reform in the metering market, imposing additional costs on market participants and consumers;
  - is disruptive to the above reform, and can potentially delay the commencement of the *Competition in Metering Rule Change* (scheduled to take effect on 1 December 2017);
  - could result in unintended consequences such as a prospective retailer having to re-install a meter back at a connection point where the retail transfer process is unsuccessful; and
  - creates greater regulatory burden without overriding benefits for consumers.<sup>3</sup>
  
7. We believe that a competitive market, as envisaged in the *Competition in Metering Rule Change*, provides stronger incentives for resolving retailer-to-retailer issues,<sup>4</sup> including meter replacement issues, during the transition to competitive metering arrangements.
  
8. We are therefore pleased with AEMC's proposed alternative solution, which includes:
  - clarifying that an incoming retailer cannot require a metering installation to be changed at a connection point until the final retail transfer is complete;
  - providing that during the retail transfer period, an incoming retailer can nominate parties such as the Metering Provider ("MP") and Metering Data Provider ("MDP") to undertake certain roles at a connection point, and that such nominated parties cannot commence these roles until the day the retail transfer is completed; and
  - clarifying that commercial arrangements can be entered into between incoming and incumbent parties at a connection point, so the incumbent parties can churn the meter on behalf of the incoming parties during the retail transfer period.<sup>5</sup>

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<sup>2</sup> Directions Paper, page 17

<sup>3</sup><http://vectorams.com.au/documents/269038/269699/Vector+Submission+Draft+Rule+on+Meter+Replacement+Processes.pdf/4a1be169-8289-4146-9ca4-357397d02746>, pages 2-3

<sup>4</sup> *Ibid.*

<sup>5</sup> Directions Paper, page ii

9. We consider AEMC's proposed solution to be generally consistent with the light-handed approach it adopted in the draft *Competition in Metering Rule Change*.
10. We encourage AEMC to focus on the timely implementation of the *Competition in Metering Rule Change*, rather than on piecemeal proposals that increase the complexity of and potentially delay the transition to a competitive metering market. This would ensure that NEM consumers benefit from the new, more efficient and innovative services enabled by advanced meters in a timely manner.

### **Concluding comments**

11. We are happy to discuss with AEMC officials our experience with meter replacement processes in New Zealand, where commercial arrangements address many of the issues raised in the rule change originally proposed by ERM Power.
12. Please contact me if you have any questions or require further information at [Luz.Rose@vector.co.nz](mailto:Luz.Rose@vector.co.nz) or +644 803 9051.

Yours sincerely

For and on behalf of Vector Limited

A handwritten signature in black ink, appearing to read 'Luz Rose', with a long horizontal stroke extending to the right.

Luz Rose

**Senior Regulatory Specialist**