

## **EXPLANATORY NOTE TO ACCOMPANY PROPOSED MINISTERIAL SMART METER ROLL-OUT DETERMINATIONS TRANSITIONAL RULE**

### **Introduction**

SCO has approved for public exposure and consultation the MCE initial rule and this explanatory note. This note accompanies the proposed initial rule to support smart metering amendments to be made by the SA Minister as a representative of MCE under proposed s 90C of the National Electricity Law<sup>1</sup> (NEL). The note explains the proposed amendments to the National Electricity Rules (NER) to add a transitional rule by which specified regulated distribution network operators in complying with a Ministerial smart meter roll out determination, will be the exclusive providers of metering services for relevant metering installations.

The initial rule will be located in Chapter 11: Savings and Transitional Rules, as it is a provision designed to facilitate the transition to smart metering under a ministerial roll-out determination and will have effect only during that transition. The rule is not intended to preclude further development of longer-term metrology policy.

### **Background**

The associated NEL amendments contain proposed legislative provisions implementing MCE's policy decisions on the legal architecture of the national smart meter framework. The proposed NEL amendments are intended to define roll-out responsibilities and provide high level guidance on the scope of the roll-out. This includes providing heads of power for state and territory energy ministers to mandate pilots and roll-outs of smart meters. These legislative changes support the Council of Australian Governments' (COAG) commitment to a staged national mandated roll-out of electricity smart meters to areas where benefits outweigh costs.

The SCO Policy Response to submissions on the first exposure draft explains the changes that have been made to the draft NEL amendments released in December 2008. It outlines issues raised by stakeholders and provides a response and description of actions taken in response to these submissions. This includes the treatment of distributor exclusivity and the decision to use an initial rule to meet MCE's policy objective (see Issue 8 of the SCO Policy Response Paper).

The initial rule is intended to support the NEL amendments by providing for MCE's Statement of Policy Principles relating to distributor exclusivity for smart meter mandated roll-outs

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<sup>1</sup> Proposed s 90C is included in the *National Electricity (South Australia)(Smart Meters) Amendment Bill 2009* released for exposure by SCO on 03 July 2009.

## Explanation of clauses

Proposed rule 11.28.1 sets out the definitions for the initial rule. This explanatory note does not address every aspect of the initial rule, just those clauses that need additional explanation.

**Relevant metering installation** defined by r 11.28.2 identifies a metering installation in respect of which the transitional rule providing for the exclusivity will apply and in this sense is critical to the operation of the rule (see the balance of the Rule: 11.28.3-11.28.6).

A relevant metering installation for a distributor subject to a Ministerial roll-out determination is defined:

- a. as a metering installation for a supply point Note that supply point is defined by reference to the definition of relevant customer in the NEL. The supply point will be located where the Ministerial smart meter roll out determination applies (see 11.28.3 and 11.28.4).
- b. to exclude type 1 and type 2 meters (located at transmission connection points); and
- c. by the energy consumption thresholds for customers where the annual consumption of energy is specified as  $y$  for the jurisdiction in the NEM metrology procedures<sup>2</sup>; and

to exclude metering installations:

- a. where the market participant is the responsible person at the commencement date of the Ministerial smart meter roll out determination, or the meter was installed after the commencement date in accordance with the ordinary replacement cycle of the engaged meter provider; or
- b. located at a high voltage connection point.

The remainder of the definitions, **relevant commencement date**, **specified amount**, **supply point** and **volume consumption** are used to give meaning to the definition of **relevant metering installation** and are not usefully repeated.

Proposed rule 11.28.3 provides for the period of operation of the rule as it applies to relevant metering installations. Briefly, the rule applies to relevant metering installations for the period of the Ministerial smart meter roll out determination.

Proposed rule 11.28.4 and 11.28.5 do the work of providing exclusivity to regulated distribution system operators to whom a Ministerial smart meter roll out determination applies. Specifically, proposed rule 11.28.4 provides that those regulated distribution

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<sup>2</sup> See Schedule 3 – Type 6 Metering Installation of the NEM metrology procedure, available at [www.nemmco.com.au/met\\_sett\\_sra/640-0168.pdf](http://www.nemmco.com.au/met_sett_sra/640-0168.pdf) and National Electricity Rules Table S7.2.3.1

system operators are, within the terms of Chapter 7 of the NER, the responsible person for a relevant metering installation. This means those distribution system operators are responsible for the provision, installation and maintenance of the relevant metering installation<sup>3</sup>. And proposed rule 11.28.5 provides the regulated distribution system operator with control over selecting the metering data agent to be engaged by AEMO in respect of the relevant metering installations. In the absence of this clause current practice would apply. For type 3 and 4 meters this is that AEMO would ask the retailer to engage a metering data agent.

Proposed rule 11.28.6 deals with a technicality arising in relation to the population of the metering database under clause 7.9.2 of the NER. Specifically, proposed rule 11.28.6 provides that AEMO is not responsible for the remote acquisition of metering data under clause 7.9.2 of the NER in relation to relevant metering installations. The responsible person for these metering installations is responsible for the remote acquisition of metering data in relation to those metering installations. That person is required to provide the metering data collected to AEMO so that AEMO can meet its obligation to store the metering data in the metering database under clause 7.9.2.

#### **Relation with Victorian derogation rule 9.9B**

The rule is not intended to trigger clause 9.9B.2(b) that allows rule 9.9B to expire in certain circumstances. In particular, it is not intended to “provide for the orderly transfer of the regulation of relevant metering installations under [rule 9.9B] to the regulation of metering installations under the Rules” which is the condition required by clause 9.9B.2(b)(2) as an expiry trigger.

It is intended that the Victorian derogation in rule 9.9B is to continue to apply when the proposed rule 11.28 is made.

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<sup>3</sup> Also see 7.2.1 of the NER.