



REGULATORY REVIEW – SMART METER REVIEW SCOPE

OBJECTIVES

To ensure that all relevant energy regulation is able to support the operation of smart meters in Victoria by 31 July 2010.

To identify regulation, which cannot or does not need to be amended by 31 July 2010, and to set out a timeframe for further review and amendment of the relevant obligations.

METHODOLOGY AND TIMING

1. Review relevant material, including:
 - St Vincent de Paul Society, February 2010: A National Report on Customer Protections and Smart Meters
 - Ministerial Council on Energy Standing Committee of Officials, August 2009: Smart Meter Customer Protection and Safety Review – Draft Policy Paper One
 - Department for Primary Industries (DPI): Immediate issues for Victoria's AMI program
 - Relevant papers and information from international jurisdictions
2. Review all regulatory instruments and identify the obligations requiring immediate attention, taking into account the submissions from interested parties.
3. Hold a workshop with interested parties in mid-March to consider selected matters
4. Release an Issues Paper by 31 March 2010, setting out preliminary views for consultation.
5. Hold a workshop with interested parties in early April, and consult on matters arising from the Issues Paper
6. Release a Draft Decision and proposed regulatory amendments for consultation by 30 May 2010

7. Release a Final Decision and regulatory amendments by mid July 2010.

FRAMEWORK FOR REVIEW

There are a number of regulatory instruments which set out the obligations on retailers, distributors and customers in the competitive energy market. These regulations are designed for an energy market where meters are manually read and information about their electricity use is provided to most customers on their quarterly bills.

The review will concentrate on those regulatory obligations which directly impact on the relationships between distributors and retailers, distributors and their customers, and retailers and their customers in the following key areas:

- meter reading
- billing and payment assistance
- disconnections and reconnections
- information to relevant parties.

All relevant regulation will be reviewed to decide whether or not amendments are required because of the operation of smart meters in Victoria. However, it is not intended or expected that there will be a wholesale amendment to the regulations. This is because a change to a smart meter does not automatically mean that the current regulation is not perfectly adequate to protect customers.

The Commission will also take account of the National Energy Customer Framework (NECF) developments. This means that the review is likely to lead only to the regulatory amendments which are essential to support the operation of smart meters in Victoria now, to continue to promote the interests of customers and to facilitate the efficiency of the market.

CONSULTATION

The review will be undertaken in two stages: those obligations which require immediate amendment and those which can be progressively implemented.

The Issues Paper will set out the Commission's staged approach to the overall review and its preliminary views on amendments as appropriate.

The Commission's initial stocktake of the relevant obligations for review is set out in Attachment A, which includes those raised by interested parties.¹ All these matters, and the Commission's preliminary views, will be addressed in the Issues Paper.²

The following broadly sets out the instruments for review.

a. Distributor-Retailer relationship – obligations arising under:

- Distribution and Retail Licences

¹ Submissions received and incorporated in this review scope are can be found at <http://www.esc.vic.gov.au/public/Energy/Consultations/Smart+meters+regulatory+review/Smart+meters+regulatory+r+review.htm>

² There are some issues in the submissions which are outside the scope of the review. The Commission will write to those organisations or individuals separately.

- Use of System Agreement
- Electricity Customer Metering Code
- Electricity Customer Transfer Code
- Electricity Distribution Code
- National Electricity Market Metrology Procedure (in consultation with AEMO)

b. Distributor-Customer Relationship – obligations arising under:

- Distribution Licence
- Electricity Customer Metering Code
- Electricity Customer Transfer Code
- Electricity Distribution Code

c. Retailer-Customer Relationship – obligations arising under:

- Retail Licence
- Electricity Customer Metering Code
- Electricity Customer Transfer Code
- Energy Retail Code
- Code of Conduct for Marketing Retail Energy in Victoria
- Guideline No 19: Energy Industry – Energy Price and Product Disclosure

COMMISSION CONTACT

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APPENDIX A

COMMISSION'S STOCKTAKE OF SPECIFIC REGULATORY PROVISIONS TO BE REVIEWED³

1. DISTRIBUTION LICENCE

- Clause 18 – Confidentiality
- Clause 19 – Statement of Charges

2. RETAIL LICENCE

- Clause 7 – Contracts with Customers
- Clause 8 – Obligation to Offer to Sell
- Clause 9 – Information to Customers

3. USE OF SYSTEM AGREEMENT⁴

- Clause 5 – Connection
- Clause 6 – Disconnection and Interruption of Customer
- Clause 7 – Fees, Billing and Payment, specifically clauses 7.4 and 7.5
- Clause 8 – Information Exchange
- Clause 9 – Communications regarding Customers and Systems Data
- Clause 11 – Enforcement of Distributor's Rights Against Customers
- Clause 17 – Confidentiality

4. ELECTRICITY CUSTOMER METERING CODE

- Clause 2 – Installation
- Clause 3 – Minimum Standards for Metering Equipment
- Clause 4 – Sealing of Metering Equipment
- Clause 5 – Requests for Meter Testing
- Clause 6 - Installation
- Clause 7 – Information
- Clause 8 – Collection of Metering Data

5. ELECTRICITY CUSTOMER TRANSFER CODE

- Clause 3 – NMI Discovery and Market Facilitation Data
- Clause 4 – Process for Customer Transfer

6. ELECTRICITY DISTRIBUTION CODE

- Clause 2 – Connection of Supply

³ This stocktake is not exhaustive and other obligations may be identified during the consultation and review process. It may also be that no amendments are required to these provisions

⁴ This review will also finalise the amendments to the Use of System Agreement required under S40FH of the Electricity Industry Act (Premium Feed-in Tariff)

- Clause 3 – Asset Management, specifically clauses 3.3
- Clause 5 – Reliability of Supply
- Clause 9 – Provision of Information
- Clause 12 – Disconnection of Supply
- Clause 13 – Reconnection of Supply

5. ENERGY RETAIL CODE⁵

- Clause 2 – Retailer’s Obligation to Connect
- Clause 3 – Issuing Bills
- Clause 4 – Contents of a Bill
- Clause 5 – Basis of a Bill
- Clause 6 – Adjustment of a Bill
- Clause 7.6 – Vacating a Supply Address
- Clauses 9 & 10 - Shortened and Shorter Billing Cycles
- Clause 11 – Payment Difficulties
- Clause 13 – Grounds for Disconnection
- Clause 14 – No Disconnection
- Clause 15 – Reconnection
- Clause 25 – Access to Supply Address
- Clause 26 – Provision of Information
- Clause 27 – Historical Billing Information

6. Code of Conduct for Marketing Retail Energy in Victoria

- Clause 3 – Information
- Clause 5 – Commencement of Retail Service

7. Guideline No 19: Energy Industry – Energy Price and Product Disclosure

⁵ The review will also consider clauses 11.2 and 12.2 and 15.2(b) as foreshadowed in the Final Report: Review of Wrongful Disconnection Payment, January 2010