

# Energy Legislation Amendment (Customer Metering Protections and Other Matters) Bill 2014

## Introduction Print

### EXPLANATORY MEMORANDUM

#### General

The Energy Legislation Amendment (Customer Metering Protections and Other Matters) Bill 2014 amends the **Electricity Industry Act 2000** to further provide for the powers to make Orders about advanced metering infrastructure, and to simplify licensed electricity distributors' and retailers' reporting obligations in regards to feed-in tariff schemes.

The Bill amends the **Electricity Safety Act 1998** to abolish the electricity safety Equipment Advisory Committee.

The Bill amends the **Gas Industry Act 2001** to repeal definitions, and exceptions to the definitions, which relate to gas distribution and transmission systems that are now regulated under the **National Gas (Victoria) Act 2008**, which applies the National Gas Law in Victoria.

#### Clause Notes

#### PART 1—PRELIMINARY

- Clause 1 states the main purposes of the Bill, which are to amend the **Electricity Industry Act 2000**, **Gas Industry Act 2001** and **Electricity Safety Act 1998**—
- to further provide for the powers to make Orders about advanced metering infrastructure;
  - to simplify the reporting obligations under the feed-in tariff schemes;

- to abolish the electricity safety Equipment Advisory Committee;
- to repeal provisions that are redundant because of the operation of the **National Gas (Victoria) Act 2008**.

Clause 2 is the commencement provision which provides for the Bill to come into operation on a day or days to be proclaimed, or on 1 April 2015 if not proclaimed before that date.

## **PART 2—AMENDMENT OF ELECTRICITY INDUSTRY ACT 2000**

### **Division 1—Advanced metering infrastructure**

Clause 3 amends section 40A(3) of the **Electricity Industry Act 2000** to update the reference to the current Electricity Distribution Code made by the Essential Services Commission. It also inserts a new section 40A(3) to provide that the Commission may not withhold its approval of a deemed distribution contract that is consistent with an Order in Council made under section 46D of that Act. An Order under section 46D(4)(a) of that Act (which is to be inserted by clause 4) may allow an electricity distributor to charge a customer directly for the manual reading of meters. The terms and conditions of a deemed distribution contract must be consistent with any requirement specified by an Order made under section 46D(4)(a).

Clause 4 amends section 46D of the **Electricity Industry Act 2000**.

Subclause (1) inserts new sections 46D(1)(e) and (f) to empower the making of Orders in Council for or with respect to—

- payments for failing to install advanced metering infrastructure (AMI);
- payments for failing to install AMI that does not meet specified functionality or specified standards of performance or service for AMI;
- the manual reading of meters (including meters that are part of AMI).

The intention of subclause (1) is to require a rebate to be paid to customers when AMI is not installed or installed but not working in certain situations, and to allow charges for having to manually

read meters that are not part of AMI or that are part of AMI that do not work in certain situations. An example of a situation where a charge to manually read meters may be imposed is where a customer has refused the installation of AMI.

Subclause (2) amends section 46D(2) to provide that the particular provisions of section 46D(2) relate to the existing general provisions of section 46D(1)(a) to (d). The existing general provisions in sections 46D(1)(a) to (d) relate to—

- the regulation of AMI and associated services and systems;
- the regulation of the installation, operation and maintenance of AMI;
- the regulation of access to, or use of, AMI; and
- the regulation of access to and use of, or ownership of, data or information associated with AMI.

Subclause (2) also inserts a new section 46D(2)(zg) to provide that an Order in Council may require an electricity distributor to provide information to the Minister or to the Essential Services Commission about the following—

- installation (or non-installation) of AMI;
- installation of AMI that does not meet specified functionality or specified standards of performance or service for AMI; and
- payments in relation to a failure to install AMI or AMI that does not meet specified functionality or standards of performance or service.

Subclause (3) inserts new section 46D(3) to provide detail regarding new section 46D(1)(e), which relates to payments in relation to failure to install AMI or AMI that does not meet specified functionality or standards of performance or service. The new section 46D(3) provides that an Order in Council may—

- specify the date or the circumstances that a distributor would be required to make a payment to a customer;
- set the payment amount or provide for the setting and regulation of the payment amount; and

- require a relevant entity such as a retailer to provide information to another entity such as a distributor to enable the payment. Specified information may include the names and addresses of the customers that may be entitled to a payment.

Subclause (3) also inserts new section 46D(4) to provide detail regarding new section 46D(1)(f), which relates to fees for the reading of meters. The new section 46D(4) provides that an Order in Council may—

- provide for the setting and regulation of the fees and charges that a distributor can charge for the costs of manually reading meters (including meters that are part of AMI);
- empower the recovery of these fees and charges from a customer by a retailer or an exempt retailer;
- require notices to be issued to customers about fees for manually reading meters; and
- require a relevant entity (such as a retailer) to provide specified information to another entity (such as a distributor) to enable the collection of fees. Specified information may include the names and addresses of the customers that may be charged the fees.

Subclause (3) also inserts new section 46D(5) to provide detail regarding new section 46D(1)(e) and (f), which relate to payments and fees for the reading of meters. The new section 46D(5) provides that an Order in Council may prohibit a distributor from recovering from—

- customers who have AMI the costs associated with manually reading meters; and
- any customer the costs associated with a payment for failure to install AMI or AMI that does not meet specified functionality or standards or performance or service.

Clause 5 amends section 46E of the **Electricity Industry Act 2000** to provide that an Order made under new section 46D(3) (inserted by clause 4), which relates to payments made by electricity distributors to customers for failing to install AMI, may refer to dates before the date that the Order takes effect. For example,

an Order in Council may require electricity distributors to pay a rebate to customers at residences as at 31 December 2013 for failing to attempt to install AMI by 30 June 2014 (to compensate for smart meter costs paid through the customer's metering services charge and benefits not realised in the past), despite the Order being made after 30 June 2014.

### **Division 2—Feed-in tariff reporting obligations**

- Clause 6 amends section 40FJ of the **Electricity Industry Act 2000** to reduce licensed electricity distributors' reporting requirements regarding the Premium Feed-in Tariff (PFiT) and Transitional Feed-in Tariff (TFiT) schemes. The obligation to report on the number of facilities, generating capacity and amount of electricity exported under the PFiT scheme is reduced from every six months to annually. The obligation to report on the number of facilities, the total generating capacity of those facilities and the amount of electricity exported under the TFiT scheme is reduced from every month to annually.
- Clause 7 amends section 40NC of the **Electricity Industry Act 2000** to reduce licensed electricity retailers' (that have more than 5000 customers) reporting requirements regarding the general feed-in tariff scheme. The obligation to report on the number of facilities and the amount of electricity exported under the scheme is reduced from every month to every 3 months, and the obligation to report on the total generating capacity of facilities under the scheme (which is contained in existing section 40NC(1)(b)) is repealed by implication.

### **PART 3—AMENDMENT OF ELECTRICITY SAFETY ACT 1998**

- Clause 8 amends section 3 of the **Electricity Safety Act 1998** to repeal paragraph (a) of the definition of *Committee* which refers to the Equipment Advisory Committee.
- Clause 9 repeals sections 50, 51, 52 and 53 of the **Electricity Safety Act 1998**. The effect of this provision is to abolish the Equipment Advisory Committee. Section 50 of that Act establishes the Equipment Advisory Committee including its membership and the areas of expertise of its members. Section 51 outlines the functions of the Committee, section 52 sets out the terms and

conditions of appointment of members to the Committee and section 53 sets out the procedures of the Committee.

- Clause 10 amends section 116 of the **Electricity Safety Act 1998** to replace the reference to a supply network with a reference to a complex electrical installation, and to provide that where sections 100 to 104 are applied, any reference to a supply network should be read as if it were a reference to a complex electrical installation. The intended effect of these amendments is to ensure that a voluntary electrical safety management scheme must relate to the complex electrical installation for which it is submitted, and not a supply network operated by another entity.

#### **PART 4—AMENDMENT OF GAS INDUSTRY ACT 2001**

- Clause 11 amends section 3 of the **Gas Industry Act 2001** to repeal the definitions of *gas distribution system*, *gas transmission system*, *primary distribution system* and *primary transmission system*. These terms are no longer used in the **Gas Industry Act 2001** other than in sections 11 and 12, which are repealed by clause 12 of this Bill. This amendment is consequential to changes made under the **Energy Legislation Amendment (Australian Energy Market Operator) Act 2009**. That Act provided for the transfer of the powers, functions, rights, responsibilities, assets and liabilities of the Victorian Energy Networks Corporation (VENCORP) to the Australian Energy Market Operator (AEMO).
- Clause 12 repeals sections 11 and 12 of the **Gas Industry Act 2001**, which are redundant. These sections provide for exceptions to the terms repealed by clause 11 which are no longer used in the **Gas Industry Act 2001**. This amendment is consequential to the changes made under the **Energy Legislation Amendment (Australian Energy Market Operator) Act 2009**.

#### **PART 5—REPEAL OF AMENDING ACT**

- Clause 13 provides for the automatic repeal of this amending Act on 1 April 2016. The repeal of this Act does not affect in any way the continuing operation of the amendments made by this Act (see section 15(1) of the **Interpretation of Legislation Act 1984**).