



MARCHMENT HILL

- consulting -

Transformation of the Victorian Electricity Industry as Smart Metering is implemented

the challenge

In 2006, the Victorian Government endorsed the deployment of Advanced Metering Infrastructure (AMI)¹ to 2.6 million residential and small business customers by the end of 2013. This policy decision will have a profound impact on Retailers, Distribution Network Service Providers and other industry stakeholders.

Governance of the Victorian AMI Program transitioned to an Industry Steering Committee (ISC) in mid-2007 and then focused on the cross-industry activities required to establish the technical, business and regulatory infrastructure to enable deployment of smart meters and operation of AMI enabled services according to the mandated requirements.

Marchment Hill Consulting was appointed to operate an independent and impartial Program Office in August 2007. This responsibility is complicated by the Victorian AMI Program proceeding ahead of the National Smart Meter Program (NSMP), which was established to develop a national framework for smart metering in the electricity industry by the end of 2010. Furthermore, the Australian electricity market is one of the most vibrant and competitive markets in the world and the Victorian electricity industry is the most complex in Australia.

what Marchment Hill did

Marchment Hill established the AMI Program Office structure and operations based on models previously used by its consultants on transformation programs such as the introduction of Full Retail Contestability (FRC) in the National Electricity Market (NEM), the introduction of FRC in the Western Australian gas market, and the introduction of standardised B2B procedures in the NEM.

A key to the success of Marchment Hill's AMI Program Office has been the relationships that the Program Office established

¹ AMI is the Victorian government's term for Smart Metering. AMI includes meters that satisfy the Minimum AMI (Victoria) Functionality Specification and related communications technology required to fully enable the AMI Services defined in the Minimum AMI (Victoria) Service Level Specification.

with the NSMP and the Market Operator (AEMO). The figure below details the complex relationships and competing interests that Marchment Hill manages daily.

Marchment Hill has implemented rigorous Program Management disciplines across the AMI Program Office and the Working Groups that it coordinates. Transparent reporting and a structured, diplomatic approach to stakeholder management and communications are key features of the AMI Program.

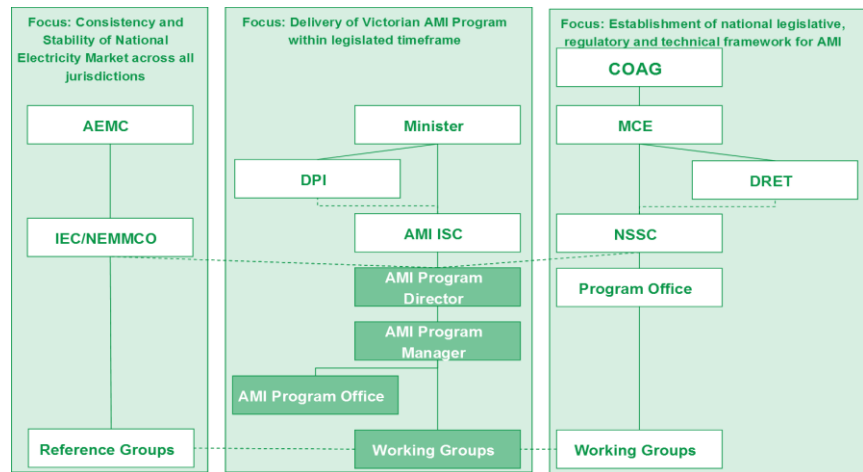


Figure 1: National Electricity Market and related Program Governance structures.

the benefit

Marchment Hill’s management of the AMI Program has instilled confidence in its stakeholders that this initiative of Industry and Government in Victoria will be delivered co-operatively and successfully:

- The scope, objectives and vision of the AMI Program are clear and understood by all stakeholders.
- Industry stakeholders are engaged in the Program and comfortable to provide transparent status reporting.
- Risks and issues are openly and cooperatively communicated and discussed.
- Status reports provide timely and accurate information.
- Significant issues have been resolved rapidly and successfully.