

25 October 2018



Mr John Pierce  
Chairman  
Australian Energy Market Commission  
PO Box A2499  
Sydney South NSW 1235

Dear Mr Pierce

**Draft Rule Determination – National Electricity Amendment (Global Settlement and Market Reconciliation Rule)**

Energy Queensland Limited (Energy Queensland) welcomes the opportunity to provide comment to the Australian Energy Market Commission (AEMC) regarding its National Electricity Amendment (Global Settlement and Market Reconciliation) Draft Rule Determination.

The attached submission is provided by Energy Queensland, on behalf of its related entities, including:

- Distribution network service providers (DNSPs), Energex Limited (Energex) and Ergon Energy Corporation Limited (Ergon Energy Network);
- A regional service delivery retailer, Ergon Energy Queensland Limited (Ergon Energy Retail); and
- Affiliated contestable businesses, Yurika Pty Ltd (Yurika) and Metering Dynamics Pty Ltd (Metering Dynamics).

Should you require additional information or wish to discuss any aspect of Energy Queensland's submission, please do not hesitate to contact either myself on (07) 3851 6416 or Trudy Fraser on (07) 3851 6787.

Yours Sincerely

A handwritten signature in black ink, appearing to read "Jenny Doyle", with a long horizontal flourish extending to the right.

Jenny Doyle  
General Manager Regulation and Pricing

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*Encl: Energy Queensland's submission to the Draft Rule Determination*

# **Energy Queensland Submission on the National Electricity Amendment (Global Settlement and Market Reconciliation) Rule Draft Rule Determination**

Energy Queensland Limited  
25 October 2018



## About Energy Queensland

Energy Queensland Limited (Energy Queensland) is a Queensland Government Owned Corporation that operates a group of businesses providing energy services across Queensland, including:

- Distribution Network Service Providers (DNSPs), Energex Limited (Energex) and Ergon Energy Corporation Limited (Ergon Energy);
- a regional service delivery retailer, Ergon Energy Queensland Pty Ltd (Ergon Energy Retail); and
- affiliated national contestable businesses, Yurika Pty Ltd and Metering Dynamics Pty Ltd.

Energy Queensland's purpose is to "safely deliver secure, affordable and sustainable energy solutions with our communities and customers" and is focussed on working across its portfolio of activities to deliver customers lower, more predictable power bills while maintaining a safe and reliable supply and a great customer service experience.

Our distribution businesses, Energex and Ergon Energy, cover 1.7 million km<sup>2</sup> and supply 37,208 GWh of energy to 2.1 million homes and businesses. Ergon Energy Retail sells electricity to 740,000 customers.

The Energy Queensland Group also includes Yurika, an energy services business creating innovative solutions to deliver customers greater choice and control over their energy needs and access to new solutions and technologies. Yurika is a key pillar to ensure that Energy Queensland is able to meet and adapt to changes and developments in the rapidly evolving energy market.

## Contact details

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# 1. Introduction

Energy Queensland Limited (Energy Queensland) welcomes the opportunity to provide comment to the Australian Energy Market Commission (AEMC) on its National Electricity Amendment (Global Settlement and Market Reconciliation) Rule – Draft Rule Determination (Draft Rule Determination). This submission is provided by Energy Queensland, on behalf of its related entities Energex Limited (Energex), Ergon Energy Corporation Limited (Ergon Energy), Ergon Energy Queensland Limited (EEQ), Yurika Pty Ltd (Yurika) and Metering Dynamics Pty Ltd (Metering Dynamics).

Energy Queensland supports a move to a global settlements framework as it represents a more equitable approach to sharing Unaccounted For Energy (UFE) costs amongst all participants.

In response to the AEMC's invitation to provide comments on the Draft Rule Determination, Energy Queensland has provided responses to the key features raised in the Draft Rule Determination.

Energy Queensland is available to discuss this submission or provide further detail regarding the issues raised, should the AEMC require.

## 2. Specific comments

### 2.1 Allocation of UFE

Energy Queensland supports the calculation of UFE at each Transmission Node Identifier (TNI) for each transmission connection point that is not a market connection point in a local area, aggregated at the local area level and allocated across all market customers in that local area based on their 'accounted-for' energy.

Energy Queensland also supports a 'soft start' approach to the commencement of the global settlement rule, allowing participants the opportunity to understand and potentially reduce the current extent of UFE before it is allocated.

Furthermore we consider there is strong merit in the Australian Energy Market Operator (AEMO) working with market participants to establish appropriate thresholds at a TNI which can be used to trigger investigations for high UFE. A soft start approach will ensure these thresholds are appropriate and do not unnecessarily trigger investigations.

Energy Queensland is particularly mindful that given investigations may require a number of participants, potential exists for investigations to run beyond the 30 week revision period for settlements. Where the investigation results in a reallocation of UFE outside the settlement period, it is unclear how the reallocation will be managed (potentially via an off-market transaction).

Energy Queensland is also unclear how the settlement of revisions following the cut-over to global settlements will be managed, beyond those triggered by UFE investigations. For example if Week One Preliminary is issued using the differencing method, but one week later global settlements commences, how will AEMO issue, and participants reconcile subsequent statements (R1, R2 and Final) issued post the cut-over date? In facilitating the implementation, Energy Queensland queries the ability to run parallel systems and processes for a period of time to manage the above scenario.

More broadly, as the total load at the TNI level will only be visible to AEMO, Energy Queensland seeks clarification of the granularity that will be provided to support the allocation of UFE. Energy Queensland is concerned that the absence of transparent information supporting the allocation of UFE may result in additional settlement disputes.

## **2.2 Unmetered loads**

Energy Queensland is supportive of the AEMC's view that the DNSP and Financially Responsible Market Participant (FRMP) negotiate an agreement on the approximate size and value of unmetered loads.

Energy Queensland is also supportive of AEMO developing and updating the Metrology Procedure and Unmetered Load Guidelines, and recommends that DNSPs, Metering Data Providers and other relevant parties work with AEMO to ensure the estimates of unmetered loads are calculated in accordance with those procedures and guidelines.

Energy Queensland is of the view that allocating non-market unmetered loads to a specific TNI , and ensuring load and profile estimates are in accordance with AEMO's procedures (including that the unmetered inventory tables are accurate) would not require significant effort from DNSPs.

## **2.3 Virtual Transmission Nodes (VTN)**

Energy Queensland has no comment as VTNs are not applicable in Queensland.

## **2.4 Non-market generators**

Energy Queensland is supportive of the transitional provisions in the draft rule which continue existing non-market generators being eligible for the non-market generator classification.

## **2.5 Embedded networks**

Energy Queensland agrees with the AEMC's view that under global settlements, embedded networks continue to be settled using settlements by difference within the network.

## **2.6 Transmission connection point metering**

Energy Queensland notes this issue was not raised in the rule change request and therefore did not provide comment in responding to the initial consultation paper.

Energy Queensland is of the view that there may be merit in providing the FRMP with the option to nominate a party other than the Transmission Network Service Provider as the Metering Coordinator for metering installations at points where a distribution network connects to a transmission grid. Energy Queensland suggests that a decision on this issue be deferred until such time as NSPs have had the opportunity to consider this issue in detail.

## **2.7 Implementation Process**

Energy Queensland acknowledges the AEMC'S view "*that it would be beneficial for the design and build activities, as well as the commencement date, for the global settlement rule to be aligned with the commencement of the five-minute settlement rule*" (that is, from 1 July 2021). However, Energy Queensland suggests there is a need to allow stabilization of the five-minute settlement process prior to the commencement of global settlements, and instead suggests implementation two years beyond the commencement of five-minute settlements

Energy Queensland notes AEMO is proposing that implementation activities, transition and market readiness follow the same structure and format prepared for the introduction of five-minute settlement. However, as mentioned in our response to the initial Consultation paper, project plans and resources have been developed and deployed for the five-minute settlement project. At this time it is difficult to capture the requisite changes to support global settlement from a retail perspective in that, as noted in AEMO's high level design document, retailers will need to adjust their processes to accept a modified settlement statement. In the absence of a modified settlement statement, Energy Queensland suggests it is difficult to comment on what changes will be required to process these statements and capture these as part of the five-minute settlement project already underway.