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Ms Anna Collyer
Chair, Australian Energy Market Commission
Level 15, 60 Castlereagh St
Sydney NSW, 2000

Reference code: ERC0346

Dear Anna

**Response to unlocking CER benefits through flexible trading draft determination**

AusNet welcomes the opportunity to provide this submission to the Australian Energy Market Commission's (**AEMC**) draft Rule determination progressing the proposed introduction of changes to facilitate better integration of flexible Consumer Energy Resources (**CER**) into the power system. The draft Rule determination comes after initial consultation and direction papers on Australian Energy Market Operator's (**AEMO**) rule change request seeking to introduce into the National Electricity Rules (**NER**) secondary settlement points inside residential and business premises and a new subclass of minor energy flow metering.

Consistent with our responses to the earlier consultations, we remain supportive of developing new ways to improve the integration of CER with distribution networks and the broader National Electricity Market (**NEM**). The take up of new CER, including batteries and electric vehicle (**EV**) chargers, will grow more rapidly. We support efficient measures that optimised the use of, and deliver greater value from, these devices to the benefit of all consumers.

The extent of the proposed Rule changes, however, exceeds the minimum changes required to integrate CER with distribution networks and the NEM. The Rule change only needs to allow metering using inbuilt devices and secondary settlement points within large customer premises where they are justified. In the context of rapidly rising cost of living pressures, it is important to avoid any cost driver that is likely to cause costs that greatly exceed the expected benefits of this CER integration arrangement. As a Distribution Network Service Provider (**DNSP**), it is in the interests of our customers to avoid any unnecessary and inefficient cost.

We recommend the following amendments:

1. To assign responsibility for secondary settlement points to a contestable party; and
2. Not proceed with the less accurate metering type for small customer secondary settlement points.

We set out below our reasons for these cost reductions recommendations and our concerns that the draft Rule does not afford adequate time to deliver the changes including resolving jurisdictional issues. The inclusion of these recommendations would significantly reduce DSNPs implementation costs for system and process change, however, there would still be system and process changes for the new smart lighting arrangements and to identify the additional metering type.

**Secondary settlement points would be costly to manage by DNSPs**

We are concerned that the cost and practicality of the proposed responsibilities for managing secondary settlement points. For the first time in the NER history, the draft Rule proposes metering types that would be customer owned as part of their CER appliances. Specifically, DNSPs would be responsible to establish and manage secondary settlement points with hierarchy to a primary retailer's connection point, including:

- creation of secondary settlement points in AEMO's market systems,
- maintaining standing data integrity for secondary settlement points,
- abolishment of metered devices at the customer's request for secondary settlement points, and
- relocation of metered devices secondary settlement points.

These new business requirements would require new system capabilities in DNSP within our highly integrated and tightly governed mass market systems and our systems provide efficient online interfaces to our customers.

These types of system changes are very costly. The costs of similar previous changes, such as power of choice and 5-minute settlements, have ranged between $30 million and $70 million.

The assignment of this responsibility to DNSPs is in sharp contrast to the long-established arrangements for embedded networks, where a contestable registered participant, the embedded network manager, is responsible for child metering. The AEMC reviewed arrangements at the time of the Power of Choice Rule changes between 2015 and 2016.

We recommend mirroring the embedded network arrangements by assigning these responsibilities to a new role for a contestable registered participant, similar to an embedded network manager.

**Less accurate metering is not required and an unnecessary cost to customers**

A reduction in the Type 8 metering accuracy requirements to plus or minus 2.0%, from 1.5%, has the potential to make metering less accurate and result inequitable billing outcomes for customers. Creating a new metering type comes at a cost to AEMO and DNSPs both for implementing the change and managing ongoing responsibilities.

The cost reductions for less accurate meters would need to be substantial to justify this, however the draft Rule determination provided no such cost assessment or justification. Establishing Type 8 metering is of no benefit, because it is only for secondary settlement points with the same retailer as the primary retailer's connection point. Customers do not need additional market metering to purchase separately metered electricity from their existing retailer with the exemption framework available in NEM jurisdictions.

Therefore, the reduction of meter accuracy and more so the industry costs of implementing this new metering type are not justified when Type 4 or Type 9 would suffice. We recommend not including the less accurate metering or extending secondary settlement points to small customers in the final Rule.

**Inadequate time to deliver the changes and resolving jurisdictional issues**

The industry will need longer to implement system changes than the Feb-2026, or the recently revised May-2026 date, with the need for the above required system changes. Additionally, other reforms including IDX/IDAM/PC changes and the accelerating smart meter deployment rule change sharing constrained resources within the industry. Based on the experience of recent industry projects, such as Power of Choice and 5-Minute Settlements, the industry would need until May-2027 to deliver the changes in a cost-efficient manner.

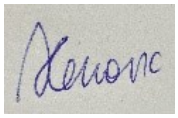
Additionally, we are concerned that any delays to implement the necessary jurisdictional instruments, such as Electricity Distribution Code of Practice (Victoria), would make the Rule changes unworkable from the effective date until the jurisdictional instruments are reviewed and amended. The consequences of this risk would be the application of de-energisation and life support customer protections for large customer secondary settlement points, which would make the implementation more costly and complex. Our recent experience in Victoria with the delayed implementation of Standalone Power Supply Rule and Law changes by the absence of the necessary jurisdictional regulation changes have highlighted the need for more time and attention to consequential jurisdictional changes.

Finally, we support proposed improvements to Type 4 and 5 meters NER provisions that provide an alternative to having visual display on the meter and include a central management system as part of the metering installation. These changes will benefit all customers and are long overdue.

In the appendix below, we submit responses to the question asked in the draft determination paper.

If you have any enquiries, please do not hesitate to contact Justin Betlehem [redacted] justin.betlehem@ausnetservices.com.au.

Yours sincerely



Sonja Lekovic
Regulatory Policy Manager
**AusNet**

# Appendix A: Responses to questions asked in the draft determination paper

| Question asked in the draft determination paper | AusNet's response |
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| **QUESTION 1:**<br>**What should the flow limit be for type 8 meters (when considered per year)? Is 750 MWh per annum per connection point appropriate?** | We disagree with the establishment of type 8 metering, and in any case, 750 MWh per year is way too high. Connections with between 100 to 750 MWh per year typically require Current Transformers (**CTs**) to measure the higher energy demand at the site. |
| **QUESTION 2:**<br>**What role, if any, should Meter Providers have in installing and managing type 8 and type 9 meters?** | Yes, this rule change opens a new concept of customer owned meters being used to meter the customer's consumption. Whether it is DNSP's installed smart PE cells in streetlights (i.e., DNSP is the MP) or the meter being part of the customers' EV charger or the customer's battery inverter. Another party other than the device owner be registered as Metering Provider, has not previously been contemplated in the NEM.<br><br>Different customer scenarios would need to be considered carefully. For example, a customer could re-locate their battery or smart charger from one premises to another premises – moving a secondary settlement point from one primary retailer's connection point to another. |
| **QUESTION 3:**<br>**How frequently should AEMO update its specifications and procedures for type 8 and type 9 meters? Should this review be mandated?** | We do not support mandated reviews of AEMO specifications and procedures for new metering types. Each review takes up valuable industry resources and needs to be justified on its own merits. |
| **QUESTION 4:**<br>**Are there instances in which aggregating multiple streetlights under a single NMI via a central management system may create issues for settlement?** | Aggregating streetlights for Type 7 metering has not created issues with settlements to date, where individual NMIs are assigned for all the Type 7 streetlights for a postcode and Council. However, extending these same arrangements to Type 9 metering would require system costs. |
| **QUESTION 5:**<br>**Are there other use cases for type 8 or type 9 meters which stakeholders foresee in future?** | We do not support any extension of the new metering types in the future. |

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| **QUESTION 6:**<br>**Are there jurisdictional requirements for DNSPs to serve as MCs for streetlights and street furniture which we should be aware of in preparing the final determination?** | The public lighting code (Victoria) specifies the lighting services DNSPs are to provide to Councils or other authorities when requested. In these circumstances, the DNSPs own the lights, including any smart cells that would collect meter data. If the rule change proceeds the DNSP would need to provide metering provider services (referred to as MPB services in AEMO procedures) to the Council or other authority as an Alternative Control Service.<br><br>Alternatively, safety and other Victoria regulations allow Councils or other authorities to establish individual metered connection points with AS/NZS 3000 safety requirement compliant wiring for lights they fully manage. However, these arrangements are rare and are typically limited to motorways. In these circumstances with the proposed Rule changes, DNSPs would require the establishment of connection points ahead of the separately owned AS/NZS3000 compliant line assets and use child or secondary settlement points with Type 9 metering. |