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Draft rule determination: Unlocking CER Benefits rule change

Alinta Energy welcomes the opportunity to respond to the Australian Energy Market Commission's draft rule determination on the unlocking consumer energy resources (CER) benefits rule change.

Alinta Energy is an active investor in energy markets across Australia with an owned and contracted generation portfolio of over 3,300MW and more than one million electricity and gas customers. CER will play and increasing important role in the energy transition to net zero. The draft (more preferable) rules promote further integration of CER in the NEM, which support the assessment criteria set out in the Commission's Directions Paper and the draft rule determination.[1]

Alinta Energy provides feedback on different elements of the draft rules below.

1. Flexible trading with multiple energy service providers at large customer premises

Alinta Energy supports allowing flexible trading arrangements at large customer premises. While we agree that the existing embedded network framework administered by the AER can support flexible trading (including multiple Financially Responsible Market Participants (FRMPs)) at large customer sites, the need to apply for network or retail exemptions, or the requirement to appoint an Embedded Network Manager, adds a layer of unnecessary complexity to large customers seeking to maximise the value of CER.

Importantly, we support the voluntary nature of large and small customer participation in flexible trading. Competition and customer choice need to be the central consideration in encouraging the uptake, integration, and eventually the orchestration of, CER.

1.1 Market arrangements to support flexible trading with multiple energy service providers

Eligibility requirements

Alinta Energy supports the minimum set of eligibility requirements set out in section 3.2.1 of the draft rule determination:

- One customer at the connection point;
- Establishing the secondary NMI downstream of the connection point to the network;
- The large customer meeting the minimum consumption threshold; and
- The registration of the secondary FRMP as a market participant.

[1] AEMC (2023), Directions Paper (Unlocking CER benefits through flexible trading) Rule 2023, pages 3-4 and AEMC (2024) Draft rule determination (Unlocking CER benefits through flexible trading) Rule, pages 8-9.

Relationship between FRMPs government by existing regulatory and contractual arrangements

The Commission's proposal to adopt a light-handed approach to the management of relationships between multiple FRMPs at a large customer site is appropriate. Existing regulatory arrangements and voluntary contractual arrangements between customers and multiple FRMPs are sufficient to manage the scenarios described on page 17 of the draft rule determination.

Switching of assets across FRMPs

Alinta Energy agrees with some of the concerns raised in response to the Directions Paper in relation to the switching of assets across FRMPs behind a connection point. However, we support the Commission's view that any such switching should be managed contractually between the large customer and its FRMPs and does not require regulation under the National Electricity Rules.

Interaction with the embedded network framework and retail and network exemptions

We support large customers and FRMPs currently operating under existing embedded network arrangements continuing to do so.

Avoiding duplication under the rules (i.e. waiving the requirement for a single customer at a single site from seeking a deemed or registrable exemption for an embedded network) would reduce unnecessary regulatory burden, particularly given the value of regulation is questionable.[2]

1.2 Market participant roles and responsibilities

Establishment and maintenance of secondary NMIs

Alinta Energy supports distribution network service providers (DNSPs) establishing and maintaining. NMIs and standing data for secondary measurement points subordinate to the metering and the connection point. This approach aligns with existing arrangements and will minimise implementation costs.

Visibility of secondary NMIs to DNSPs

We agree that DNSPs should have access to secondary NMI energy flow data. This will provide DNSPs with an understanding of the impact of CER on their network and assist with network planning and management.

Distribution network tariffs

We acknowledge the risks and advantages of assigning network tariffs to only the primary FRMP, but on balance support the decision that the primary FRMP is billed by the DNSP. The complexity of splitting network tariffs across FRMPs would add materially to the cost of implementation. The Commission notes the flexibility available to DNSPs under the NER to develop targeted tariffs, and the ability of a primary FRMP to pass on network tariffs to the secondary FRMP, as alternatives to manage any issues associated with the allocation of network costs.[3]

1.3 Supporting technical requirements

Settlement and metering arrangements, type 9 metering

We support the use of substrative settlement arrangements for the primary and secondary settlement points for large customers. We also agree that the type 9 meters should be able to be used as secondary settlement points for large customers sites.

[2] Large customers do not require small customer protections for example, a single customer at site who owns the network does not require an Embedded Network Manager, contractual arrangements can be put in place to manage sub-metering arrangements across different FRMPs for parent and child meters etc.
[3] AEMC (2024), ibid., page 22.

2. Opportunities to optimise CER flexibility for small customers

2.1 Market arrangements

Single FRMP at premises and voluntary choice

Alinta Energy supports the maintenance of a single FRMP at a small customer's connection point, responsible for all network charges and energy flows for the parent and child metering arrangements. We agree with the AEMC's assessment that small customers engaging multiple FRMPs would result in significant changes to participant and market systems incurring a material cost with the benefits only accruing to a small segment of customers, while the costs would be borne by all small customers.[4]

We also support voluntary consumer choice to enter an arrangement that would measure and manage a consumer's CER separately from their passive load. This model supports consumer choice and promotes competition in the long-term among market participants.

Subtractive settlement

Minimising rule change implementation costs of the through the subtractive settlement arrangements is the least-cost approach to settling primary and secondary meters associated with small consumer CER.

Inactive secondary connection points

The approach to managing inactive secondary connection points proposed in the draft rules provides for flexibility if a customer later chooses to opt back in and is consistent with the existing embedded network framework.

Disconnection for non-payment and secondary NMI discovery

Maintaining customer protections related to the disconnection of supply and protections for life support customers is supported. The whole-of-premises disconnection and reconnection approach set out in the draft rules maintains simplicity and minimises implementation costs where a customer has primary and secondary NMIs. Visibility of the presence of a secondary NMI for an incoming retailer (as FRMP) is also supported.

2.2 Market roles and responsibilities

Establishment and maintenance of secondary NMIs

Consistent with proposed arrangements for large customers, Alinta Energy supports the establishment of secondary NMIs by DNSPs.

DNSP access to secondary NMI data

As for large customer sites, we support visibility of secondary NMI energy data to DNSPs if they choose to access it.

2.3 Technical arrangements for secondary settlement points

Use of new meter type 8

We agree that the new type 8 meters used at secondary settlement points would require pattern approval from the National Measurement Institute to ensure data provided is accurate. The Australian Energy Market Operator could develop the minimum meter and service specifications, but this should be done in close consultation and input from market participants, for example through the

[4] AEMC (2024), ibid., page 13.

Electricity Retail Consultative Forum or a specific working group comprised of market customers, Metering Coordinators, Metering and Meter Data Providers and local network service providers.

Optional use of type 8 meters

The decision to use either a type 4 or 8 meter should be an outcome of customer choice and the service and product being offered realise the benefits of their CER. In some circumstances, a type 4 meter may remain the best and lowest cost solution to measure CER and support subtractive metering from the primary meter for settlement.

3. Measuring energy flows from in-built technology

The proposed new meter types 8 and 9 are an appropriate response to measuring energy flows from secondary NMIs (e.g., a customer's EV) as well as streetlights and street furniture (type 9 metering). We agree that these arrangements should be voluntary.

Contestability of type 8 and 9 meters will support ongoing competition in the market for these new meter types and provide incentives for innovation and efficiency among Meter Coordinators.

4. Implementation considerations

We note that AEMO has begun consulting with industry on its Hight Level Design in relation to the draft rules. We do not support a start date of 2 February 2026 as it does not align with the release cycle for industry (May and November of each year). We recommend a start date in November 2026, which will allow adequate time for market testing, ensure resources are available following the December-January holiday period and allow industry to manage concurrent NEM reform projects.

Implementation costs should be minimised to support the net benefits identified by Energeia in its cost-benefit analysis.

We would welcome further discussion of this response with the Commission, please contact David Calder (David.Calder@alintaenergy.com.au) in the first instance.
Yours sincerely

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