

4 June 2024

Ms Lisa Shrimpton
Director, Australian Energy Market Commission
Level 15, 60 Castlereagh St
Sydney NSW, 2000

Via email to: genevieve.schulz@aemc.gov.au.

Dear Lisa

Response to consultation note - NMI creation and maintenance at secondary settlement points

Unlocking CER benefits through flexible trading

AusNet welcomes the opportunity to provide this further submission to the Australian Energy Market Commission's (AEMC) consultation note (Consultation note) on National Metering Identifier (NMI) creation and maintenance at secondary settlement points that follows the draft Rule determination consultation. The draft Rule determination proposes to facilitate better integration of flexible Consumer Energy Resources (CER) into the power system.

The consultation note proposes an alternative option for the role of creating and maintaining NMIs at secondary settlement points with a new accredited NMI service provider role.

The Consultation note's key points of the proposed arrangement are:

- It would apply to both small and large customer premises.
- The Financially Responsible Market Participant (FRMP) for the secondary settlement point (SSP) would be required to appoint an accredited NMI SSP service provider.
- The FRMP would ensure that there is always an accredited SSPSP for a SSP NMI.
- The NMI service provider role would emulate functions performed by Embedded Network Managers (ENMs) for child points in embedded networks.

In our submission to the draft Rule determination, we expressed concern with the cost and practicality of the proposed responsibilities for managing secondary settlement points to Distribution Network Service Providers (DNSPs) and indicated that an alternative option, as proposed, may be a more suitable solution.

However, our submission to the draft Rule supported an alternative option in the context of the secondary NMI creation and maintenance only being required for large customers. **We do not support the application of the proposed alternative option to small customer premises.**

Applying the proposed alternative arrangement to small customers would create a range of issues that have not been discussed or appropriately considered as part of the review of the Rule to date. For example, the complexity introduced by SSPs, and the existence of a new service SSP Service Provider role, will challenge the extent of applicable customer protections, even if the same retailer was initially appointed for primary and secondary NMIs. For example, default pricing and disconnection protections would not apply without the implementation of changes to retail rules and jurisdictional enforceable instruments. The customer changing retailers could trigger an abolishment (or de-energisation) of the SSP NMI requiring updates in the Market Settlements and Transfer Solution (MSATS) Standing Data. Neither the customer's new or former retailer in these circumstances would have obligations or incentives to properly update the Standing Data.

Of greater concern after the retailer change occurs, even if the SSP is removed, the customer's former retailer may continue to bill the customer. The Australian Energy Regulator (AER) and Victorian Government's reviews of embedded networks identified similar concerns with the application of embedded networks to small customers, including the risk of monopoly pricing and limited consumer protection.

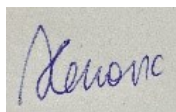
In considering small customer arrangements, we consider a more appropriate arrangement is for the DNSP to be the SSP Service Provider. This would ensure continuity of service to customers, reduce the complexity of retailer arrangements and reduce the need to update customer protections. Although this would come at an additional cost to DNSPs that we identified in our previous submission, the benefit of DNSPs being responsible for these arrangements for small customers outweighs the additional cost to DNSPs.

For large customers consuming more than 160MWhr per annum, we would support proposed Rules that apply the SSP arrangement with accredited SSP Service Providers. Large customers are sophisticated enough to manage the complexity of SSPs and new service providers. DNSPs would not need to be involved in the provision of SSPs for large customers, except by having access to the metering and Power Quality data. We recommend Rule changes that allow data sharing to the DNSP via the NSP2 role in MSATS.

In making this recommendation to only support the application of proposed rule changes to large customers we appreciate that it is effectively splitting the Rule change objectives. However, as the rule change review has identified to date, there are significant difference in customer experience and expected benefits from applying flexible trading arrangements behind the meter for small and large customers, which are also evident with regard to NMI arrangements.

If you have any enquiries, please do not hesitate to contact Justin Betlehem on 0433691111 or justin.betlehem@ausnetservices.com.au.

Yours sincerely

A square image containing a handwritten signature in blue ink. The signature appears to be 'Sonja Lekovic'.

Sonja Lekovic
Regulatory Policy Manager
AusNet