Genevieve Schulz

Australian Energy Market Commission

30 May 2024

Dear Ms Schulz,

Subject: Consultation note - NMI creation and maintenance at secondary settlement points Unlocking CER benefits through flexible trading - ERC0346

SA Power Networks welcomes the opportunity to comment further in relation to the AEMC's proposed changes to the draft rule determination for unlocking CER benefits through flexible trading.

We largely support the AEMC's proposed changes but consider that there are still outstanding issues remaining with the rule change which have the potential to increase cost and complexity for customers and therefore need to be further considered. Our key points are provided below, with our support for the reforms being dependent on the outcomes of points 1 and 3:

1. Whilst this proposal potentially removes the need for SA Power Networks to significantly alter our metering, market and billing system's data model to support FTM2, this still remains unclear without further information on details such as which data and transactions the Distribution Network Service Provider (DNSP) will receive for the secondary settlement point (SSP) and how they would need be handled. In addition, clarification must be provided if DNSP's are to perform a role in providing data to NMI service providers to use on SSP's for complex scenarios such as disconnections. In short, the complexity, magnitude and cost of the change will likely to be reduced but by how much will depend on the procedure, process and system level details determined by AEMO. We do not have enough information at this stage to provide a revised cost estimate.

2. The likely removal of our system's data model change does reduce a component of our costs to implement this change, however it is important to note we will still incur other costs. At minimum our metering, market and billing system will still require changes to identify where SSP(s) exists on the primary connection point NMI, along with changes for Type 9 metering at the primary connection point.

3. As the AEMC's key reasoning for making this proposed change appears to be cost-based, we suggest an appropriate level of consultation is undertaken with Embedded Network Managers to accurately establish the costs and system changes associated with this revision. In addition, it is imperative to ascertain if ENM's are willing and/or likely to take on the NMI service provider role in the market for this function.

4. If the AEMC still intends for network benefits to be realised through this change, SA Power Networks must uplift our supporting network management and compliance systems to load power quality data (PQD) and metering data on the SSP. The proposal in the AEMC consultation note will remove any compliance obligation for our business to implement these changes. This means that until there is substantial customer uptake to formulate accurate profiles, we would be unable to correlate any tangible benefits via a business case to the AER.

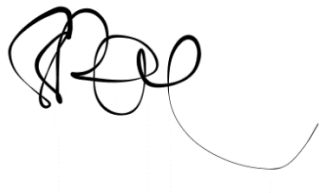
These costs are expected to be significant enough that we will wait until saturation of SSP's is larger before choosing to implement to ensure cost-benefit is achieved.

5. To further reduce cost expenditure and maximise benefits for Networks and customers, it is imperative that the changes made as part of AEMO's NEM Reform consider the level of visibility required for DNSP's of the secondary NMI's. Unlike embedded networks for child NMI's, as the DNSP we must have visibility of the secondary NMI and metering details to effectively utilise the SSP PQD and metering data in our network management and compliance systems. Without the SSP hierarchy built into our data model in the metering, billing and market systems, we must be able to establish this link between the primary connection point NMI and the SSP either via MSATS standing data; or alternatively within the PQD and metering data transactions themselves.

6. In the absence of standards for behind-the-meter interoperability, significant issues remain with respect to the implementation of dynamic operating envelopes, static connection limits and demand tariffs for large customers. Integrating flexibly-traded large customers into the distribution network under the proposed model has the potential to lead to inefficient utilisation of the network, increased costs and complexity for customers, and restriction of future market innovations.

7. We continue to recommend that prior to progression of the Rule Change, small-scale trials are conducted within the regulatory sandboxing framework to better understand the potential issues and volume of customer uptake.

If the AEMC has any questions on any aspect of this response, please contact Michael Zhang, Business Architect, at michael.zhang@sapowernetworks.com.au.



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