



8 October 2015

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Dear Anne

RE: Directions Paper - Meter Replacement Processes Rule

United Energy (UE) appreciates the opportunity to respond on the Directions Paper – National Electricity Amendment (Meter Replacement Processes), Rule 2015.

UE is an electricity distribution network service provider to more than 650,000 customers across east and south-east Melbourne and the Mornington Peninsula over an area of 1,472 square kilometres. The majority of these customers have operational remotely read interval meters, Victorian advanced interval meters. Customers are able to receive faster, more cost effective remote services for de-energisation and re-energisation, daily collection of interval data, portal services, binding services, avoided truck visits etc.

UE supports the proposed policy positions of the AEMCs with the following brought to your attention:

- The NER drafting must allow for the specific situation where a large customer with a manually read meter may need a meter exchange to occur before or on the day of retail churn before they can leave the 1st tier retailer, in this case the incoming retailer should be able to facilitate this if the large customer requests.
- The Rules should allow the discretion for the incoming retailer to move to a certain point in organising the metering parties and constrain the 'prior to retail churn meter replacement', noting the exception above. The detailed process timings are best left to the CATS Procedures.
- All the incumbent parties and the impacted roles, including the LNSP need to be a party to this agreement, these parties need to be specified in the NER.
- As long as all impacted parties have the opportunity to agree (or not object) and the CATS procedures are consistent with the NER, then the 'by agreement' drafting in the NER should be allowed for large customers.

More detailed comments are provided in the Attachment.

UE welcomes the opportunity to participate in this rule change development and looks forward to the opportunity to participate in the further development of the metering competition rule change and the procedures development.

Should you have any comments in relation to this response please do not hesitate to contact me on (03) 8846 9856.

Yours sincerely

Verity Watson
Manager Regulatory Strategy

Attachment

Assessment Framework

The AEMC proposes that the assessment framework for this rule change request is in relation to the promotion of efficient investment and operation of metering services for the long term interest of consumers with respect to price and security of supply. AEMC needs to consider in relation to the efficiency in the market for metering services, the efficiency in the market for demand response and network services/data which may serve to improve network operations and reduce costs to consumers in the long run. Networks and third parties may also receive services from the MCs (or MP/MDP) and may be seeking for these to remain for current customers or continue on. If this rule change proceeds, there should be clarity that networks and incumbent parties are still afforded appropriate rights of objection and these should be confirmed in the NER. **AEMC’s proposed position.**

UE is supportive of the AEMC view that initial solution proposed in the rule change is overly complex and may represent a large regulatory burden for participants in comparison to the expected benefits. Most of the issues raised by ERM can be addressed through the product offerings (T&Cs) offered by retailers to new customers. Large I&C customers typically have a transfer date that is the same as their end of contract date, ie 31st December. The customer’s new Retailer may elect to change the meter at the customer’s site. If this occurs prior to the end of the following month, the settlement occurs using the incumbent’s meter reading (eg as at 31/12). If the meter is not installed until the second month or later, the contract start date may be changed, ie to say 1 Feb. The incumbent Retailer may charge the customer “default” pricing if they extend taking supply after the contract finish date. The new Retailer may seek a retrospective transfer from the incumbent retailer so as the customer is not disadvantaged from receiving their new contract pricing.

This arrangement is overly complex in the small customer market and customers should only transfer to new retailers at an actual meter read. This could be the NSRD, a special read, or at the time the existing meter (LNSP or MC’s) is replaced. Retailers supplying small customers will need to incorporate a degree of flexibility in the T&Cs to take into account that contracts with customers may not be a fixed term, ie 1 year from 1/1/XX to 31/12/XX as a transfer on meter change is unlikely to occur on a nominated contract start date, ie 1/1. This example is clearly required when the winning retailer has secured a multi-site customer as the installation of new meters in this situation is unlikely to occur on the same day.

| AEMC proposed policy positions | Description/Implications | Support | Drafting required to be in the NER |
|---|---|---|---|
| Clarify that an incoming retailer cannot require a metering installation to be changed at a connection point until the retail transfer is complete; | The AEMC consider that a large customer can select their own MC at any point in time and to the extent that a large customer is 1 st tier with a manually read meter, the large customer will be forced to select an MC. Where a large customer consumes above the upper limits of use of manually read meters, the customer will need to have a remotely read interval meter installed prior to or on the day of the retail churn occurring. Our understanding is that AEMO cannot/does not use profiling to settle the market for customers above the x and y thresholds. If for some reason the large customer chooses not to appoint their own MC, the incoming FRMP will need the ability to organise the metering to enable compliant metering to be available prior to or on | In general the AEMC approach is supported and should be clear and unambiguous in the NER. | The NER drafting must allow for this specific situation where a large customer with a manually read meter may need a meter exchange to occur before or on the day of retail churn before they can leave the 1 st tier retailer, in this case the incoming retailer should be able to facilitate this if the large customer requests. |

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|--|--|---|---|
| | <p>the day of retail churn. UE consider that this is pragmatic and avoids much of the complexity of a prior transfer meter exchange and then the transfer falling through. Unwinding these arrangements in the field and across all systems is complex and costly and likely would give rise to increased queries and complaints.</p> | | |
| <p>Provide that during the retail transfer period an incoming retailer can nominate parties such as the Meter Provider and Meter Data Provider to undertake certain roles at a connection point, and that such nominated parties cannot commence these roles until the day the retail transfer is completed; and</p> | <p>The incoming retailer can enable a CR1000 to change retailer and change MC and MP/MDP and to propose a transfer date when the meter exchange is expected to occur using a certain sub type of this change request. This allows the new MP to organise site access and conduct a site visit (if they require with more complex installations), which should result in reduced number of meter exchanges failing to be completed on the nominated transfer date. This approach would be consistent with the AEMC Sept 15 consultation on retailer supply interruption notifications and the circumstances when distributor supply interruptions might also need to occur. A new MPB can seek to change the meter on the proposed transfer date (or shortly after) and use a CR1500 to align the retail transfer date to the meter churn date. This provides clear role assignment in MSATS and better aligns the responsibilities, liabilities and penalties.</p> <p>UE is supportive of prospective notification of retail churn and likely meter churn date in order to manage remote meter read frequency of the regulated meter in order to minimise data loss. (retrospective meter exchange should be limited to error corrections etc and not be the normal method of notification to parties in the market)</p> | <p>The AEMC approach is supported as it is a pragmatic way to align roles and responsibilities in the field and in MSATS.</p> | <p>The Rules should allow the discretion for the incoming retailer to move to a certain point in organising the metering parties and constrain the 'prior to retail churn meter replacement', noting the exception above.</p> <p>The detailed process timings are best left to the CATS Procedures.</p> |

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| | <p>Time periods between the proposed transfer date and the meter exchange date ideally will be fairly short eg 2-5 bus days and the new MP will need to update MSATS quickly. Delays in the replications of the correct meter details, datastreams updates etc will impact the ability for retailers and networks to accept meter data and correctly allocate tariffs and bill network and retail charges. If this process is not done efficiently and with minimal exceptions then increased cancel/rebills, unbilled and customer complaints will arise.</p> | | |
| <p>Clarify that commercial arrangements can be entered into between incoming and incumbent parties at a connection point, so the incumbent parties can churn the meter on behalf of the incoming parties during the retail transfer period.</p> | <p>In 6.1.3 of the Directions Paper, AEMC proposes that it is the incumbent and the incoming metering parties that agree to a prior to retail churn meter exchange with the incumbent parties being responsible for the incoming parties compliance with all aspects of the rules and for delivering any services above the minimum requirement. The parties to this agreement need to clearly include the incumbent FRMP, incoming retailer, incumbent MC and incoming MC and the LNSP.</p> <p>The Directions Paper notes the issue created where the LNSP is the MC and providing regulated metering services, an early meter exchange creates significant complexity. The AEMC suggests that this could result in three MCs in short succession which is an inefficient and costly outcome. This interim or transitional arrangement needs to be dealt with in the NER for the metering competition rule anyway.</p> | <p>The incumbent FRMP and LNSP may have billing and tariff impacts which impact the customer, they should also be a party to this agreement.</p> <p>The incumbent MC, MP and MDP are responsible for compliance with all NER and service levels and jurisdictional regulations and safety requirements, they should also be included as parties to the agreement.</p> | <p>All the incumbent parties and the impacted roles, including the LNSP need to be a party to this agreement, these parties need to be specified in the NER.</p> <p>As long as all impacted parties have the opportunity to agree (or not object) and the CATS procedures are consistent with the NER, then the 'by agreement' drafting the NER should be allowed for large customers. This would be overly complex to manage for high volumes of small customers.</p> |

Implementation

The Directions Paper has provided an updated view of the timing of a Final Determination on this Rule – March 2016. On the basis of a Draft Determination on 17 December, the timing of a Final Determination is likely to be end

March. AEMO will already be 4 months into a 9-10 month procedure development process to amend the existing procedures so that they are finalised in accordance with the 1 September 2016 delivery date expected in the NER.

The finalisation of this rule and any impacts on procedure development and service level development etc is quite late in the procedures development process. There is potential that there may need to be changes in the CATS procedures, metering service level procedures and the meter churn procedures, particularly if the Final Determination does not align with the Draft Determination. This Final Rule may delay or backend the development process and consultation processes that AEMO must run. There are a significant number of documents to be amended or created and consulted on. AEMO took all of this time in relation to the recent Meter Data Provision Procedure, under the metering competition rule there are significantly more documents. Late rule changes and impacts on procedures have a potential to risk the time schedule or quality of deliverables.

UE agree with Energex and Citipower/Powercor that this rule change should not delay the implementation of metering competition or place risk on the delivery of the metering competition reform, metering competition is a higher priority.