

SP AusNet Submission
AEMC NER Business day definition

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About SP AusNet

SP AusNet is a major energy network business that owns and operates key regulated electricity transmission and electricity and gas distribution assets located in Victoria, Australia. These assets include:

- A 6,574 kilometre electricity transmission network indirectly servicing all electricity consumers across Victoria;
- An electricity distribution network delivering electricity to approximately 575,000 customer connection points in an area of more than 80,000 square kilometres of eastern Victoria; and
- A gas distribution network delivering gas to approximately 504,000 customer supply points in an area of more than 60,000 square kilometres in central and western Victoria.

SP AusNet's purpose is to provide our customers with superior network and energy solutions. The SP AusNet corporate values are :

- Safety: is our way of life. Protect and respect our people and our community.
- Passion: to bring energy and excitement to what we do. Be innovative by continually applying creative solutions to problems.
- Teamwork: to support, respect and trust each other. Continually learn and share ideas and knowledge.
- Integrity: to act with honesty and to practise the highest ethical standards.
- Excellence: to take pride and ownership in what we do. Deliver results and continually strive for the highest quality.

For more information visit: www.sp-ausnet.com.au

Contact

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Although electricity generation, distribution and consumption is a national, 24/7, 365 day operation, there are good social, economic, and practical drivers which have led to the limiting of the market functions which market participants are obliged to support on non business days. It is relatively clear and agreed that expecting full functionality and therefore full resources to be in place on weekends would impose unjustifiable industry costs and resource impacts. However the application of this general principle with respect to public holidays is not so clear cut. SP AusNet agreed that the current definitions of non business days in the various applicable regulatory documents are inconsistent and support the need for regulatory certainty regarding the regulatory obligations surrounding these non weekend non business days.

AEMO in their submission and AEMC in their Paper appear to have overlooked the other Law/Rules which impose timing obligations on national energy market Participants. The recently passed National Energy Retail Law (NERL) and the associated Rules (NERR) (ie the National Energy Customer Framework), although not currently actively used in any jurisdiction, also deals with Participant timing obligations and hence also has a requirement to define “business days”. Any attempt to co-ordinate and align as necessary clear definitions of business days will only do a part of the job, if the NECF definitions are not included in this rationalisation. This is complicated by the range of potential definitions of business day in the present Jurisdictional regulatory documents which currently define the timely obligations associated with most of functions and related obligations now included in the NECF.

The definition of business day in the NERL is:

business day means a day that is not:

(a) a Saturday or Sunday; or

(b) observed as a public holiday on the same day in each of the participating jurisdictions (except the Commonwealth);

That is: the NERL definition aligns with the definition in the NEL

However another definition appears in the NERR in its “Simplified explanation of terms”

business day means a day other than a Saturday, a Sunday or a public holiday;

The Victorian Electricity Distribution Code (EDC) which defines the timing obligation for a number of functions to be regulated in future under the NECF has the following definition:

business day means a day, other than a Saturday or Sunday, or a Public Holiday appointed under the Public Holidays Act 1993.

This clearly limits the days on which support for the functions in the EDC is required to be provided by Victorian businesses, to days which are not weekend or appointed public holidays in Victoria. One imagines that this approach would also be consistent with that in other Jurisdictions’ equivalent service documents.

The questions to be answered in this consultation therefore should be:

1 Is the accepted practice in the wholesale/retail trading market of defining public holidays as only days where all NEM jurisdictions have coincident public holidays (irrespective of the potentially varying reasons for those holidays) still the correct approach? If so what is the best (ie most unambiguous) definition of this concept of public holiday?

2 What is the most appropriate approach to public holidays as they apply to the functions and services for which timing obligations are established under the NECF? Should it be the same as the trading market definition as outlined in 1 above? Or should the approach be as per that in the Victorian EDC, and the NECF therefore be clarified such that Jurisdictional public holidays apply in each Jurisdiction as a non business days for NECF functions and services in that jurisdiction.

The SP AusNet view is:

Re 1 Trading market definition of business day

The fact that the trading market is national and involves generally nationally operating retailers, tends to support an argument that this market should commit Participants to participate on all days where this is practical and efficient. This participation for trading market functions requires extensive use of banking facilities. Hence as banking facilities are also nationally provided, access to these facilities will be available even if only one state does not have a public holiday. Hence as pointed out in the AEMO submission, only on days where all states have a public holiday will access to banking for handling of settlement and prudential processes be unavailable. Hence the definition of a public holiday as only where all NEM jurisdictions have coincident public holidays is appropriate as a trading market definition.

This is best represented by the current NEL definition and hence the NER definition, where it is applicable to trading market type service obligations, should be aligned to the NEL definition as proposed by AEMO and the AEMC.

Re 2 Non trading market services and functions definition of business day

These market services and functions are largely based on customer interactions and therefore in any one jurisdiction, volumes will be limited for public holidays in that jurisdiction. Hence for Participants generally, and distributors in particular, to have service obligations and hence manning obligations on those days where their jurisdiction has a public holiday would appear to lead to the deployment of a largely wasted resource. Whilst retailers may utilise a centralised or another state based facility and resource group to handle the lower number of services for a state or states with a public holiday, this alternative is not available to distributors. A distributor obliged to provide services and functions on a public holiday in their state would be forced to provide at least base level manning and support. The costs of this largely unused resource will ultimately be passed to consumers through increased distributor costs and hence charges.

Hence for non trading market services and functions, the type of definition in the Victorian EDC which is based on local state appointed public holidays is more appropriate.

Summary SP AusNet position

1 The outcome of the current consultation should align the business day definition in the NER with that currently in the NEL, but make it clear that these definitions are for trading market timeframes and obligations only.

2 This current consultation should establish a different definition of business day which is applicable to non trading market services and functions, or if this is considered out of scope for the current consultation, the outcome should flag that another consultation will be initiated to look at the business day definition for these type of services and functions as covered by the NECF.