

20 October 2009

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

By email: aemc.gov.au

Dear Sir/Madam

Proposed National Electricity Amendment (Provision of Metering Data Services and Clarification of Existing Metrology Requirements) Rule 2009

Integral Energy appreciates the opportunity to comment on the proposed National Electricity Amendment (Provision of Metering Data Services and Clarification of Existing Metrology Requirements) Rule 2009 as part of the consultation conducted by the Australian Energy Market Commission.

Integral Energy notes that the proposed Rule changes submitted by the Australian Energy Market Operator (AEMO) are based on its strategy to review the roles of providers of metering services.

Integral Energy is generally supportive of the proposed amendments, including the creation of a category of Metering Data Providers. However, it considers a number of the proposed amendments raise issues which require further consultation, consideration and deliberation before being adopted as a Rules provision as proposed by AEMO.

In this context Integral Energy notes that AEMO has stated that its own consultation on this specific Rule change proposal has not received the endorsement of the Metrology Reference Group or any individual registered participant¹.

These proposed amendments are substantive and Integral Energy is concerned that no quantification of the costs or benefits of the proposed amendments have been provided to support the proposed Rule change.

¹ Consultation Paper - NEMMCO Rule Change Proposal : Metering Data Providers and related matters, p2

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Smart Meters

AEMO has stated that whilst its "proposal is not concerned with specific changes for smart meters it takes into account the introduction of smart meters."²

Under the proposed amendments, the Responsible Person would be responsible for the provision of the type 1-4 metering installations. The proposed amendments also expand the power of AEMO to establish service level procedures to determine requirements for, among other things:

- the provision, installation and maintenance of metering installations;
- systems and processes for collecting, processing and delivering metering data;
- performance levels associated with the collection, processing and delivery of metering data; and
- the data formats to be used.

The Ministerial Council on Energy (MCE) and the electricity industry's National Smart Meter processes are currently considering the most appropriate longer-term regulatory arrangements for smart meters, including metering rollout exclusivity, functionality and technologies and related data and business processes.

Those considerations are expected to impact on the content of the Rules beyond the current Rule change proposal including, for example, the role of the Responsible Person, smart meter metering types, the definition of metering installations and service procedures.

As such, Integral Energy is concerned to ensure the current Rule change proposal does not traverse the issues or set a precedent for the introduction of smart meters and the roles of the Responsible Person and the Metering Data Provider.

Liability

• *Responsible Person*

Integral Energy supports the transfer of responsibility for the Metering Data Provider function from AEMO to the Responsible Person, however, considers that an appropriate mechanism be in place to address the liability exposure of Responsible Persons.

The transfer of responsibility for the delivery of data from AEMO to the Responsible Person effectively transfers the risk of non delivery of data from AEMO to the Responsible Person.

² Consultation Paper - NEMMCO Rule Change Proposal : Metering Data Providers and related matters, p3

Under the National Electricity Law (NEL), AEMO has indemnities relating to the performance or exercise of its metering functions. Whilst the proposed amendments transfer the responsibility for metering data to the Responsible Person, they do not provide for similar indemnities or protections to the Responsible Person for the metering functions.

This risk exposure will significantly increase over the coming years as smart meters are rolled out across the NEM, replacing current type 5-7 metering installations with type 1-4 metering installations.

In the event the Rules are amended to create a new category of metering installation to accommodate the smart meter rollout (a position what Integral Energy would support), the current Rule change proposal is silent on this issue and does not "take into account the introduction of smart meters".

No discussion or quantification of liability or the risks attendant to the rollout of new interval meters has been considered in this proposal.

Under clause 7.2.3(a) (2) of the Rules, the LNSP is the Responsible Person for type 5-7 metering installations.

Under clauses 7.2.2 and 7.2.3 of the Rules, the Market Participant is the Responsible Person for type 1-4 metering installation, unless they elect to request an offer from the LNSP to act as the Responsible Person. In this instance, the LNSP would become the Responsible Person.

Under this arrangement the LNSP would assume the risk exposure for the non delivery of data. However, there is no certainty of a corresponding financial incentive commensurate with assuming this risk.

Similarly, where the Financially Responsible Market Participant (FRMP) seeks to avoid the costs associated with being the Responsible Person, it can elect to request an offer from the LNSP to act as the Responsible Person, whereby the costs would be incurred by the LNSP. In this instance, there is no certainty that the LNSP will be able to recover all its costs.

AEMO states that *"the remote collection of metering data will be more common in future with many providers utilising different technologies across all metering installation types³"* which would significantly increase risk exposure and that *"it would not be appropriate for NEMMCO [AEMO] to be responsible for these activities."⁴*

³ Consultation Paper - NEMMCO Rule Change Proposal : Metering Data Providers and related matters, p11

⁴ Consultation Paper - NEMMCO Rule Change Proposal : Metering Data Providers and related matters, p11

Rather, under the proposed amendments, AEMO would seek to assume and impose control over (but not accept responsibility for) metering installation provision, installation and processes through its proposed service level procedures.

As a result, Integral Energy considers a statutory protection for metering functions for the Responsible Person similar to the indemnities available to AEMO would be appropriate.

- ***Metering Data Provider***

Under the current Rules, a *Metering Data Agent* (MDA) as an agent for AEMO can avail itself to the immunities and indemnities of AEMO under the NEL which are associated with performing the AEMO metering data function.

Under the proposed amendments, a *Metering Data Provider* (MDP) would not have the immunities and indemnities which are available to AEMO under the NEL.

Given that the MDP must also establish and maintain the metering services database, the risk exposures associated with the non-delivery of data and the database itself can be significant and potentially very costly.

As a result, Integral Energy considers a statutory protection for the MDP similar to the protections currently enjoyed by the MDAs as agents for AEMO would be appropriate. In the absence of any statutory protection, the MDP would be expected to incur additional costs, such as in obtaining insurance coverage.

Service level procedures

As stated above, the proposed amendments expand the power of AEMO to establish service level procedures.

The sole reason given by AEMO to establish and develop service level procedures is "*for service level requirements to bind metering providers and metering data providers as procedures authorised under the Rules*⁵"

The Rules currently provide for AEMO metrology procedures which bind participants (Responsible Persons and Metering Providers) and set out the roles and requirements relating to metering data. The AEMO submission does not address why the existing mechanisms could not be used to accommodate the service level requirements of the Responsible Person, Metering Providers and Metering Data Providers.

⁵ Consultation Paper - NEMMCO Rule Change Proposal : Metering Data Providers and related matters, p14

The creation of new statutory service level procedures is an unnecessary mechanism to address service level requirements for Metering Providers and Metering Data Providers. The creation of additional statutory service level procedures introduces additional complexity, uncertainty and costs for no apparent benefit, and which would again require revisiting when smart meters are rolled out across the national electricity market.

Metering data services database

The proposed 'metering data services database' is defined as:

"The database established and maintained by the Metering Data Provider that holds the metering data, NMI Standing Data and information from the metering register in accordance with the Rules."

Integral Energy is concerned that the definition of a metering data services database includes NMI Standing Data. There is no discussion in AEMO's submission for the inclusion of NMI standing Data in the Metering data services database.

NMI Standing Data is currently retained by Network Service Providers and contains, among other things, distribution loss factors applicable at connection points and network tariffs.

It is unclear to Integral Energy what role the MDP has in establishing and maintaining a database of distribution loss factors and network tariffs. Accordingly, Integral Energy submits that any proposed definition of a 'Metering data services database' excludes a reference to NMI Standing Data.

If you have any questions with respect to this matter, please contact Mr Erik Beerden on telephone number (02) 9853 6904 in the first instance.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Rod Howard', with a long, sweeping horizontal line extending to the right.

Rod Howard

Group General Manager Network