



Meter Replacement Processes

Release of final determination and final rule

On 10 March 2016, the Australian Energy Market Commission (AEMC) published its final rule determination in response to a rule change request from ERM Power. The final rule provides clarity on the rights and obligations of parties at a connection point in respect of replacing a meter during the retail transfer process. The final rule also supports a reduction in time in the period between completion of the retail transfer process and the installation of a new meter at a connection point. These aspects of the final rule should increase positive customer experiences in the market.

Background

ERM Power submitted a rule change request to amend the National Electricity Rules (NER) to clarify the obligations and rights of certain parties when meter replacement occurs at the time of the retail transfer.

Specifically, the rule change request proposed to clarify that an incoming retailer can arrange for a metering installation to be changed at a connection point prior to the retail transfer process being completed. In order to give effect to this, ERM Power proposed that “prospective” metering roles should be introduced into the NER. For example, the new role of prospective metering provider would be introduced, with this role having the right to change the metering installation at a connection point prior to the retail transfer being completed. ERM Power noted that this would enable incoming retailers to be able to provide retail customers with their chosen products or services on the day that the retail transfer is completed.

When a customer changes retailer, a retail transfer process is followed, with this process recording the change of retailer in the systems of the Australian Energy Market Operator (AEMO). The retail transfer process itself is not affected by the rule change.

Commission’s analysis and conclusions

The Commission considers that there is a trade-off to make between having alignment of the meter churn and retail transfer, with the administrative complexity and transaction costs involved in achieving this alignment.

The Commission considers that the final rule strikes a balance of supporting earlier meter churn compared to existing arrangements, while still maintaining clear rights and obligations, as well as having low implementation costs. The amendments made under the final rule support positive customer experiences in the retail market.

There are a number of other events or market developments that are currently underway that may improve and affect the process and timing for retail transfers and meter churn. For example, the new framework for competition in metering services, which will become effective on 1 December 2017, will provide incentives for parties to innovate, and potentially facilitate more efficient meter churn and retail transfers.

Accordingly, the final rule seeks to clarify the arrangements relating to meter churn, as well as introduce amendments to the NER (as amended under the final rule for competition in metering) that support the reduction in the time of the process to change the meter when a retail transfer occurs. This will benefit the long-term interests of consumers.

The final rule supports a reduction in time in the meter churn process when this happens alongside a retail transfer.

Overview of the final rule

The final rule is a more preferable rule and its key features are:

- It requires that the MSATS procedures include provisions that enable:
 - An Incoming Retailer to nominate a metering coordinator, metering provider or metering data provider to be appointed at a connection point in respect of which it is the Incoming Retailer, and for those appointments to be recorded as being effective on or, where requested by an Incoming Retailer, after the day that the market load at the connection point transfers to the Incoming Retailer as the new financially responsible market participant; and
 - the installation of a new or replacement metering installation at a connection point as soon as practicable after the transfer of a market load at that connection point has been effected by AEMO;
- it clarifies that where a change in metering coordinator at a connection point is effected due to a retail transfer, the new metering coordinator becomes responsible for the metering installation at that connection point on the day that the retail transfer is completed; and
- it introduces transitional arrangements requiring AEMO to amend (where required) certain procedures by 1 September 2016 to take into account the changes to the NER referred to above.

The final rule affords AEMO a level of discretion with regard to how the MSATS procedures (and other procedures maintained by AEMO relating to meter churn, metrology and the retail transfer process) give effect to the nomination of metering roles and subsequent recording of appointment of such roles at a connection point and the exact timing and process for meter churn following a retail transfer. This discretion is important because the manner in which these processes are given effect is driven by the capability of AEMO's and market participant's systems and interactions with other procedures and processes, which are governed by AEMO.

Benefits of the final rule

The final rule supports a reduction in time in the meter churn process when this happens alongside a retail transfer. The rule also provides clarity on the rights and obligations of parties in respect of the relevant connection point at all times during the meter churn and retail transfer processes.

The final rule will provide greater certainty for consumers, retailers and metering businesses when meter churn occurs. Also, the reduction of time in the meter churn process, subject to other processes determined by AEMO under the NER and procedures authorised under the NER, should lead to improved outcomes for consumers, since they would be able to access services associated with their desired meter faster.

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