

21st May 2015

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney NSW 1235

Consultation Paper

ERC0179 – Embedded Networks

Dear Mr Pierce,

Metropolis Metering Services Pty Ltd (Metropolis) is an AEMO accredited Metering Provider and Metering Data Provider with a significant volume of contestable and off-market meters installed across homes and businesses in all states and territories in the NEM.

Metropolis supports the intention of the *Embedded Networks* rule change request, and welcomes this opportunity to provide input into the consultation paper. As an existing provider of metering services to embedded networks, Metropolis has a keen interest in improving the regulatory framework supporting embedded network customers

The attached appendix details, Metropolis' responses to the consultation paper, with a specific focus on aspects relating to metering.

Sincerely,

Charles Coulson
Regulatory Manager

Metropolis has provided responses to Questions 1, 3, 6, 8 and 9 from the consultation paper, and an additional commentary primarily based on the AEMO detailed design document.

Generally, Metropolis supports the approach, including the concept of an ENM, and the responsibilities allocated to such a role. The complexity of embedded networks from a regulatory perspective is high, and it is critical that all three regulatory bodies are aligned in this change request.

Question 1 Requirements to facilitate competition

The AERs network and retail exemptions ensure that an ENO provides the majority of services and consumer protection activities required for a NEM registered site. For meter related services this will not be the case after *competition in metering*. There is a suggestion in this proposal that the AER include routine meter testing to the exemption rules, however there is no reference or consideration given to the significant metering changes that will come with *competition in metering*.

In particular, where an embedded network (EN) customer is on-market, and subsequently accepts an off-market offer from the ENO, what is the expected obligation on the ENO retain NEM compliant metering or metering services? There are perverse incentives for the ENO to revert to non-compliant metering, in order to increase the cost for the consumer if they wished to again use on-market Retail services.

The level of impact on consumers, and the solution, is dependent on the timing and interaction of this change with *competition in metering*. Once advanced meters are installed for *competition in metering*, the consumer impact is greatly increased. Assuming that this change will be coincident or subsequent to *competition in metering*, Metropolis recommend the ENO obligations include selecting a registered Metering Coordinator, and maintaining NEM compliant metering, if a consumer reverts back to an off-market offer.

Question 3 When is an ENM required?

Metropolis supports the proposed thresholds for when an embedded network is required to appoint an ENM. The proposed thresholds maximise consumer benefits, while retaining ability to practically execute, which would not be the case if deemed embedded networks were required to appoint an ENM.

Question 6 Grandfathering

The consultation paper discusses allowing existing ENOs an extended period to appoint an ENM, citing tendering time and budget, or time to develop internal ENM capability.

Metropolis does not support an extended period for ENOs with current registrable or individual network exemptions to appoint an ENM. Any delays to appointing an ENM should be considered explicitly in conjunction with the disadvantage consumers incur due to not being able to participate in a competitive market.

An ENO has incentive to delay appointing an ENM as long as possible, in order to maintain their monopoly role. As such, it is likely that any existing consumers within embedded networks would have to wait the full period granted. This is not the intention, and puts these consumers at a disadvantage over all other participants in the NEM for this period.

Conversely, Metropolis do not envision ENM fees to be sufficiently high to justify a 2 year process for budgeting and approval. The rule will be finalised long before the industry is prepared, allowing a significant period for ENOs to prepare.

Question 8 Implementation timing

Metropolis agree that there are potential implementation synergies between this *embedded networks* change and the *expanding competition in metering* change. These include benefits from having the MC and minimum spec for new embedded network meters.

It has been discussed within industry working groups that making one set of changes to MSATS, B2B and Metrology procedures would reduce the cost of IT implementation changes, which Metropolis agree with. However, Metropolis also believe that developing two sets of changes in parallel is well within the capability of the industry. Indeed, modern IT system development systems and methods fundamentally support parallel implementation streams.

It is difficult to assess the potential synergies with *shared market protocol*, as the project is not even up to consultation phase.

Despite any synergies, *embedded networks* (and *shared market protocol*) should not cause any delay or significant risk to *competition in metering*. The *competition in metering* change is a fundamental building block for most of the Power of Choice changes, and should be protected from any significant risks.

Question 9 Competition in the ENM market

Metropolis fundamentally disagrees with a rule that provides a right to one competitive service provider over another, irrespective of the term of that right.

Given the potential impact on consumers, market participants, service providers and settlements, Metropolis recommends that the concept of “deemed ENMs” is abandoned.

If it is determined that there will be deemed ENMs, then:

- This should be extended to other parties with similar capabilities, such as MDPs (who utilise B2B and MSATS, and are familiar with the actions that would be assigned to ENMs).
- It should be clear that there is no waiver of responsibilities, along with the waiver of registration: anyone performing in this role should be confident that they are competent and willing to take on the risks and obligations associated with this role.

Ensuring ENMs are available depends on the timing of the rule change and implementation activities. It is Metropolis's understanding that the "implementation period" would include sufficient time for AEMO to develop ENM registration guidelines and for ENMs to fulfil the registration requirements.

Additional commentary

In general Metropolis supports the AEMO rule change request and detailed design. However, there are a number of clarifications required.

Metropolis strongly support standardising customer experience and industry processes between "normal" energy consumers and those connected via an embedded network. This includes support for the enhanced testing regime for EN meters proposed by AEMO, which would be implemented by the AER.

However there are a number of details which generate unusual outcomes:

Reversion of metering

It is explicitly stated by AEMO that metering can be reverted when an EN consumer is off-market. It is unclear why an EN consumer should be unable to access advanced services where these they had previously been available.

It should be noted that with an increased risk of physical meter churn, it is possible that embedded network metering would attract a premium.

This point, and recommendations, are addressed in Q1, above.

MSATS Data consistency

Metropolis would like to see the data in MSATS being consistent. This seems to be an obvious statement, however there are aspects of AEMOs proposal that would build inconsistencies into MSATS

Metropolis support the concept of persistent NMIs for child NMIs. This simplifies market setup and allows a history to build for a site, both of which reduce errors within the market. However, this triggers a series of problems when an EN site was on-market and reverts to off-market.

- AEMO proposes that all participant roles remain as they were when a site reverts to off-market.

Metropolis maintain that this is misleading: The FRMP, MP, MDP, LR all cease to have any obligations or authority over the site. By not end-dating these roles, the data in MSATS is inconsistent between EN sites and "normal" sites.

Metropolis propose, instead, that a generic participant be utilised to indicate that the responsibilities of this site are now with the ENO. This approach is used currently with the NRNSP participant, which is a generic participant for embedded network NSPs.

- AEMO propose that the meter *data stream* be set to inactive for off-market meters.

This proposal is put forward to support market settlements, as the settlement process ignores data streams that are set to inactive. However, the *data stream* flag also indicates that there is, or is not, energy flow. In the case of a MDP continuing to offer off-market metering, this becomes misleading. In the case of a new metering solution, the old meter should be marked as removed.

Metropolis propose that the settlements process be adjusted to utilise the *NMI Status*, which is proposed to be set to 'C' for off market embedded networks, instead of the *data stream* flag. This allows the MDP to maintain the *data stream* status in MSATS in an accurate manner, while also ensuring accuracy of the settlements process. This is not new capability in MSATS: initially settlements relied on the *NMI Status* of de-energised to exclude NMIs from settlements, however the *NMI Status* was frequently found to be inaccurate, so it was changed to be the *data stream*. This should be a relatively straightforward system change.

END