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Mr John Tamblyn
Chairman
Australian Energy Market Commission
Level 16
1 Margaret Street
SYDNEY NSW 2000

Dear Mr Tamblyn

Response to consultation on changes proposed for the integration of NEM Metrology Requirements

1 Introduction

The Australian Energy Market Commission (AEMC) has sought comment on National Electricity Market Management Company's (NEMMCO) proposed changes to Chapter 7 of the National Electricity Rules to enable integration of first tier metrology requirements and some jurisdictional requirements into the metrology framework. This submission is a response from United Energy Distribution (UED) and Alinta AE (AAE) to the first round of AEMC consultation on these Rule changes. The businesses (UED and AAE) appreciate the opportunity to comment on NEMMCO's proposals and while generally supporting the proposed amendments we offer the following comments for the consideration of the AEMC.

2 Comments

2.1 Rule change 3 – Election of Responsible Person

2.1.1 Election of Responsible Person via the Metrology Procedure

Current Rules limit the election of the responsible person by the Financially Responsible Market Participant (FRMP) to type 1-4 metering installations only and define the LNSP as the responsible person for types 5-7 metering installations. This change seeks to accommodate the position in two jurisdictions where first tier metering instruments allowed for variations in who can be the responsible person for first tier connection points for some type 5 and 6 metering installations.

To facilitate the above, Clause 7.2.2 (a) (2) and 7.2.2 (b) have been amended and a new clause 7.2.3 (i) has been introduced. The businesses are concerned that the changes as drafted provides for the Metrology Procedure to specify where responsibility lies for 1st tier metering installations without any limitations or constraints. The businesses consider that the Rules, rather than the Metrology Procedure, are the appropriate instrument in which responsibility for metering installations should be specified. A grandfathering approach could be used to cater for any existing situations where the responsible person role has been elected based on the existing jurisdictional arrangements for 1st tier metering installations - similar to that adopted in S7.2.1 (c). This is preferred over preserving the existing jurisdictional decisions for 1st tier metering which are inconsistent with the Rules.

UED and AAE recommend the following:

- removing Clause 7.2.2 (a) (2),
- deleting the words “or in accordance with the metrology procedure for 1st tier loads” from 7.2.2 (b)
- removing Clause 7.2.3 (i), and
- adding a new clause to grandfather existing sites as 7.2.2 (c).

Our suggested drafting for clause 7.2.2(c) is shown below.

“Where a market participant is the responsible person for a first tier load with a type 5 or a type 6 metering installation that was commissioned prior to 1 Jan 2008 and complied with the applicable jurisdictional instruments at this date, the Market Participant may elect to remain the responsible person for these type 5 and type 6 metering installations.”

2.1.2 Consistent Phrasing Recommended

Should the current drafting be retained in 7.2.2 (b), UED and AAE suggest that the words “another type of *metering installation*” be inserted in 7.2.2(b) after the word ‘or’ to align with the phrasing adopted in 7.2.2 (a) (2).

2.1.3 Joint Metering Installations

The businesses also query the need for the additional words “subject to clause 7.2.4” proposed to be added to 7.2.2 (a) and 7.2.3(a). Clause 7.2.2 sets out that the Market Participant may elect to be the responsible person for certain meter types and Clause 7.2.3 sets out the responsibilities of the LNSP and these should not be subject to arrangements agreed by, or imposed upon, other market participants. The businesses suggest that the words be deleted in at least Clause 7.2.3 (a) as Clause 7.2.4 should not alter the LNSPs responsibilities outlined in 7.2.3.

2.2 Rule change 4 – Additional facilities

The proposed clause 7.2.3(j) recognises jurisdictional arrangements that allow a market participant to facilitate the provision of ‘value added services’ to end-use customers through the LNSP where the LNSP is the responsible person for the metering installation.

For clarity the businesses suggest that the words “for the *Local Network Service Provider*” be added after the word ‘request’ in line 3 of 7.2.3(j).

2.3 Rule change 6 – Management of losses

This change seeks to achieve a common approach to the management of losses between the connection point and metering point by incorporating some jurisdictional requirements in addition to

current requirements under the Rules. NEMMCO suggests that the changes are consistent with current industry practice and clarify the party responsible for the management and adjustment of such losses. However the change to clause 7.3.2(b) introduces a level of materiality not previously stated.

The application of these provisions should be limited to larger customers where the distance between the connection point and the metering point is substantial and where losses may be an issue. The businesses are concerned that a strict interpretation of the current change proposal could lead to requests for a wider application of the requirements, even in residential installations where the distance between the connection point and the metering point may be substantial. Currently such energy losses are smeared across all customers as part of the average distribution loss factors. The proposed change is unlikely to be cost effective.

Rather than specifying a level of materiality, the businesses believe the current approach of absorbing losses into the average distribution loss factors, except for larger customers, is a more cost efficient approach for participants and customers. We suggest that sub-clause 7.3.2(bc) be deleted and the references to material within the balance of 7.3.2 be deleted (3 instances).

Further, any requests by a Market Participant under clause (ba) will involve a site visit and measurements to enable the technical calculations to be undertaken to determine the losses. The responsible person should be able to recover the costs incurred in fulfilling the Market Participants request under clause (ba), this would also provide an appropriate cost-benefit discipline on the activity in a similar manner to that proposed in Clause 7.11.2 (ae).

2.4 Rule Change 14 – Security Seals

This rule change proposes stronger harmonised obligations in relation to security seals to replace diverse jurisdictional requirements.

Clause 7.11.2 (ae) refers to the cost of replacing a seal to be borne by the *Registered Participant* if the seal was broken by its customer. The reference to *Registered Participant* covers both a *Market Participant* and a *DNSP*. We suggest that the clause be amended to refer to a *Market Participant* who has the relationship with the end use customer.

2.5 Rule change 15 – Type 7 metering installations

This change seeks to incorporate a framework for determining connection points that may be unmetered based on the principles applied in the metrology procedure and jurisdictional metering instruments (for the first tier). It also seeks to clarify NEMMCO's role in determining which connection points qualify as type 7 metering installations in the NEM and address the criteria under which a connection point can be type 7.

What is unclear from the wording as proposed is whether NEMMCO will be required to vet and approve individual new/variations of type 7 installations or are they going to set the principals as set out in (a) and (b) of Item 5 of Schedule 7.2.3 and leave it to the market to manage the installations within those principles. The businesses understand that NEMMCO is currently in the process of making a submission to the MRG on these matters.

2.6 Rule Change 16 – Data Validation, Substitution and Estimation

The proposed Rule change enables all the data validation, substitution and estimation processes and algorithms to be incorporated into a single area under the NEM metrology procedure. This allows a more efficient consultation process and ensures that type 4 and type 5 processes remain aligned.

Clause 7.14.1 (c) (7) (ii) requires the metrology procedure to include data estimation for the purposes of rule 7.11. We suggest that the clause be redrafted to refer to Clause 7.11.1 the metering data section of Clause 7.11.

2.6.1 Editorial changes

A number of suggested editorial changes are set out in the attachment.

Should wish to discuss any aspect of this submission, please feel free to contact me on

(03) 8544 9447.

Yours faithfully

Verity Watson

Market Relation & Government Relations Manager

ATTACHMENT

Editorial changes

Clause 7.6.1 responsibility for testing

Sub clause (bb) refers to the “*responsible person and*”, the word “and” should not be in italics. Similarly with the wording “affected *parties* 5 business days”, the word “parties” should not be in italics and the words “business days” should be in italics and have the NER meaning in Chapter 10.

Sub clause (d) refers to “at least two *business days*’”. We suggest that “two” be amended to “2” for consistent use of numbers within Clause 7.6.1 and the apostrophe be removed.

Sub clause (e) refers to “*responsible person*”. We suggest that the word “person” should be in italics in order to take on the NER meaning.

Sub clause (f) – the second instance of Registered Participant should be plural.

Clause 7.6A Retention of Records and Documents

Sub clause (d) refers to “metering equipment of that the relevant type”. The word “the” should be removed from this section of clause.

Clause 7.7 Entitlement to Metering Data

The font for clause 7.7 should be altered to the standard font used for the rest of Chapter 7.

Clause 7.7 (a) (7) should read “An Ombudsman in accordance” rather than “An Ombudsman is accordance”.

Clause 7.9.4 Data validation, substitution and estimation

Sub clause (ab) refers to Metrology Procedure. The wording should be consistent with the NER meaning and the sub clause (a) above and be amended to “*metrology procedure*”.

Clause 7.11.2 Metering installation malfunctions

Sub clause (ac) refers to “5 *business days*”, the word “days” should also be in italics.

Schedule 7.2.3, Item 5

Sub clause (a) refers to “the *metrology procedur*”, we suggest an “e” be added to procedure