

19th May 2016

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney NSW 1255

DRAFT DETERMINATION

National Electricity Amendment (Updating the electricity B2B framework) Rule 2016

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 advanced meters installed across homes and businesses in all states and territories in the NEM.

Metropolis welcomes this opportunity to provide a response to the draft determination for *Updating the electricity B2B framework*. As an existing accredited, competitive metering services provider, Metropolis has a keen interest in expanding the benefits of advanced metering throughout the Australia. As a leading innovator in metering services Metropolis applauds efforts to support advanced metering service delivery and take up.

Sincerely,

Charles Coulson
Regulatory Manager

Overview

Metropolis generally support the Draft Determination.

Metropolis support the IEC membership criteria. In particular, Metropolis's concern that representation of specific sections of the market could be prevented due to bloc voting has been addressed.

Metropolis also support the changes to procedure making, support for free-form (bilateral) B2B messaging, and cost recovery.

The implementation timeframe proposed has highlighted significant concerns within industry. Metropolis does not have the same delivery concerns, however industry readiness is an important factor in the successful transition to *Competition in Metering*.

IEC

Membership

Metropolis support the IEC membership criteria as described in the draft determination.

Metropolis has previously expressed concern that representation of specific sections of the market could be prevented due to bloc voting. In particular, this refers to the fact that DNSPs as a bloc have a majority vote over the metering position, as well as the DNSP position.

The draft determination addresses this concern. By providing for AEMO to appoint un-represented groups to the IEC without industry veto, Metropolis are confident that the intended outcome can be achieved.

A number of alternative membership criteria have been proposed. Some alternative membership proposals may be suitable, however some of the proposals are likely to reduce diversity and representation on the IEC, compared with the draft determination.

In particular, Metropolis highlight the proposal that existing IEC members elect discretionary members. This proposal is inappropriate, and likely to have the effect of increasing the majority of an already existing strong voting bloc. Metropolis strongly oppose this proposal.

Some participants have highlighted that AEMO will have the ability to strongly influence the IEC through the appointment of up to 4 representatives. Metropolis supports the concept of AEMO appointed members being used to ensure under-represented market segments are covered in the IEC. However we would also support an increased level of transparency in the AEMO appointment process.

Chairman

Metropolis support the IEC chairman being an AEMO director.

Metropolis note the concerns of a number of parties regarding voting, conflict of interest and authorisation of an AEMO chairman. In addition, AEMO have indicated that AEMO appointed discretionary members will require AEMO board approval, providing for another avenue of conflict of interest.

Despite these potential problems, Metropolis consider that the benefits of an AEMO director as chairman of the IEC far outweigh the risks. In particular this:

- 1) Sets a clear signal as to the level of skill and experience required for IEC members,
- 2) Provides a strong alignment between AEMO and the IEC.

These benefits address two of the main concerns with the old IEC structure, and are fundamental to this rule change being successful.

B2B

B2B Procedures

Metropolis support the position of the AEMC regarding the content of the B2B procedures.

The IEC is the body responsible for managing the B2B procedures, and is in the best position to assess industry requirements and prioritise which services are supported by B2B. In particular, the IEC is in a position to determine what can be built in the available time, and what the most critical services are to be supported for *Competition in Metering and Embedded Networks*.

Despite this, Metropolis also supports explicit provisions for free-form B2B messages. This supports a level of innovation in services by providing an existing message delivery system. The IEC is not an appropriate body for determining and publishing delivery methods for innovative services, due to the time sensitive and commercially sensitive nature of developing new services.

Implementation timeframe

Metropolis support the implementation timeframe.

The minimum time frame in the draft determination allows very limited time for participants to develop their systems. However, it is important to consider two things:

- 1) the Rules impose a “worst case” timeframe, and
- 2) the time required for participant build depends on the changes required.

The draft determination allows the IEC to deliver B2B procedures earlier than 1-June-2017. Industry commentary suggests that it is highly likely that this will occur. Conversely, the longer the time made available to implement, the less that will be available to develop the



procedures. This is a simple trade-off that the new IEC will be perfectly capable of managing.

The amount of change is constrained at a lower level by the minimum for compliance, and a reasonable upper limit is the changes proposed by the old IEC in recent workshops (although more change could occur).

The lower boundary is very minor: all participants can easily accommodate minimum compliance within the timeframe in the draft determination. However, it is agreed within the industry that this minimum level would have significant efficiency (and cost) impacts.

It is also agreed within the industry that the time required to build all the capability at the upper limit exceeds the time available before 1-Dec-2017.

So, again the new IEC have a simple trade-off, which is well within their jurisdiction: time available vs desired capability.

Metropolis support the new IEC as the appropriate party to manage the competing priorities in this process, which matches the draft determination.

END