



## Meter Replacement Processes

### Release of draft determination and draft rule

**On 17 December 2015, the Australian Energy Market Commission (AEMC) published its draft rule determination in response to a rule change request from ERM Power. The draft rule would provide clarity on which parties hold rights and obligations in respect of the relevant connection point during a meter replacement process which occurs at the same time as a change in retailer. The draft rule supports the reduction in the time of the meter churn process but does not affect the retail transfer process.**

### 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.

The rule change request was to introduce into the National Electricity Rules new “prospective” metering parties. These “prospective” metering parties would have certain rights at a connection point, including being able to change the metering installation on behalf of the retailer that is in the process of taking over the connection point.

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

The rule change request originated from concerns about the process to change a meter for large customers under the status quo arrangements, but it could also have implications for small customers under future arrangements given the developments in competing in metering.

### Conclusion and analysis

The current arrangements, which only allow for the process of changing meters to begin after the retail transfer process has completed, could lead to additional costs for both retail consumers and retailers.

Currently, consumers may have to wait for a period of up to twenty six business days after a retail transfer has been completed before receiving a meter that could provide the desired products and services. This has the potential to broadly undermine confidence in the retail market over time.

However, the introduction of prospective roles as proposed by ERM Power would likely be overly complex and disproportionate to the problem identified above. Furthermore, the introduction of prospective roles may cause uncertainty in the allocation of rights and obligations for all parties at a connection point during the meter churn and retail transfer processes.

The changes to be introduced under the recently completed competition in metering rule change resolve many of the issues for large customers identified by ERM Power. Under this framework a large customer would have the right to appoint its own Metering Coordinator, who in turn can undertake the change in a metering installation entirely independent of the retail transfer timelines.

## Draft Rule

Given the above conclusions, the draft rule seeks to clarify the arrangements relating to meter churn, as well as put in place amendments that would support the reduction in the time of the process to change the meter when a retail transfer occurs.

The draft rule, if made, would:

- clarify that an incoming retailer cannot require a metering installation to be changed at a connection point until the retail transfer is complete;
- provide that during the retail transfer period an incoming retailer can nominate parties such as the Meter Provider and Meter Data Provider to undertake certain roles at a connection point, and that such nominated parties cannot commence these roles until the day the retail transfer is completed; and
- clarify that commercial arrangements can be entered into between incoming and incumbent parties at a connection point, so the incumbent parties can churn the meter on behalf of the incoming parties during the retail transfer period.

The incoming retailer would have no right to change the meter before the retail transfer is complete.

The draft rule supports the reduction of time in the meter churn process when this happens alongside a retail transfer. The draft rule would also maintain clarity on which parties hold rights and obligations in respect of the relevant connection point at all times.

## Scope of the rule change request

The scope of this rule change is limited to the interaction of metering parties in the Market Settlement and Transfer Solutions (MSATS) system. MSATS is a largely automated IT system operated and maintained by AEMO, which underpins a number of business processes including wholesale market settlement, billing and the customer transfer process. The rule change does not consider wider issues associated with meter replacement, for example, how metering providers interact with consumers when changing a meter.

## Implementation

If made, this rule would come into effect on 1 December 2017 alongside the implementation of the competition in metering rule change and elements of the embedded networks rule change. The draft rule also requires AEMO to amend a number of procedures relating to meter churn by 1 September 2016.

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