

7th October 2015

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

DIRECTIONS PAPER

National Electricity Amendment (Meter Replacement Process) Rule 2015

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 input into the directions paper for *Meter Replacement Process*. As an existing, accredited, competitive metering services provider who has been providing competitive metering to the NEM for 8 years, the Meter Replacement Process has a significant impact on Metropolis operations, and the operations of our customers.

Please see the attached appendix for Metropolis's response to the directions paper.

Sincerely,

Charles Coulson
Regulatory Manager
Metropolis Metering



Overview

Metropolis support the AEMC's objectives and direction, as outlined in the direction paper. However, Metropolis proposes a slight change which would align the AEMC's position more closely with common market processes, and address timing issues associated with the physical nature of the work performed to exchange a meter.

Metropolis strongly supports the AEMC's views that:

- Negative customer experience is detrimental to the market, and should be avoided where possible.
- It should be clear who is responsible for metering at a site at any time, and the party responsible must have the authority over the site.

Enhanced proposal

Metropolis would like to highlight and support the proposal in the previous AGL submission. This proposal is similar to the proposed AEMC direction, whereby a meter exchange and a retail transfer can occur on the same day.

- The AEMC position is that a meter exchange can be scheduled to occur on the same day as the retail transfer.
- AGLs position is that a retail transfer can be made effective on the same day as the meter exchange physically occurs.

The difference here is the triggering event: the physical work of installing a meter, or the logical work of the retail transfer.

The physical work of replacing a meter can be unintentionally delayed for many reasons (no access, sick technician, fluctuations in workload, unexpected meter configuration, flat tire, etc). Conversely, the Retail Transfer is a relatively simple electronic transaction entered into MSATS, and will not be delayed (even if technical delays occur, the effective date of the transfer will still be set by the transaction, not the date the work is performed)

As such, allowing the physical work to be the trigger for an on-the-same-day retail transfer is a practical approach to support the best customer outcome. This is also well understood at an operational level by the market, as it is a mechanism that has been in place for the vast majority of the last 15 years. Prior to the recent Meter Churn Procedure change, this was standard practice for a small business or residential Type 6 to Type 4 meter exchange.

From an implementation/MSATS perspective the prospective Retailer raises a CR1000 requesting: themselves as FRMP & RP, a contestable provider as MP and MDP, and a 'proposed change date'. The MP exchanges the meter as close to the 'proposed change date' as possible, and raises a CR1500 to set the 'actual change date' to be the date of the physical meter exchange. The 'actual change date' is the date when the FRMP, RP, MP & MDP roles

all become effective. These are existing transactions and processes within the market, and this requires no change to MSATS, and likely no change to participant systems.

Supporting positions

Metropolis support the position that customers can make bilateral arrangements for meters to be exchanged prior to a retail transfer. This does not require any rule change and is not restricted to large customers - it's simply a question of the magnitude of the benefit vs the cost, and a suitable commercial arrangement.

Metropolis supports the ability for a prospective FRMP to nominate a MP and MDP at the connection point during the retail transfer period, but the physical site work (and completion of the change of MP/MDP) not occurring until the retail transfer completes.

Rules vs Procedures

Metropolis views the Rules as being unclear, currently, but not contrary to the policy position outlined by the AEMC. Metropolis supports a clarification of the Rules to ensure the proposed policy position is clear.

The AEMO Procedures are based on an interpretation of the Rules. Metropolis's view is that AEMO have incorrectly interpreted these rules, and a clarification of the Rules would allow AEMO to update the Procedures to support the outcome which best supports the NEO in "*...efficient operation and use of electricity services...*".

Metropolis does not support significant changes to the Rules, or the inclusion of any additional level of detail regarding meter exchanges. This is the place of the AEMO Procedures. The proposed clarification of the Rules does not prevent retailers from changing MP or arranging meter exchanges once they are FRMP, so any clarification would not render the current AEMO procedures invalid. As such, Metropolis see no need for any delay or transitional period in the Rules clarification process.

Implementation timeframe

The AEMC's policy direction appears to be fundamentally identical to the intention of the current rules. The only reason this rule change request was raised was due to a change in interpretation of the Rules by AEMO. All industry participants are essentially in agreement that the AEMO change of interpretation placed unintended and excessive restraints on the exchange of meters.

All participants have, until recently, been performing meter exchanges using a process that is identical to the proposed (with the minor adjustment identified above) policy. This means that currently there will be very little process and system changes required by participants to enact this clarification. As system and processes evolve around the recent AEMO Procedure change, it will become more complex to return to the process where a retail transfer and meter exchange can occur on the same day.

The longer it takes to clarify the rules, the greater the impact, in terms of:

- Divergence between participant capability and policy – resulting in a more expensive and time consuming implementation.
- Consumer impact, as poorer experiences in this area become standard for both small and large consumers.
- Barriers to innovative energy product development due to confusing contracts and extended timeframes to exchange meters.

As this is a clarification only, Metropolis proposes that this is an administrative correction to the Rules and should not require the full AEMC consultation period. Metropolis proposes that this rule change is implemented immediately.

Conclusion

Metropolis supports the objective of the AEMC's position that, "an incoming retailer cannot require a metering installation to be changed at a connection point until the retail transfer is complete". However Metropolis proposes the wording should be slightly modified to be "an incoming retailer cannot require a metering installation to be changed at a connection point prior to when the retail transfer will be deemed to be complete"

Metropolis suggests that the Rule change is minor in nature, and reflects only a clarification on the intention of the rule. Thus Metropolis proposes clarifying the Rules without a full consultation cycle.

Metropolis supports the other policy positions of the AEMC in the directions paper.

END