

Ergon Energy Corporation Limited

**Proposed Changes to the National Electricity
Rules – First Tier Metering Installation
Requirements**

Australian Energy Market Commission

27 July 2007

First Tier Metering Installation Requirements

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Overview

Ergon Energy Corporation Limited (Ergon Energy) welcomes the opportunity to provide comment to the Australian Energy Market Commission (AEMC) on the proposed *National Electricity Amendment (Integration of NEM Metrology Requirements) Rule 2007* (Rule Changes).

While highly supportive of the harmonisation and integration process, Ergon Energy is concerned that, as currently drafted, aspects of the Rule Changes may have unintended and material adverse impacts on the activities of Responsible Persons and Local Network Service Providers.

These concerns are contained in **Table 1** which provides Ergon Energy's detailed comments on each of the proposed Rule Changes No. 1 – 26.

Ergon Energy would welcome the opportunity to discuss this submission or provide further detail regarding the concerns that it has raised should the AEMC require.

We wish to highlight the uniqueness of the Ergon Energy arrangements with respect to the Minimalist Transitioning Approach as dealt with by the proposed addition to Chapter 11. Should you wish clarification of the differences of this arrangement when compared with every other distributor in the NEM, please contact us.

TABLE 1: Comments on Rule Changes No. 1 - 26

Rule Change	Comment
1	No comment is provided.
2	<p>Ergon Energy supports the proposed introduction of a mechanism to permit the grandfathering of existing first tier metering requirements. In this context, Ergon Energy considers the proposed sunset date of 1 January 2008 to be appropriate, provided that the existing grandfathering for type 6 metering installations permitted under section 2.3.6 of the draft Metrology Procedure is retained.</p> <p>Section 2.3.6 currently provides that:</p> <p style="text-align: center;"><i>Meters for a type 6 metering installation, which have been installed, or which are held in stock for the responsible person, prior to the effective date of the metrology procedure, and which met the requirements of a participating jurisdiction at that time, are deemed to meet the requirements of this metrology procedure.</i></p> <p>That is, Ergon Energy wishes to confirm that Schedule S7.2.1 of the NER and section 2.3.6 of the draft Metrology Procedure are not considered to be inconsistent in terms of their operation.</p>
3	<p>Ergon Energy believes that the triggers for a Market Participant electing to the act as the responsible person should be clarified. In particular:</p> <ul style="list-style-type: none"> • Reference to “metrology procedure for first tier loads” implies that the metrology arrangements for first tier loads will exist independently of the NEM Metrology Procedure when in fact, it will capture both first and second tier arrangements. It is suggested that these references should be amended accordingly. • The trigger for the election in the draft clauses 7.2.2(a)(2) and 7.2.2(b) is ambiguous and these clauses should be amended to read, respectively: <p style="text-align: center;"><i>...another type of metering installation for first tier loads if allowed in the metrology procedure.</i></p> <p style="text-align: center;"><i>A Market Participant is the responsible person for a type 1, 2, 3 or 4 metering installation, or another type of metering installation for first tier loads if allowed in the metrology procedure if:</i></p>

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Rule Change	Comment
	<p>This would be consistent with the proposed drafting in clause 7.2.3(b).</p> <ul style="list-style-type: none"> The operation of clause 7.2.3(a) should be made subject to an election by a Market Participant under clause 7.2.2. That is: <i>Subject to clause 7.2.2 and 7.2.4...</i>
4	<p>Ergon Energy raises the following for consideration with respect to Rule Change No 4:</p> <ul style="list-style-type: none"> While Ergon Energy supports the inclusion of a head of power to facilitate the provision of value added services by retailers, the ability of the Metrology Procedure to address issues of payment and LNSP cost recovery is questioned in light of the contrary legal advice on this issue that Ergon Energy understands has been obtained by NEMMCO since the Rule Changes were submitted. <p>It is suggested that clause 7.3.6 should be expanded to explicitly address the issue of cost recovery in circumstances where the LNSP installs 'alternative' metering at a retailer's request.</p> <ul style="list-style-type: none"> It is queried whether the reference to <i>"cannot be the responsible person"</i> in clause 7.2.3(j) unduly restricts Market Participants in Victoria and South Australia from requesting an alternative type of metering installation in circumstances where there is a right of election with respect to first tier loads that is not exercised. If this outcome was in fact not intended, it is suggested that this phrase be amended to <i>"is not the responsible person"</i>.
5	<p>No comment is provided.</p>
6	<p>Ergon Energy raises serious concerns regarding the practical application of the proposed changes for the management of losses.</p> <p>Many typical installations would fail to comply with sub-clause 7.3.2(bc) as it is currently drafted (e.g. high rise buildings where meters are installed in submains). It is considered that a loss greater than that envisaged in sub-clause 7.3.2(bc) would be expected in the majority of cases due to the voltage drop alone in the consumer's mains between the point of connection and the meter. In this context, it is understood that a 5%</p>

TABLE 1: Comments on Rule Changes No. 1 - 26

Rule Change	Comment
	<p>voltage drop at maximum load is permitted in the consumer’s mains under the SAA wiring rules.</p> <p>Ergon Energy therefore believes that:</p> <ul style="list-style-type: none"> • the “materiality” threshold in sub-clause 7.3.2(bc) should be urgently reassessed; and • as the requirement to assess “materiality” is site specific in nature, the costs to the responsible person in undertaking the assessment should be clearly weighed against the benefits that are considered to be derived in assessing whether the amendment contributes to the achievement of the NEM Objective.
7	<p>Ergon Energy believes that the proposed amendment in clause 7.3.4A(2) to link the tariff applying to the generating unit with the type of metering installation that should be installed for the generating unit, is inappropriately located in Chapter 7. The content of Chapter 7 and the metrology procedure should be restricted to matters of a technical nature and not address the terms upon which energy may be purchased.</p>
8	<p>Ergon Energy raises the following for consideration with respect to Rule Change No 8:</p> <ul style="list-style-type: none"> • While Ergon Energy supports the proposed model as more efficient, readability would be assisted by a clearer delineation between the NEMMCO and Responsible Person processes, including clarification that a request to NEMMCO will only on an ‘exceptions’ basis. This would be consistent with both industry practice and the rationale for NEMMCO’s involvement as outlined in the statement of issue (i.e. where the Responsible Person has failed to undertake the test or the need arises from a wholesale market energy matter). • Ergon Energy believes that the requirement for the Responsible Person to provide notice of when and where a test will be conducted under clause 7.6.1(bb) should be amended to reflect industry practice whereby: <ul style="list-style-type: none"> - the request for the test is made by the retailer, on behalf of the customer (usually via a B2B service order request); and - advice regarding when and where the test will be conducted would be communicated from the responsible person to the retailer and, as appropriate, from the retailer to the customer.

TABLE 1: Comments on Rule Changes No. 1 - 26

Rule Change	Comment
	<p>As a consequence, the responsible person will not usually be in possession of the contact details necessary to provide all “<i>affected parties</i>” (i.e. if interpreted as including the customer) with the required notice. It is therefore suggested that the reference to “...<i>the responsible person must give those affected parties 5 business days notice</i>” should be amended to read:</p> <p style="text-align: center;"><i>...the responsible person must give the party making the request 5 business days notice...</i></p> <ul style="list-style-type: none"> • Clarification is sought as to the information that is required to be communicated by the Responsible Person regarding the “<i>method of testing to be adopted</i>”, under clause 7.6.1(bb). How is it envisaged that testing other than ‘on-site’ will be managed under this clause? • It is unclear why there is a need for both sub-clauses 7.6.1(e) and (f). Ergon Energy suggests that the subject matter of sub-clause (f) is adequately covered by the broader obligations of sub-clause (e) and accordingly, sub-clause (f) should be removed.
9	<p>It is unclear exactly what is expected of a Responsible Person in order to satisfy the requirement under clause 7.6A(e) of storing metering data “<i>in the form in which it was collected</i>”. For example, would the collection of information electronically, via field force automation and the subsequent uploading of the information into a database satisfy this requirement?</p>
10	<p>Ergon Energy raises the following for consideration with respect to Rule Change No 10:</p> <ul style="list-style-type: none"> • The information that comprises “<i>NMI Standing Data</i>” is broader than metering data or data associated with the meter. As a consequence, section 7.7(a) significantly expands the nature of the information to which the listed parties are entitled. Ergon Energy believes that the reference to “<i>NMI Standing Data</i>” should be removed. • It is unclear upon what basis the Jurisdictional Regulators have been included within the list of parties entitled to receive metering data under sub-clause 7.7(a)(6). Ergon Energy believes that this sub-clause should be removed. • A customer’s right to metering data should be addressed through jurisdictional instruments, rather than through sub-clause 7.7(a)(8) as inclusion in the NER creates practical and legal uncertainty regarding the manner in which a customer would be able exercise its ‘right’ to access.

TABLE 1: Comments on Rule Changes No. 1 - 26

Rule Change	Comment
	<ul style="list-style-type: none"> Ergon Energy is also concerned that, as drafted, sub-clause 7.7(a)(8) implies that a customer may request its FRMP to provide data related to a metering installation of which the FRMP has a “<i>financial interest</i>” but for which the customer currently has no association. That is, there is a financial connection between the FRMP and the metering installation for the purposes of sub-clause 7.7(a)(8), but not the customer and the metering installation.
11	No comment is provided.
12	“ <i>Metering installation database</i> ” is not a defined term for the purposes of Chapter 10 of the NER. It is proposed that the definition of “ <i>Metering installation database</i> ” be added to Chapter 10.
13	No comment is provided.
14	<p>Ergon Energy raises the following for consideration with respect to Rule Change No 14:</p> <ul style="list-style-type: none"> It is suggested that “<i>discovers</i>” in clause 7.11.2(ad) may lead to ambiguity and that this should be replaced with “<i>becomes aware</i>”. As currently drafted, clause 7.11.2(ad) would require the meter reader to replace a broken seal when visiting a premises for the purposes of a meter reading – i.e. “<i>..first occasion the metering equipment is visited to take a reading...</i>”. This is inappropriate as, for example, the MPB may be required to investigate and remove the cover. It is suggested that the timeframe for replacing the broken seal be simply left as “<i>within 100 days of receiving notification that a seal has been broken</i>”. The intent of clause 7.11.2(af) should be clarified. Ergon Energy has assumed that this is intended to provide that a meter test is required prior to the reinstatement of the seals or the replacement of the meter equipment, in circumstances where the seal is broken (i.e. main cover seals that control the meter accuracy calibration) and it is suspected that the meter may no longer comply with accuracy requirements. The reference to “<i>relevant minimum standard</i>” should be amended to “<i>relevant standard</i>”.

TABLE 1: Comments on Rule Changes No. 1 - 26

Rule Change	Comment
15	<p>The removal of the reference to “<i>market load</i>” in Item 5 of Schedule 7.2.3 appears to expand application to all first tier connection points, rather than those that have been declared by the jurisdiction as falling within the market arrangements.</p> <p>This expanded application would appear to be inconsistent with the legal advice that Ergon Energy understands has been obtained by NEMMCO regarding the application of Chapter 7 to non-market (i.e. franchise) connection points. This is of particular relevance in Queensland where the <i>Electricity Act 1994</i> provides for the progressive application of market arrangements to unmetered loads.</p> <p>Ergon Energy therefore requests confirmation that the proposed drafting does not impact existing jurisdictional arrangements for franchise loads.</p>
16	<p>Ergon Energy queries whether the reference to “<i>Metrology Procedure</i>” in clause 7.9.4(ab) should be amended to “<i>metrology procedures</i>” – i.e. as defined in Chapter 10.</p>
17	<p>Ergon Energy supports the proposed inclusion of Queensland transitional provisions in Chapter 11. We note that in the last sentence, “Transition” should be “Transitioning” in accordance with the terminology contained in the Queensland Electricity Industry Code.</p> <p>It is queried however whether a conflict exists between the transitional provisions in Chapter 11 and the requirement for the registration of metering installations under clause 7.1.4(a)(1), which may necessitate clause 7.1.4(a)(1) being included in the list of clauses that do not apply under the Minimalist Transitioning Approach.</p>
18	<p>No comment is provided.</p>
19	<p>No comment is provided.</p>
20	<p>Ergon Energy queries whether the pattern approvals and type test certificates for instrument transformers are required in circumstances of one-off high voltage designs.</p>
21	<p>Ergon Energy believes that the proposed amendment to Schedule 7.3.2(b) goes well beyond the stated intent of recognising the</p>

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Rule Change	Comment
	<p>certification of overseas testing laboratories which are appropriate accredited. In particular:</p> <ul style="list-style-type: none"> • The drafting changes introduce a requirement that a current test certificate <u>issued</u> by a NATA accredited body be obtained for all reference / calibrated equipment, rather than tested to ensure full traceability to the reference standards. Currently, the highest specification standard is sent to NATA (or a NATA accredited laboratory) for calibration annually. All other test equipment is calibrated against this standard 'in-house'. • If left as proposed, the amendment will impose significant costs on the Metering Provider and impede market efficiency by requiring all meter test equipment to be sent to a NATA accredited laboratory for calibration each year, or in some cases, 6-monthly. A calibration test can cost around \$2,000 for one standard, with a three week turnaround. Metering Providers could therefore face both delays and significant additional costs. These costs do not appear to have been considered in the analysis of how the proposed Rule change will contribute to the achievement of the NEM objective. <p>Ergon Energy proposes that, to address these concerns, schedule 7.3.2(b) be amended to read:</p> <p style="padding-left: 40px;"><i>(b) All reference/calibrated equipment used by Metering Providers for the purposes of meeting test or inspection obligations shall be tested to ensure full traceability to a test certificate issued by a NATA accredited body or a body recognised by NATA under the ILAC mutual recognition scheme.</i></p>
22	No comment is provided.
23	No comment is provided.
24	No comment is provided.
25	No comment is provided.

TABLE 1: Comments on Rule Changes No. 1 - 26

Rule Change	Comment
26	<p>Clause 7.2.3(a): Ergon Energy proposes that this clause be amended to clarify that its operation is also subject to an election by a market Participant under clause 7.2.2. That is:</p> <p><i>(a) Subject to clause 7.2.2 and 7.2.4...</i></p>