



TRUenergy Pty Ltd  
ABN 99 086 014 968

Level 33, 385 Bourke Street  
Melbourne Victoria 3000  
Telephone +61 3 8628 1000  
Facsimile +61 3 8628 1050

enq@truenergy.com.au  
www.truenergy.com.au

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Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Email: [aemc@aemc.gov.au](mailto:aemc@aemc.gov.au)

Dear Sir/Madam

**RE: Draft Rule Determination National Electricity Amendment (Small Generation Aggregator Framework) Rule 2012, Project ERC0141**

TRUenergy welcomes the opportunity to provide the following comments in relation to the Australian Energy Market Commission (AEMC) Draft Rule Determination – National Electricity Amendment (Small Generator Aggregator Framework) Rule 2012, Project ERC0141 (Draft Determination). TRUenergy is also taking this opportunity to address the general implications of rule changes that are being considered with new technologies or market innovations and the imposition that places on existing participants.

In principle, TRUenergy is supportive decision to accommodate aggregation of small generators in the National Electricity Rules (NER), and recognises the overarching benefits, efficiency gains in registrations however, the significant downstream implications for allocation of costs and potential system changes requires further assessment.

TRUenergy do not believe that the intention is to redesign the market in such a way that existing participants would be required to undertake major system and process changes however, some of the conclusions suggest that existing processes and procedures will need to significantly shift to accommodate a new role. One example is the conclusion that settlement of wholesale and network charges will be based on the financially responsible participant/s at the meter, which poses a few significant logistical and cost issues such as:

1. Meter numbers are not unique records, therefore either meter numbers will need to be changed to resemble unique records or financial transactions, that rely on the National Meter Identifier (NMI) to identify the allocation of costs, to distinguish the difference between financially responsible roles and
2. Shared financial responsibility between two parties alters the right to remedy contractual arrangements that are, in some instances, deemed under jurisdictional regulation and laws where the customer classification is within the jurisdictional consumer protection framework; and
3. Last resort participants for SGA's and protections for existing participants contractual rights and responsibilities with consumers.

TRUenergy therefore submits the following comments, highlighting its concerns and the anticipated retail implications resulting from the change in methodology:

## *Benefits Realisation*

TRUenergy believes that the benefits can be realised with some simplistic changes that are low cost and easily implemented, such as the creation of a new participant category, which is proposed and an aggregator flag that distinguishes between supply and aggregated generation sites. This requires the methodology to identify, separate and settle the energy generated in the market while not altering the existing market and compromising intertwined consumer protections and jurisdictional regulatory frameworks.

While recognising those benefits, the work to realise them should be considered in a holistic manner and consider the impacts on existing participants.

## *Metering and Connection*

In the Draft Determination<sup>1</sup>, one of the conclusions drawn was that the situation arises where multiple Financially Responsible Market Participants, (FRMP), could operate on a single connection with a bi-directional meter. While the technology allows for this, retailer, distributor and market systems currently rely on the NMI to settle costs attributable to responsible participants, transfer metering data and identify tariffs, identify and transfer customers between participants.

These central roles also have provisions embedded in regulatory frameworks and law, such as the Retailer of Last Resort protections and procedures, designed to ensure the continuity of supply in the event of a participant failing to meet their financial commitments. For example, in current retail regulatory frameworks, the right to disconnect supply for non-payment rests with the retailer however, the right to remedy non-payment is compromised if the connection is shared.

TRUenergy seeks clarity as to whether the intention is to alter the level at which financial responsibility falls within the market procedures and if not how financial responsibility will be assigned to the relevant participant. Is the intention is to assign separate NMI's to allow existing settlement processes to continue as per normal and ideally allow for settlements to distinguish between retail, generation and SGA loads then the Draft Determination has not articulated the proposed change in a way that is consistent with the remainder of the rules. TRUenergy strongly support the use of a model that assigns a separate NMI per connection to accommodate the any additional or multiple FRMP roles.

## *Retailer of Last Resort and Retail Transfers*

TRUenergy is concerned that there is a residual issue that has not been addressed in the Draft Determination and equally within other consultations, such as the Power of Choice review and EV considerations, related to last resort events. Should a third party, aggregator, demand or EV participant fail to meet its financial obligations or is no longer technically capable of performing its role as defined in the rules, and subsequently, the allocation of the participant that becomes responsible as a consequence.

Currently the Retailer of Last Resort (RoLR) procedures and associated rules and guidelines address the situation where a retailer is unable to meet the financial requirements however with multiple parties now seeking to enter the market with a financial interest, that burden will inevitably increase risks to RoLR participants. The intent of the RoLR procedures is to ensure the efficiency of the market is not compromised and to ensure investment is secure; should a retailer fail however, where additional financial responsibilities for services that have been introduced, in the absence of these additional parties, a last resort participant has not been contemplated.

For example, should an aggregator go into administration or default on payments etc, there would be shared services, connections and financial responsibilities that would not be known to any subsequent participant.

Retail transfers, currently, operate by altering the participant roles for the NMI within the market system, which acts as an instruction other participants such as distributors and meter data providers to direct charges meter data and relevant information to the relevant participant.

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<sup>1</sup> Small Generation Aggregator Framework – 7.2.3 Metering – Conclusion Page 25 – Paragraph 4

Equally, the change in participant acts as a trigger to those other participants to identify who can request services on behalf of the consumer however, where there is a shared financial responsibility multiple participants may request conflicting services, configurations and or de-energisation/ re-energisation which is not accommodated within the procedures, regulations or law.

By having separate NMI's for each component the consequences are minimised in both a last resort event and conflicting service and transfer requests as each must only participate in a manner consistent with their individual registration.

### *Jurisdictional Licensing Obligations*

TRUenergy is concerned, resulting from the conclusions drawn in the Draft Determination, that there may be significant conflicts when considering the application of dual financial responsibility under current legislated license conditions and the operation of exempt networks, aggregation in locations that are not geographically similar and the subsequent compliance obligations placed on licensees.

Within each jurisdiction, there are a variety of different legislated protections that retailers are bound by via licensing conditions, such as obligations to offer feed-in tariffs, standard contracts and minimum contractual terms and conditions. These jurisdictional arrangements also include small customer solar PV and other forms of generation as licence conditions on retailers of which responsibility is determined by the NMI, network tariff, connection characteristics and generation capacity.

TRUenergy notes that there are no exclusions and or prevention mechanisms for those participating in jurisdictional schemes and simultaneously register with an SGA. Because the generation component is not registered in the market and the license obligations to purchase from small customers falls with the current retailer. This conflict is further complicated by settling generation at the meter level rather than the NMI with a separate participant for generation removing the option for a small customer to achieve both.

Again, the creation of separate NMI's distinguishes a difference between those participating in jurisdictional schemes that licensed retailers are obliged to deliver and those that are engaged with and SGA. This also eliminates the ability for consumers to take advantage of any loophole and sell the same energy twice, once through the SGA and the other directly to the retailer, which is subsidised by other consumers.

### *Summary*

TRUenergy, as stated earlier, agrees with the creation of the new participant, SGA, within the NER yet is reluctant to support the proposal to disaggregate the existing market structure to accommodate dual financial responsibility when the simplistic, and more cost effective, approach would be to assign another NMI to the generation and have the SGA an independent market FRMP. Having split financial responsibilities on a physically shared metering will inevitably cause potential disputes about participant responsibility, and will require changes to systems for existing participants to allocate charges to the appropriate participant.

Similar to the EV's scenario, there are network connection charges, credit support and RoLR arrangements designed to protect the security of supply, provide the most efficient outcome for all participants, and subsequently the end consumer. What has been proposed appears to alter those fundamental protections by altering the primary relationship, financially and physically between existing participants; which will also affect the methodologies used in all participant systems and inevitably cost a significant amount of money.

TRUenergy does not believe that the intent is to assign dual financial responsibility to either a shared or multiple meters<sup>2</sup> as the logistics of making metering unique, altering systems to accommodate and appropriately allocating network charges as is described in the Draft Determination, therefore seek clarity as to whether the financial responsibility would be assigned to the NMI or meter.

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<sup>2</sup> Small Generation Aggregator Framework – 7.2.3 Metering – Conclusion Page 25 – Paragraph 4

Should you have any questions in relation to this submission please call me on (03) 8628 1484.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ross Evans', with a long horizontal flourish extending to the right.

Ross Evans  
Regulatory Manager  
TRUenergy