



**Australian Energy Market Commission**

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## **CONSULTATION PAPER ON SPECIFIC ISSUES**

**National Electricity Amendment (Provision of  
Metering Data Services and Clarification of  
Existing Metrology Requirements) Rule 2010**

**Rule Proponent(s)**

AEMO

16 September 2010

**JOHN PIERCE**

Chairman

For and on behalf of the Australian Energy Market Commission

**RULE  
CHANGE**

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## **About the AEMC**

The Council of Australian Governments, through its Ministerial Council on Energy (MCE), established the Australian Energy Market Commission (AEMC) in July 2005 to be the rule maker for national energy markets. The AEMC is currently responsible for rules and providing advice to the MCE on matters relevant to the national energy markets. We are an independent, national body. Our key responsibilities are to consider rule change proposals, conduct energy market reviews and provide policy advice to the Ministerial Council as requested, or on AEMC initiative.

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# 1 Introduction

On 18 June 2009, the Australian Energy Market Operator (AEMO) (Proponent) submitted a Rule change request to the Australian Energy Market Commission (AEMC or Commission) in relation to the Provision of Metering Data Services and Clarification of Existing Metrology Requirements. On 6 May 2010, the Commission gave notice under section 99 of the National Electricity Law (NEL) for the publication of the draft Rule determination and draft Rule. The Commission invited submissions to the draft Rule determination and draft Rule (second round of consultation) by 1 July 2010.

In response to submissions arising from the second round of consultation, the AEMC has developed policy proposals (including a draft Rule) on two key issues affecting this Rule change request. Accordingly, this Consultation Paper:

- presents the AEMC's current thinking on the policy position to be adopted in relation to two separate yet related issues:
  - the responsibility framework for metering data services; and
  - arrangements for complex connection points.
- elicits stakeholder views on the policy position adopted and its proposed articulation in the draft Rule.

## 2 Issue One: Responsibility for Metering Data Services

### 2.1 AEMC's Proposed Policy Position

The AEMC proposes that there will be a Responsible Person who will be responsible for both the provision, installation and maintenance of the metering installation and the collection of metering data from the metering installation for which it is responsible, the processing of that data and the delivery of the processed data to the metering database. Consequently there will be one person with end-to-end responsibility. The AEMC recognises that this arrangement would create efficiencies, particularly at the retail end of the market, where there is one person with overall responsibility. The AEMC also recognises that the national electricity market has generally (but not completely) matured to a point where the residual risks of removing AEMO's responsibility for metering data collection is at a level that is acceptable to the efficient functioning of the market.

The framework of obligations for the Responsible Person will generally continue as is currently drafted in the Rules, other than for one exception. That is, generally for metering installations capable of remote acquisition, the Financially Responsible Market Participant (FRMP) will have the choice of being the Responsible Person. The Local Network Service Provider (LNSP) will be obliged to make an offer to be the Responsible Person. The AEMC recognises that the retention of the obligation on the LNSP to make an offer, upon request, ensures that there is someone responsible for metering installations and reduces barriers to entry for retailers.

The exception to this arrangement is for connection points where the LNSP is the Transmission Network Service Provider (TNSP) and is chosen by the FRMP to be the Responsible Person. For these connection points, the TNSP will continue to be available as the Responsible Person for the provision of the metering installation should this be required by the market. However, the responsibility for metering data services from metering installations where the TNSP is the Responsible Person will remain with AEMO (consistent with current arrangements in the National Electricity Rules).

The limited retention of AEMO as being responsible for the functions comprising of the collection, processing and delivery of metering data from metering installations where the TNSP is the Responsible Person recognises that the TNSP is generally not in the business of managing or performing these functions themselves. The acceptance of the TNSP's position in this regard is acceptable given that the market has matured to a point where the FRMP has an adequate choice of service providers. If the number of service providers reduce to a point where adequate choice is no longer available to FRMPs, then this position may need to be reconsidered.

The table below presents the AEMC's policy position in this Consultation Paper within the context of current arrangements, proposals by AEMO and the AEMC's policy position in its draft Rule determination.

**Table 2.1 Responsibility for Metering Data Services**

Metering Installation Type	Party responsible for metering data services			
	Current Arrangements	AEMO Proposal	AEMC Position in draft Rule determination	AEMC Position in this Consultation Paper
1 to 4	AEMO	FRMP or Responsible Person	FRMP (unless an offer from LNSP is received and accepted)	Either 1) the Responsible Person or 2) AEMO (if the TNSP is chosen by FRMP to be the Responsible Person)
5 to 7	Responsible Person (the LNSP)	Responsible Person (the LNSP)	LNSP	Responsible Person (the LNSP)

**Question 1**      **In your view, and on balance, do the benefits of these proposed arrangements regarding the responsibility for metering data services outweigh the detriments when assessed against the National Electricity Objective? Do you have any comments on the proposed drafting of these arrangements in the attached draft Rule?**

## 2.2 Background

Under AEMO’s Rule change request, it was proposed that the responsibility for the provision of metering data services be transferred from itself to a Registered Participant. Specifically, it recommended that the Responsible Person (who can either be the FRMP or LNSP) be responsible for metering data services, in addition to its current responsibility for the metering installation. Consequently, under this proposal there would be one party responsible for both the metering installation and the transfer of metering data to AEMO.

In the draft Rule determination, the AEMC determined that the FRMP should be responsible for metering data services (while a LNSP could make a voluntary offer to be responsible for metering data services). This is because the FRMP is the party that receives the direct benefit for the provision of these services. Consequently, under these arrangements there could potentially be two parties responsible for metering rather than one party with end-to-end responsibility. That is, the Responsible Person would be responsible for the provision of the metering installation and another party responsible for the provision of metering data services.

Most submissions (second round consultation) argued against the AEMC's position taken in the draft Rule determination.<sup>1</sup> This position was taken by AEMO, distributors and retailers. These submissions stated that there should be one person with end-to-end responsibility for both the provision of the metering installation and the provision of metering data services. These submissions argued that having one person with end-to-end responsibility would enable efficiencies to be gained from having one party accountable, particularly in light of the development of more complex and varied new technologies.<sup>2</sup> A single responsible person would also facilitate more direct Metering Data Provider (MDP) and Metering Provider (MP) communications.<sup>3</sup>

In addition, Integral Energy raised an issue with the voluntary offer arrangement (ie. LNSPs may voluntarily make an offer to be responsible for metering data services) by stating that it was unlikely to work in practice in relation to customer churn.<sup>4</sup>

In its submission to second round consultation, AEMO canvassed three options for dealing with the responsibility framework for metering data services.<sup>5</sup> The first option was to adopt the AEMC's position in its draft Rule determination. The second option was to adopt AEMO's original position in its Rule change proposal. The third option was to have a single responsible person with FRMP being the default responsible person (along with the opportunity for a LNSP to make a voluntary offer) applied both to the provision of the metering installation and to the provision of metering data services. AEMO's third option was identical to models proposed by UED, Citipower and Powercor and SP AusNet.

In contrast, AGL and Grid Australia supported the AEMC's draft Rule determination. They supported the FRMP being responsible for metering data services.<sup>6</sup> AGL stated that this arrangement allows the FRMP to meet its costs and performance requirements.<sup>7</sup> Grid Australia argued that there are significant differences between the metering needs of wholesale and retail markets. Grid Australia were concerned that if TNSPs were made responsible for metering data services then they would need to implement systems to ensure compliance monitoring and appoint skilled personnel, including IT systems.<sup>8</sup>

In acknowledging the position of TNSPs, two stakeholders (SP AusNet and UED) recognised that AEMO could continue to be responsible for transferring metering data

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1 AEMO Second Round Submission, p. 4, UED Second Round Submission, p. 3, Integral Energy Second Round Submission, p. 1, Citipower and PowerCor Second Round Submission, p. 1, Origin Energy Second Round Submission, p. 2, SP AusNet Second Round Submission, p. 2.

2 See for example UED Second Round Submission, p. 3.

3 SP AusNet Second Round Submission, p. 3.

4 Integral Energy Second Round Submission, p. 2.

5 AEMO Second Round Submission, pp. 6-10.

6 Grid Australia Second Round Submission, p. 2, AGL Second Round Submission, p. 2.

7 AGL Second Round Submission, p. 2.

8 Grid Australia Second Round Submission, p. 3.

from transmission network connection points as consistent with current arrangements.<sup>9</sup>

Based on these views, the AEMC has chosen a policy position as outlined above. The AEMC's policy position recognises that efficiencies can be gained in a mature market through a single source of responsibility, whilst acknowledging that exceptions to this trend need to be accommodated.

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<sup>9</sup> SP AusNet Second Round Submission, p. 2, UED Second Round Submission, p. 3.

### **3 Issue Two: Arrangements for connection points that exhibit complexity for the provision of metering data services**

#### **3.1 AEMC's Proposed Policy Position**

From a policy perspective, the AEMC recognises that there is a need to prescribe, in the Rules, the unique arrangements for selecting the MDP for metering installations that exhibit an unusual degree of complexity ('complex connection points'). The AEMC has characterised these complex connection points as connection points that possess 'special site and technology related conditions'. This phrase may refer to sites that have a common communications network with multiple FRMPs, sites with common metering installation components (including how check metering is provided), virtual metering installations that are a result of remote metering points on ring feeders, generation in-feeds on multi-use feeders and any other connection point or set of connection points requiring a common or unique MDP (such as interconnection between distribution networks).

The AEMC policy position is to create a transparent process whereby AEMO is to publish in a document the specific site and technology related conditions for complex connection points as determined by AEMO. The Responsible Person or the FRMP (as appropriate) is to ensure (by a date specified by AEMO) that the MDP they choose for these complex connection points accommodates the conditions identified by AEMO.

The AEMC also provides a mechanism where there are multiple parties (FRMPs or Responsible Persons) in relation to a connection point raising special site and technology related conditions. The AEMC recognises that there are two circumstances where multiple parties are involved. Firstly, where AEMO is responsible for the collection, processing and delivery of metering data and a special site or technology related condition for a connection point impacts on two or more FRMPs, then agreement (by a date specified by AEMO) between these FRMPs as to who will be the MDP for this connection point is required. If agreement is not reached, then AEMO may nominate the MDP. This arrangement is articulated in paragraphs (e) and (f) of proposed clause 7.2.1A.

Secondly, where a Responsible Person is responsible for the collection, processing and delivery of metering data and there is a connection point raising special site or technology related conditions such that these conditions impact on two or more Responsible Persons, then agreement (by a date specified by AEMO) between these Responsible Persons is required as to who will be the Responsible Person for that connection point. Once agreement is reached, then the Responsible Person, who agrees to be responsible for that connection point, will choose the MDP for that connection point. If agreement is not reached, then it falls to AEMO to nominate who will be the Responsible Person and that person must comply with the nomination. The nominated Responsible Person would then be tasked with selecting the MDP for that connection

point. This arrangement is articulated in paragraphs (j) and (k) of proposed clause 7.2.5.

Separately, the AEMC has provided clarity around the role of AEMO in being the Responsible Person for interconnectors and in being the FRMP for the purposes of selecting the MDP for interconnectors. This arrangement is respectively articulated in paragraph (c) of clause 7.2.1 and in paragraph (c) of proposed clause 7.2.1A.

In forming this policy to address the need for a single MDP at complex connection points, the AEMC has been mindful of the need to provide transparent arrangements that, in the first instance, allow Registered Participants to efficiently select the MDP between themselves, with an opportunity to liaise with AEMO in making this selection. It is only as a last resort that AEMO would have a residual power to nominate the MDP or the Responsible Person (as the case may be).

**Question 2**      **In your view, and on balance, do the benefits of these proposed arrangements regarding complex connection points outweigh the detriments when assessed against the National Electricity Objective? Do you have any comments on the proposed drafting of these arrangements in the attached draft Rule?**

### 3.2 Background

There are connection points within transmission networks and distribution networks that are considered complex in nature by AEMO. AEMO explained its view in its Rule change request and more substantially in its second round submission. These complex connection points occur at transmission boundary points, interconnectors, cross-boundary supply points (for example, cross border flows between distribution regions) or simple connection points that become complex with the development of the market.

AEMO stated that while there are approximately 1500 complex connection points out of a total 8.03 million connection points in the National Electricity Market (NEM), this accounts for some 70% of the energy traded in the NEM.<sup>10</sup> These complex connection points may comprise up to 20 meters linked together to a single communications interface.

Currently, under the Deeds framework, AEMO manages these complex connection points by nominating the Metering Data Agent (MDA), while for all other connection points the FRMP engages the MDA. For interconnectors, which are a subset of transmission network connection points, AEMO engages the MDA.

In AEMO's Rule change request, AEMO sought to retain its power to nominate the MDP for such complex connection points. However, under the AEMC's draft Rule determination, a separate category of registration for MDPs (category T) was established to address these complex connection points.

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<sup>10</sup> AEMO Second Round Submission, p. 2.

In its submission to the draft Rule determination, AEMO argued that establishing a new category of registration for complex connection points would not resolve the issue of maintaining a 'common' MDP. AEMO stated that a single MDP is necessary so that requirements relating to data validation, calculation and substitution can be efficiently undertaken.<sup>11</sup>

Other submissions also recognised the importance of carefully considering who would be responsible for complex connection points. Different views as to who should be responsible for complex connection points were expressed as follows:

- UED and SP AusNet stated that AEMO should be responsible for such complex connection points.<sup>12</sup>UED further suggested that AEMO should be obliged to select the TNSP as the Metering Provider given issues of access and network knowledge<sup>13</sup>;
- EnergyAustralia suggested that the LNSP (not the FRMP) should be responsible for complex connection points. EnergyAustralia argued that the LNSP should be responsible for complex connection points because of network security issues and LNSPs have detailed knowledge of the network configuration and LNSPs have direct access to metering equipment.<sup>14</sup>

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<sup>11</sup> AEMO Second Round Submission, p. 3.

<sup>12</sup> UED Second Round Submission, p. 3; SP AusNet Second Round Submission, p. 2.

<sup>13</sup> UED Second Round Submission, p. 3.

<sup>14</sup> EnergyAustralia Second Round Submission, pp. 1-2.

## **4 Lodging a Submission**

Submissions are to be lodged online or by mail by 30 September 2010 in accordance with the following requirements.

Where practicable, submissions should be prepared in accordance with the Commission's Guidelines for making written submissions on Rule change proposals.<sup>15</sup> The Commission publishes all submissions on its website subject to a claim of confidentiality.

All enquiries on this project should be addressed to Marc Tutaan or Rory Campbell on (02) 8296 7800.

### **4.1 Lodging a submission electronically**

Electronic submissions must be lodged online via the Commission's website, [www.aemc.gov.au](http://www.aemc.gov.au), using the "lodge a submission" function and selecting the project reference code ["ERC0092"]. The submission must be on letterhead (if submitted on behalf of an organisation), signed and dated.

Upon receipt of the electronic submission, the Commission will issue a confirmation email. If this confirmation email is not received within 3 business days, it is the submitter's responsibility to ensure the submission has been delivered successfully.

### **4.2 Lodging a submission by mail**

The submission must be on letterhead (if submitted on behalf of an organisation), signed and dated. The submission should be sent by mail to:

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Or by Fax to (02) 8296 7899.

The envelope must be clearly marked with the project reference code: ERC0092.

Except in circumstances where the submission has been received electronically, upon receipt of the hardcopy submission the Commission will issue a confirmation letter.

If this confirmation letter is not received within 3 business days, it is the submitter's responsibility to ensure successful delivery of the submission has occurred.

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<sup>15</sup> This guideline is available on the Commission's website.

## Abbreviations

AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
Commission	See AEMC
FRMP	Financially Responsible Market Participant
LNSP	Local Network Service Provider
MDA	Metering Data Agent
MDP	Metering Data Provider
MP	Metering Provider
NEL	National Electricity Law
NEM	National Electricity Market
TNSP	Transmission Network Service Provider

Australian Energy Market Commission (AEMC) proposes to make the following amendments to the Draft Rule issued under notice dated 6 May 2010 relating to the Australian Energy Market Operator's responsibility for metering data services.

### 7.2.1 Responsibility of the responsible person

(a) The *responsible person* is the person responsible for:

- (1) the provision, installation and maintenance of a *metering installation*; and
- (2) the collection of *metering data* from each *metering installation* for which it is responsible, the processing of that data and the delivery of the processed data to the *metering database*, except where specified otherwise in clause 7.2.1A(a);

(b) The *responsible person* must perform its role in accordance with:

- (1) this Chapter 7, ~~the metrology procedure~~; and
- (2) procedures authorised under the *Rules*.

(c) ~~AEMO is the *responsible person* for *interconnectors*.~~

~~(b)(d)~~ AEMO must establish, maintain and *publish* relevant explanatory material that sets out ~~guidelines in relation to~~ the role of the *responsible person* consistent with this Chapter 7.

#### [New clause] 7.2.1A Responsibility of AEMO for the collection, processing and delivery of metering data

(a) Where the *Market Participant* has selected a *responsible person* for a *metering installation* in accordance with clause 7.1.2(a)(2) and that *responsible person* is a *Transmission Network Service Provider*:

- (1) the *Transmission Network Service Provider* is responsible for the provision, installation and maintenance of the *metering installation*; and
- (2) AEMO is responsible for the collection of *metering data* from that *metering installation*, the processing of that data and the delivery of the processed data to the *metering database*.

(b) In performing its role under subparagraph (a)(2), AEMO must:

- (1) comply with the processes for the collection, processing and delivery of *metering data* from the *metering installation* to the *metering database* in accordance with the requirements of the procedures authorised under the *Rules*;
- (2) through the establishment of additional processes if necessary;

- (A) permit *Metering Data Providers* to provide *metering data services* between the *metering installation* and the *metering database*;
- (B) permit the *financially responsible Market Participant* to select the *Metering Data Provider* of its choice to perform the *metering data services* in accordance with this clause, except where special site or technology conditions are to be accommodated as provided for in paragraph (d);
- (C) select the *Metering Data Provider* where:

  - (i) special site or technology related conditions exist, as determined by *AEMO* in accordance with paragraph (d); or
  - (ii) the *financially responsible Market Participant* fails to select the *Metering Data Provider* in accordance with subparagraph (2)(B),

- (D) require the *Metering Data Provider* chosen by the *financially responsible Market Participant* in subparagraph (2)(B) to provide *metering data services* to that participant; and
- (E) require the *Metering Data Provider* chosen by *AEMO* in subparagraph (2)(C) to provide *metering data services* to *AEMO* and to accommodate the special site or technology related conditions when providing those services;
- (3) incorporate in the *service level procedures* any additional processes established by *AEMO* for the purpose of fulfilling its obligations under subparagraph (b)(2).
- (c) For the purpose of subparagraph (b)(2)(B), *AEMO* is to be regarded as the *financially responsible Market Participant* for *interconnectors*.
- (d) If *AEMO* determines that a *metering installation* is affected by special site or technology related conditions and that these conditions need to be accommodated by the *financially responsible Market Participant* when choosing a *Metering Data Provider*, *AEMO* must:

  - (1) specify and *publish* those special site and technology related conditions, including the date by which those conditions need to be accommodated;
  - (2) be reasonably available to clarify any matters with the *financially responsible Market Participant*, at the request of that person, in order for that person to choose a *Metering Data Provider* for that *metering installation* that is mutually suitable to that person and *AEMO*.

- (e) If a special site or technology related condition identified by *AEMO* under subparagraph (d)(1) impacts on two or more *financially responsible Market Participants* then those *Market Participants* must agree and notify *AEMO*

of the *Metering Data Provider* that will provide the *metering data services* for the relevant *metering installation(s)*, sufficient to accommodate the special site and technology condition by the date specified in subparagraph (d)(1).

(f) In the absence of such an agreement specified in paragraph (e), AEMO may nominate a *Metering Data Provider* to provide the *metering data services* for those *metering installations*.

## 7.2.2 Responsibility of the Market Participant

AEMC proposes to remove paragraphs (c), (d) and (e) in the Draft Rule.

## 7.2.3 Responsibility of the Local Network Service Provider

AEMC proposes to remove paragraphs (j), (k) and l) in the Draft Rule.

## 7.2.5 Role of the responsible person

AEMC proposes to add paragraphs (g) and (h) to clause 7.2.5 of the Rules:

### Metering data services

(g) The *responsible person* (other than when the *Transmission Network Service Provider* is the *responsible person* for a *metering installation*) must, for each *metering installation* for which it is responsible:

(1) engage a *Metering Data Provider* (unless that person is a *Metering Data Provider*) to provide *metering data services* between the *metering installation* and the *metering database*;

(2) ensure that the *Metering Data Provider* chosen in paragraph (h) accommodates the special site and technology related conditions determined by AEMO in accordance with paragraph (i);

(3) ensure that *metering data services* are provided in accordance with the *Rules*, the *metrology procedure* and procedures authorised under the *Rules*;

(4) ensure for any type 5 *metering installation* where the annual flow of electricity through the *connection point* is greater than the *type 5 accumulation boundary*, that *interval energy data* is collected; and

(5) arrange for the provision of relevant *metering data* to the *Metering Data Provider* if *remote acquisition*, if any, becomes unavailable.

(h) A *responsible person*, prior to engaging a *Metering Data Provider* under subparagraph (g)(1), must liaise with AEMO to determine if there are any special site or technology related conditions to be accommodated when choosing the *Metering Data Provider* for a *metering installation*.

- (i) If AEMO determines that a *metering installation* is affected by special site or technology related conditions and that these conditions need to be accommodated by the *responsible person* when choosing a *Metering Data Provider*, AEMO must:

  - (1) specify and *publish* those special site and technology related conditions, including the date by which those conditions need to be accommodated;
  - (2) be reasonably available to clarify any matters with the *responsible person*, at the request of that person, in order for that person to choose a *Metering Data Provider* for that *metering installation* that is mutually suitable to that person and AEMO.
- (j) If a special site or technology related condition identified by AEMO in the document *published* in accordance with subparagraph (i)(1) impacts on two or more *responsible persons* then those *responsible persons* must agree and notify AEMO of the sole *responsible person* for the relevant *metering installation(s)* who is able to accommodate the special site and technology related condition by the date specified in subparagraph (i)(1).
- (k) In the absence of such an agreement specified in paragraph (j), AEMO may nominate one of the *responsible persons* to be the sole *responsible person* for those *metering installations*.