



EnergyAustralia

28 January 2016

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

EnergyAustralia Pty Ltd
ABN 99 086 014 968
Level 33
385 Bourke Street
Melbourne Victoria 3000

Phone +61 3 8628 1000
Facsimile +61 3 8628 1050

enq@energyaustralia.com.au
energyaustralia.com.au

Reference: ERC0182

Lodged electronically: www.aemc.gov.au

Dear Mr Pierce

AEMC 2015 – Meter Replacement Processes, Draft Rule Determination

1. Introduction

EnergyAustralia welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) Draft Rule Determination covering the National Electricity Amendment (Meter replacement Processes) Rule 2015. We are one of Australia's largest energy companies, with over 2.5 million household and business customer accounts in NSW, Victoria, Queensland, South Australia and the Australian Capital Territory. We also own and operate a multi-billion dollar portfolio of energy generation facilities across Australia, including coal, gas and wind assets with control of over 4,500MW of generation in the National Electricity Market.

2. Background

The original intent of this rule change was to facilitate a meter change prior to the transfer date to align any new customer product or tariff offering with the customer's meter change.

While EnergyAustralia was generally supportive of this approach further investigation by the AEMC and market participants has revealed that this would cause additional complexity for market systems and customer experiences. The inclusion of a prospective meter provider, prospective meter data provider and prospective metering co-ordinator into market systems would have required significant and costly system changes with little benefit for customers. Also the assignment of responsibilities and rights to each of these parties would have necessitated substantial development and changes to the rules and procedures.

Furthermore with the move to competition in metering in December 2017, many small customers will be readily involved in meter churn activities and this reinforces the need for a simple market solution. Changing a small customer's meter prior to a transfer, in preparation for a new product offering that could commence on the same day as the customer transfer, appears an attractive pro-customer outcome. However, in our experience, small customers change their mind more frequently than large customers about prospective transfers. If this occurs after the meter has been changed by the prospective retailer, meter reversion

constraints also come into play. For example if the customer's meter was changed from a basic to a remote interval meter it cannot be changed back to a basic meter without special approval. Therefore we generally support the AEMC's current purpose for this rule change which has been presented as follows:

- Clarify that a change in metering coordinator and responsibility for the metering installation at a connection point occurs when the customer transfer is complete;
- To ensure that the Market Settlement and Transfer Solution (MSATS) procedures allow an incoming retailer to nominate the future parties for the metering roles that will commence when the retail transfer is completed; and
- To ensure that MSATS procedures allow the alignment of the completion of the retailer transfer, on the same day, that a new metering installation is installed where the incoming retailer has requested such alignment.

However, we recommend that the rules be more explicit regarding any new obligation on AEMO, related to changes to the MSATS procedures, in order to facilitate the alignment of the transfer and the meter change on the same day and this will be discussed more below.

3. Proposed Rule Changes

The AEMC has amended the rules to reinforce their current approach to only allow a meter change on or after the day of transfer.

Changes to rule 7.6.2 (c) Persons who May appoint Metering Coordinators

*(c) The Market Settlement and Transfer Solution Procedures **must** specify that a Metering Coordinator at a connection point is responsible for the metering installation:*

(1) where the change in the Metering Coordinator at a connection point is effected due to a change in the financially responsible Market Participant at the connection point, on the day that the market load at the connection point transfers to the new financially responsible Market Participant; and

(2) otherwise, on any other day.

This change has confirmed that MSATS "must" (formerly "may") specify that a metering coordinator is responsible for a metering installation on the day that there is a change to the financially responsible market participant. We support this wording change but, understand that MSATS currently operates in this manner and that no change to MSATS is required as a result of this rule change.

Changes to clause 7.8.9(e) Meter Churn

Existing clause 7.8.9 (e) Meter Churn

(e) A Metering Coordinator must not arrange the alteration or replacement of a metering installation under paragraph (a) until the transfer of the relevant market load has been effected by AEMO in accordance with the Market Settlement and Transfer Solution Procedures.

This clause has been removed to allow Metering Coordinators to organise (but not undertake) meter changes prior to the transfer day to be effective on or shortly after the transfer day.

Initially, most meter changes for small customers will occur where the distributor owns the existing meter and the distributor is unlikely to be interested in organising an earlier meter change than what would occur after the transfer day. There is no incentive for distributors to assist in arrangements that would see their meter changed sooner, as their revenue for his service will cease upon the removal of their meter. Nevertheless we believe the removal of the clause will be beneficial going forward as the number of monopoly owned distributor meters will decline particularly in NSW, SA and QLD.

The new clause 7.8.9 (e) has now been inserted:

(e) The Market Settlement and Transfer Solution Procedures must:

(1) permit an Incoming Retailer to nominate the Metering Coordinator, Metering Provider and Metering Data Provider to be appointed at a connection point in respect of which it is the Incoming Retailer, with such appointments to become effective on the day that the market load at the connection point transfers to the Incoming Retailer as the new financially responsible Market Participant; and

(2) facilitate the transfer of a market load at a connection point on the same day that a new or replacement metering installation is installed at the connection point, where requested by an Incoming Retailer.

Section (1) of this clause confirms MSATS must allow an incoming retailer to nominate new metering roles that are effective on the transfer day and this largely reflects the current approach.

Section (2) of this clause places an obligation on MSATS to facilitate the transfer of a customer on the same day as the new or replacement metering installation occurred.

We believe that this obligation aligns the transfer date and meter change date (provided the meter change is after the transfer day) is addressed under the current MSATS transaction CR 1500. It is therefore confusing and somewhat ambiguous as to the purpose of this rule when it is prescribed using the word "facilitate". We believe that this rule should be redrafted as follows, to better reflect its intent:

(2) include a transaction that aligns the transfer date with the change in metering installation, date where requested by an Incoming Retailer, provided the meter installation date is not before the transfer date.

Otherwise the term "facilitate" could be interpreted by AEMO to upgrade MSATS to a real time database in place of its present mode as a database base record of historical NMI and metering events.

4. Summary

Realistically for a transfer and meter change to occur on the transfer day (without a realignment occurring after the transfer day) the rules would need to change to give the new Metering Provider and Metering Data Provider authority to deliver reads to the market on the day. Since they are on the site replacing the meter they will be better placed to read the old

and new meters and pass on this data to the market. We acknowledge that this would cause additional changes to roles and responsibilities and be cost prohibitive. Moreover the perceived customer experience benefits of having aligned transfer and meter churn dates can largely be resolved under commercial arrangements with customers. The rules and procedures should seek to deliver a simple customer transfer and meter churn solution that minimises the likelihood of market participant and customer disputes.

We believe that the draft rule change could be improved with minor rewording to improve clarity, as mentioned above, and that minimal changes to current market practices or procedures will result from this rule change.

Should you require further information regarding this submission please call me on (03) 8628 1473.

Yours sincerely

[Signed]

Randall Brown

Industry Regulation Lead