



Implementation advice on the shared market protocol

Final advice

The AEMC has today released its final advice on how a shared market protocol could be implemented in the National Electricity Market. A shared market protocol would provide a standard form of communication for energy companies seeking access to services enabled by advanced meters.

A shared market protocol

Industry are expecting that many communications for advanced metering services may need to be capable of 'near instant' responses. This would enable, among other things, retailers to obtain a meter read during a customer telephone inquiry or a distributor to obtain a meter inquiry to determine the source of a power outage.

A shared market protocol is a general term used to describe an agreed standard for the communications sent between businesses that are seeking access to the services available through advanced meters.

Background

Power of Choice review

This advice is an important part of the suite of market reforms to the National Electricity Market that are underway following the AEMC's Power of Choice review. These reforms are aimed at improving opportunities for consumers to make more informed decisions about the way they use energy services.

One of the ways consumer choice is being improved is by addressing the market conditions and incentives required for distributors, retailers and other parties to offer new services and respond to consumer choice.

Open access and common communication standards

Following the Power of Choice review, the COAG Energy Council requested the AEMC to provide advice on a framework for open access and common communication standards that would support competition in services available to consumers.

The AEMC recommended that a shared market protocol be developed to facilitate efficient communications between businesses offering services to each other and consumers.

Introducing a shared market protocol framework is expected to promote competition in the market for advanced metering services by reducing barriers to entry for new energy service companies while not inhibiting innovation in the method of communications.

However, as there were interdependencies with the competition in metering rule change process, a related reform from the Power of Choice review, the AEMC could not provide advice on how a shared market protocol could be implemented at that time. The COAG Energy Council agreed that supplementary advice on implementing a shared market protocol would be provided at a later date. That is the subject of this advice.

Key recommendations

Governance arrangements

There are significant benefits from industry involvement in decision making with regard to the communications sent between businesses.

The AEMC recommends that the arrangements for the existing Information Exchange Committee (IEC) be updated to reflect the wider range of stakeholders that will have an interest in the services enabled by advanced meters.

The new IEC membership would include:

- one AEMO member (a director), who would be the chairperson;
- two independent members, elected by industry;
- one distributor member, elected by distributors;
- one retailer member, elected by retailers;
- one metering member, elected by metering coordinators, metering providers and metering data providers;
- one third party B2B participant member, elected by third party B2B participants (new energy service companies);
- one consumer representative, appointed by AEMO in consultation with Energy Consumers Australia; and
- up to two discretionary members, appointed by AEMO in consultation with the two independent IEC members.

B2B procedures and the B2B e-hub

When making decisions about B2B procedures, the IEC would be required to have regard to the national electricity objective and three new B2B factors, and give effect to updated B2B principles.

B2B procedures could support a wide range of B2B communications, which would be decided by the IEC. As a minimum the B2B procedures must support communications between parties relating to each of the services set out in the minimum services specification that will be defined as part of the competition in metering rule change process.

B2B procedures may also include performance requirements for the B2B e-hub. For example, the minimum response speeds to enable new services that require a 'near instant' response.

The B2B e-hub would be required to support the B2B communications listed in the new B2B procedures and meet performance standards specified in the B2B procedures.

Obligations on parties

If a metering coordinator is offering services that are supported by the B2B e-hub, the B2B e-hub would be the default communication method.

This is enabled through a requirement on parties to use the B2B e-hub for B2B communications, unless they have agreed between themselves to use an alternative method of communication. This supports interoperability as well as allowing parties to develop innovative communication methods.

A new accredited party role (B2B e-hub participant) would be established and all parties wishing to use the B2B e-hub would need to be accredited by AEMO as a B2B participant.

Cost recovery

AEMO would be responsible for operating the B2B e-hub and providing support services for the IEC.

AEMO's cost recovery for expenditure on providing and operating the B2B e-hub, developing B2B procedures and establishing and operating the IEC, would be through participant fees.

Third party B2B participants would be deemed to be registered participants for the purposes of paying participant fees. As a consequence, AEMO may allocate B2B costs to distributors, retailers, metering coordinators and/or third party B2B participants.

For information contact:

AEMC Director, **Meredith Mayes** (02) 8296 7849
AEMC Adviser, **Jenessa Rabone** (02) 8296 7860

Media: Communication Manager, Prudence Anderson 0404 821 935 or (02) 8296 7817

8 October 2015