



8 October 2015

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

By electronic lodgement

ERC0182- National Electricity Amendment (Meter Replacement Processes) Rule 2015- Directions Paper

Origin Energy (Origin) welcomes this opportunity to respond to the Australian Energy Market Commission's (AEMC) directions paper on the meter replacement rule change request to the National Electricity Rules (NER) by ERM Power (the rule proponent).

Origin broadly supports the AEMC's approach set out in the directions paper. The rule proponent's original rule change request would have resulted in an increase in complexity within the NER and the meter churn procedures. The attendant costs would have likely exceeded the benefits the change sought to deliver. The proposed solutions identified by the AEMC will provide more certainty for incumbent and incoming participants and meter service providers and reduce the risks to customers and market participants that have manifested themselves in the past under the previous meter churn procedures (which were inconsistent with the NER).

Specification of changes in roles

The AEMC's proposal that an incoming financially responsible market participant (FRMP) can nominate parties to undertake metering services, but not physically alter metering at a customer site until a retail transfer is complete is a practical approach that provides certainty while supporting timely meter churn where it is required.

Origin remains concerned however that churning meters on the day that a retail transfer completes poses significant risks to the positive customer experience that the rule change request seeks to support. Specifically, where a newly appointed meter provider is directed to install a new meter on the date of retail transfer, there are likely to be many similar replacements on the same day, particularly in the case of large customers due to contract expiry (on the anniversary of a financial or calendar year). The risk confronting the incoming FRMP and its meter service providers is that a number of scheduled meter exchanges do not take place. The amended meter churn process therefore may result an increase rather than a reduction in customer dissatisfaction.

While procedures may deal with some of these challenges, there are risks to incoming parties that meter churn data may not be provided on a timely basis and meter churn does not take place as planned due to the volumes required within a narrow timeframe.

We note the AEMC's view that to implement this policy; some detail set out in the meter churn procedures would need to be moved into the NER. Origin would welcome further discussion on specific content in the procedures that the AEMC believes belongs in the NER.

Commercial arrangements

We agree with the AEMC's conclusion that commercial arrangements may differ between large and small customers, particularly in the period following the effective date for the expanding competition in

metering rule change. Large customers often nominate their preferred metering service providers at present and the competition rule change will formalise this by supporting large customer appointment of their Meter Coordinator (MC).

For small customers, we further agree that it would be 'administratively burdensome' to successfully arrive at an agreement between default MCs, outgoing and incoming FRMPs and their respective metering service providers.¹

We maintain the view that the costs of not being able to upgrade a small customer's meter from a type 5 or 6 to a type 4 installation prior to (or even on the date) of retail transfer is unlikely to be material. This is because to achieve economies of scale of commercial meter deployment, a retailer would need to acquire customers in sufficient densities within a particular geographic area with an upgrade to an advanced meter at the centre of the proposition to the customer. We consider this an unlikely scenario, at least for the medium term following the application of the competition in metering rule change.

Implementation

Origin supports the implementation approach the AEMC is proposing for the rule change request.

Closing

While Origin understands that procedural details supporting the proposals set out in the AEMC's directions paper will need to be specified, we support the policy intent contained in the directions paper.

Should you wish to discuss the contents of this response, please contact David Calder, Manager Regulatory Strategy on (03) 8665 7712 in the first instance.

Yours sincerely



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¹ AEMC (2015), *Directions Paper – National Electricity Amendment (Meter Replacement Processes) Rule*, page 20.