

**AEMC staff paper  
Stakeholder workshop  
26 June 2014**

**WORKSHOP 1: INDEPENDENT METERING COORDINATOR AND GATE KEEPER ROLE (open access advice)**

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This staff paper has been prepared to assist stakeholder discussions at the first workshop. The first workshop will focus on the high level model proposed for expanding competition in metering services in the National Electricity Market (NEM), specifically the:

- proposal for an independent Metering Coordinator and supporting accreditation/compliance arrangements; and
- provision of the gate keeper functions for smart meter services. This work follows on from work undertaken as part of the AEMC's open access advice.

The agenda for the first stakeholder workshop is provided at [Attachment A](#).

We understand that issues for the rule change are inter-linked. We intend to discuss the topics related to network regulatory issues<sup>1</sup> and the relationships<sup>2</sup> between parties in the next two workshops. A list of the stakeholder workshops, dates and the topics for these is provided at [Attachment B](#).

The COAG Energy Council<sup>3</sup> has tasked AEMO to provide advice to officials and the AEMC regarding the minimum smart meter functionality required to support the proposed competitive framework. AEMO will provide an update at this workshop on the work program to provide advice. This advice will feed into the rule change and we will consider it, along with the governance arrangements<sup>4</sup> required.

This paper provides:

1. A high level summary of the role of the "Responsible Person" under the National Electricity Rules (NER) with respect to basic metrology services.
2. A high level summary of the proposal for an independent Metering Coordinator.
3. Issues and questions for discussion at the workshop:
  - The independent Metering Coordinator: what the role is, stakeholder views and whether alternative options should be further examined.
  - Enabling a Metering Coordinator: registration, accreditation and compliance requirements.
  - Provision of gate keeper functions/obligations for access to energy services enabled by smart meter functionality. This will include consideration of which party is best placed to carry out these responsibilities.

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<sup>1</sup> Such issues relate to unbundling of metering charges, exit fees, ability for networks to deploy smart meters as part of a targeted DSP business case, ability to retain network infrastructure (eg load control capability) and AER classification of services and access to energy services enabled by smart meters.

<sup>2</sup> For example, the competitive behaviour of parties and whether there is a need for light handed regulation (eg model terms and conditions between retailer and Metering Coordinator) or alternative options.

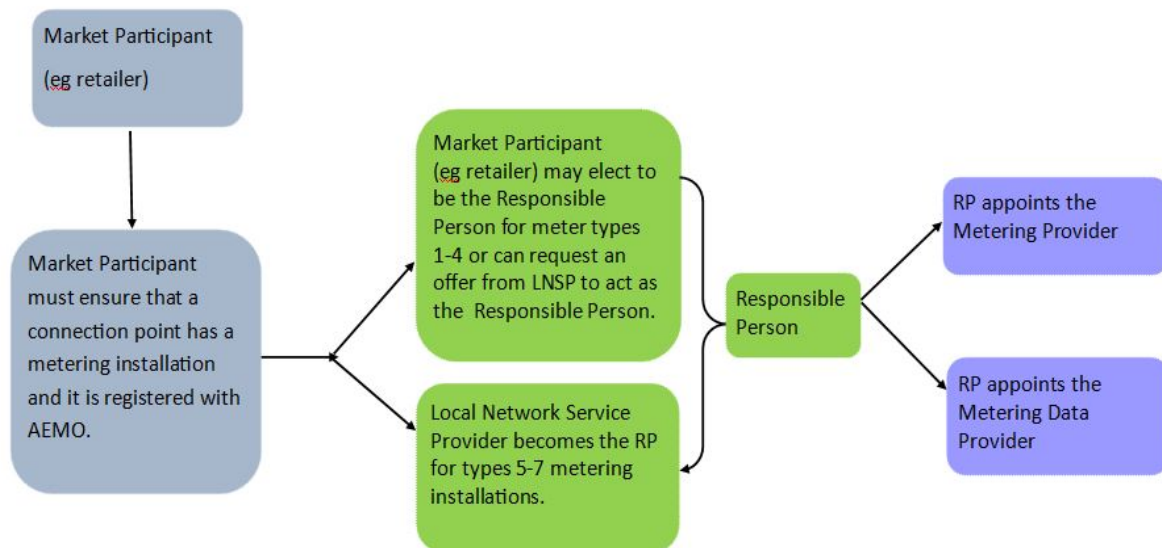
<sup>3</sup> Formerly called the Standing Council on Energy Resources.

<sup>4</sup> This includes the proposal for jurisdictional provision of new and replacement policies.

## 1. Summary of existing arrangements – allocation of roles/functions

Figure 1 provides an overview of the role of the Responsible Person under the NER and model relating to provision of metering services in the NEM. A detailed description of Responsible Person obligations is provided in Chapter two of the AEMC consultation paper for the rule change.<sup>5</sup>

**Figure 1: Market Participant and Responsible Person – metering services requirements**



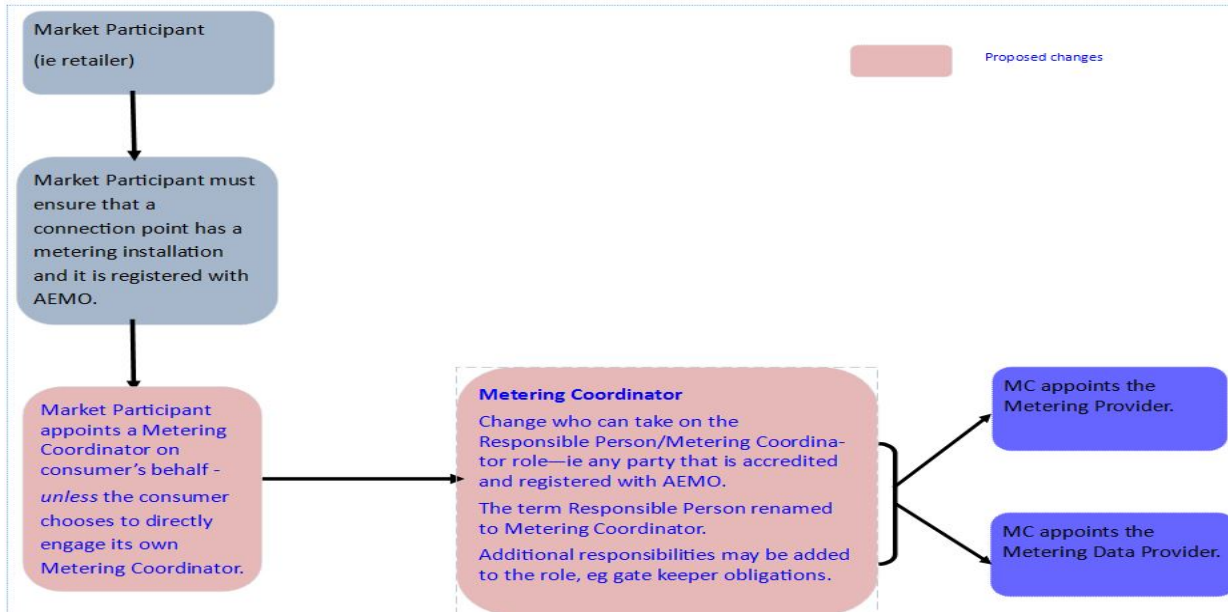
## 2. Rule change proposed model - independent Metering Coordinator

The rule change request has proposed that the model for introducing competition in metering and related data services is based on no party having the exclusive right to provide these services. COAG Energy Council considers this builds on the original NEM principles for competition and investment in metering and supports competition and innovation in the range of products and services for consumers to take up.

Figure 2 and Table 1 provide a summary of the proposed core model and the key differences with the existing Responsible Person arrangements.

<sup>5</sup> <http://www.aemc.gov.au/getattachment/5ffb9157-d7fa-4311-93b5-ab04b59007ce/ERC0169-Consultation-paper-FINAL-for-publication.aspx>

**Figure 2: Proposed model - independent Metering Coordinator**



**Table 1: Summary of proposed arrangements and key differences from existing arrangements**

Current arrangement under the NER	Rule change request proposal	Comment
The Market Participant (eg retailer) is responsible for ensuring there is metering installation at a connection point.	The Market Participant (ie retailer) will still be responsible for ensuring there is a working meter at a consumer's premise (or connection point).	We are investigating issues of risk allocation under the following two scenarios: Market Participant/Metering Coordinator relationship and consumer/direct Metering Coordinator relationship.
The Market Participant is the Responsible Person for type 1-4 metering installations, unless the Market Participant has accepted an offer from the LNSP under which the LNSP will act as the Responsible Person.  LNSP is Responsible Person for type 5-7 metering installations.	The Market Participant (eg retailer) is proposed to have default responsibility for appointing a Metering Coordinator, <i>unless the consumer chooses to directly engage its own Metering Coordinator.</i>  The rule change request has proposed that the terms and conditions of a Metering Coordinator would be matter of commercial negotiation.  COAG Energy Council highlighted that it may be appropriate to consider a standard contract (or principles setting out minimum terms for metering services) could be provided in the NER.	Under the existing arrangements, where the Market Participant is not the Responsible Person, the Market Participant enters into an agreement with the LNSP, in respect of the LNSP's role as a Responsible Person.  There are contractual terms and conditions between the parties regarding the Responsible Person's role in addition to the statutory obligations of the Responsible Person under Chapter 7 of the NER.  The rule change request is considering these contract arrangements between parties. This will be for discussion at the third stakeholder workshop.  The third workshop will also discuss in detail whether small customers should be able to appoint their own Metering

		Coordinator and the extent of regulatory arrangements that would be needed to support that option.
<p><i>Accreditations/compliance requirements</i></p> <p>The Responsible Person does not have an explicit obligation to be registered.</p> <p>However both retailers and local distribution network businesses must be Registered Participants under the NER.</p>	<p>The rule change has proposed that the Metering Coordinator is registered and accredited by AEMO.</p>	<p>The Metering Coordinator is proposed to have the same obligations and functions as the Responsible Person under the NER.</p> <p>For discussion is whether the Metering Coordinator should be a Registered Participant or be accredited to perform the role under the NER. This is discussed in section three below.</p>
<p><i>Appointment of Metering Provider and Metering Data Provider</i></p> <p>Requirement for Responsible Person to engage Metering Provider and Metering Data Provider.<sup>6</sup></p>	<p>No change proposed.</p>	<p>Any changes to the Metering Provider and Metering Data Provider existing functions and obligations will be based on the agreed core model and framework to apply.</p>
<p><i>Payment for meter provision and metering data services.</i></p> <p>Payment for metering services is by the FRMP and recovered from the customer.</p>	<p>No change proposed, unless consumer appoints own Metering Coordinator, where the consumer would pay for services directly.</p>	<p>The workshop on proposed relationships between parties will consider the arrangements between Metering Coordinator and consumer in more detail.</p>

### 3. Issues/questions for discussion

#### Independent Metering Coordinator

Question 1: Should the Metering Coordinator role be bundled with the Metering Provider role or kept as separate roles?

The proposal for an independent Metering Coordinator is based on the Responsible Person role under Chapter 7 of the NER. To clarify, a new role is not being created, the proposal is to change who can be the Responsible Person under the NER, and rename the term “Responsible Person” to “Metering Coordinator”. The Metering Coordinator could be a retailer, a distribution network business<sup>7</sup>, meter service provider or other third party.

The consultation paper for the rule change request raised the question of whether the Metering Coordinator could be bundled with an existing party under Chapter 7 of the NER. For discussion at

<sup>6</sup> Under Clause 7.2.5 of the NER, a person other than the Responsible Person may engage a Metering Provider to install the metering installation at a connection point.

<sup>7</sup> The proposal states that Distribution network business would be able to be MC as part of the competitive ring fenced business.

the workshop will be whether it is appropriate to bundle the obligations and functions of the Metering Coordinator with the Metering Provider or whether they should remain as different roles.<sup>8</sup>

The following should be taken into account in considering this issue:

- the role and skills of the Metering Coordinator compared to the Metering Provider; and
- appropriate management of the interface between the metering installation and metering data services.

#### *Role and skills of the Metering Coordinator and Metering Provider*

The Metering Coordinator would, as currently exists for the Responsible Person, manage the end to end provision of metering services and maintain liability for the accuracy of the measurement device and the integrity/security of the metering data. Amongst other responsibilities, the Metering Coordinator would also engage the Metering Provider for the physical installation and maintenance of meters and the Metering Data Provider to undertake metering data services. The Metering Coordinator would undertake its obligations in accordance with Rules, the Metrology Procedure and the service level procedures.

Under the proposed model, the Metering Coordinator could also be a Metering Provider and/or a Metering Data Provider, although the Metering Coordinator would need to be accredited to perform these other functions.

It could be viewed that the core functions and skills of the proposed Metering Coordinator are generally related to business/contract management, for example procurement and coordination of Metering Provider and Metering Data Provider.

In contrast, the Metering Provider typically carries out the provision of services and the functions are generally more related to technology management (ie operation and maintenance, including fault finding and repair). Some of the functions and skills include, among other responsibilities:

- technical knowledge and understanding of meters, instrument transformers, connection configurations, software access and configuration arrangements, and testing regimes;
- providing detailed design and specification of metering schemes;
- programming and certification of metering installations to the required level of accuracy;
- installation and commissioning of metering installations, and where necessary the communications interface to facilitate the remote acquisition of metering data;
- inspection and maintenance of metering installations and equipment in accordance with an asset management plan.

Generally, most stakeholder submissions to the consultation paper supported the proposal for independent Metering Coordinator and allowing any party to take on this role as long as they met the registration and accreditation requirements. Further, most submissions recommended that the responsibilities of the Metering Coordinator should be separate from the responsibilities/functions of the Metering Provider. This would better align liabilities with operational aspects of each role. Most distribution network business submissions proposed minimal changes and that the Metering Coordinator role could be accommodated within existing roles of the Responsible Person, Metering Provider or Metering Data Provider.

#### *Managing the interface between the metering installation and metering data services*

Currently the Responsible Person obligations are split out from the Metering Provider and the Metering Data Provider. Under the current arrangements the management of the interface between a metering installation (serviced by a Metering Provider) and metering data services (serviced by a Metering Data Provider) is undertaken by a separate party (ie Responsible Person). This

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<sup>8</sup> Based on stakeholder submissions, we will not be further examining the option of bundling the Metering Coordinator explicitly with the Retailer.

requirement arises because of the contestable nature of both the Metering Provider and the Metering Data Provider. We would expect that this arrangement to be retained under any competitive model agreed.

### Accreditation/registration requirements for a Metering Coordinator

Question 2: If there is an independent Metering Coordinator, should persons undertaking such a role be required to be registered as a Registered Participant under the NER or is accreditation more appropriate?

If an independent Metering Coordinator role is established, it would be necessary for the associated obligations to be defined in the NER. This could be achieved either by:

1. requiring Metering Coordinators to be classified as a new class of Registered Participant and register with AEMO; or
2. requiring Metering Coordinators to be accredited with AEMO and incorporate specific requirements of Registered Participants into the accreditation process.

The decision to require Metering Coordinators to be Registered Participants or be accredited with AEMO depends on the role being performed (and who may fulfil that role). As outlined above, the Metering Coordinator role is largely based on coordinating and contract management of parties. Generally, where a party is fulfilling a role that is technical in nature, accreditation is considered generally more appropriate. However, if there are registration requirements such as those that currently apply to Registered Participants, it may be necessary to require the party to be a Registered Participant.

#### *Specific NER obligations for Registered Participants*

A person may register for one or more of the categories of Registered Participant under the NER (eg Market Customer, Generator and Reallocators). The rights and obligations of Registered Participants vary depending on the relevant category of Registered Participant. To become a Registered Participant, a party must demonstrate to AEMO that it meets all the relevant registration requirements in the NER that relate to the relevant category of Registered Participant. In addition, AEMO recovers registration fees from Registered Participants.

The general obligations of Registered Participants under the NER include:

- Confidentiality obligations – under Rule 8.6, Registered Participants have certain obligations of confidentiality with respect to information provided to them in connection with the NER.
- Dispute resolution – Rule 8.2 sets out the dispute resolution regime governing disputes between Registered Participants.
- MSATS procedures – Registered Participants must comply with the MSATS, which are maintained by AEMO in consultation with Registered Participants (clause 7.2.8).
- Rules consultation process – Registered Participants must comply with the consultation framework set out in Rule 8.9 wherever indicated in the NER.
- AER monitoring functions – AER has express power to monitor Registered Participants' compliance with the NER and impose, in certain circumstances, reporting requirements, procedures and standards on Registered Participants.

Incorporating Metering Coordinators as a new category of Registered Participants would mean:

- Metering Coordinators would be captured by the general requirements of Registered Participants under the NER.
- The NER would need to be amended to incorporate specific registration requirements for the new Metering Coordinator category of Registered Participant.
- AEMO would need to develop detailed registration guidelines and requirements for Metering Coordinators.

#### *NER obligation on accredited parties*

Metering Providers and Metering Data Providers are not required to be Registered Participants; however they are required to be accredited with AEMO. The obligations of Metering Providers and Metering Data Providers are set out in and enforceable by operation of, the NER and the AEMO accreditation process.

An alternative to requiring Metering Coordinators to be Registered Participants would be to require them to be accredited with AEMO. This would mean:

- The NER would specify the accreditation requirements of Metering Coordinators, including any requirements that may be established and maintained by AEMO (eg requirements such as the service level procedures that currently apply to Metering Providers and Metering Data Providers under clause 7.14.1A).
- Accreditation obligations would be enforced by way of the NER and accreditation process, including the threat of being unaccredited.
- Metering Coordinators could be deemed to be Registered Participants with respect to certain specific obligations under the NER (eg in respect of the dispute resolution procedures set out in rule 8.2).

#### *Views in submissions*

The majority of stakeholders considered that a Metering Coordinator should be a Registered Participant. We note that some stakeholders appeared to confuse registration and accreditation, eg proposing registration in a similar manner to the Metering Provider and Metering Data Provider. Stakeholders also considered that civil penalties should be preserved and extended to Metering Coordinators to ensure accountability for responsibilities. It was also highlighted that supporting changes are needed to the National Electricity Retail Rules as appropriate to reflect the changes to the role to the local network service provider and the retailer.

### **Gate keeper role - obligations and functions (open access advice)**

Question 3: What obligations and additional requirements should be considered for the gate keeper?

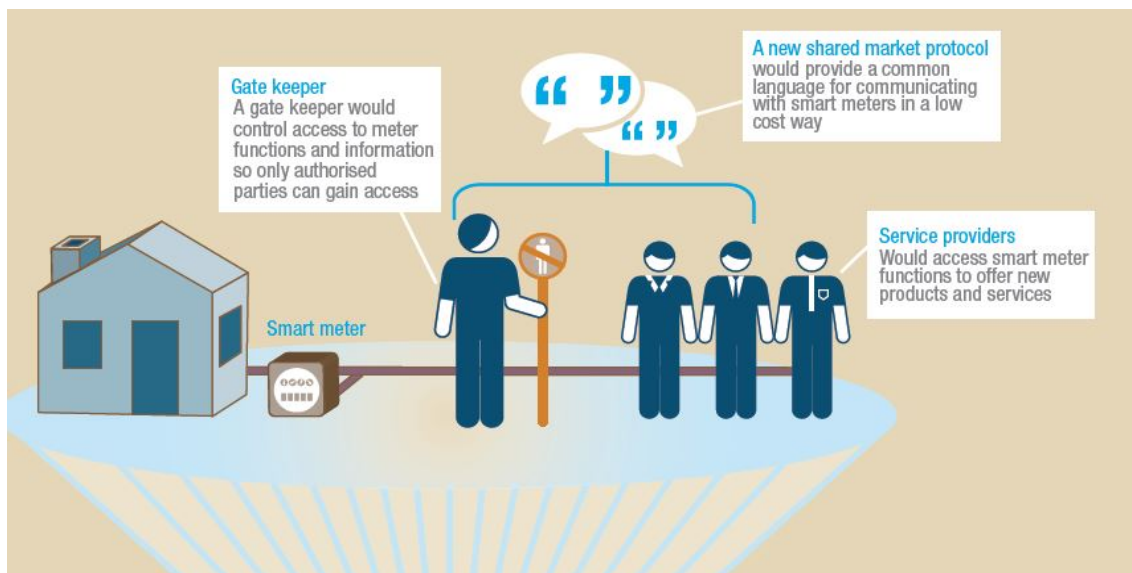
Question 4: Should the proposed gate keeper functions be bundled with the proposed Metering Coordinator or Metering Provider?

We highlighted in the consultation paper that we would further consider the functions and obligations of the gate keeper role as proposed in the AEMC's advice for framework for open access and common communications standards.<sup>9</sup>

<sup>9</sup> Refer to: <http://www.aemc.gov.au/market-reviews/open/framework-for-open-access-and-communication-standards.html>.

The AEMC open access advice considered that the gate keeper would, at a minimum, manage access to, congestion and security at a smart meter. For the first workshop, we encourage stakeholders to consider the suite of requirements and obligations that may be required in addition to the high level requirements proposed as part of the open access advice. Table 2 outlines the functions/responsibilities for further consideration for the gate keeper role.

**Figure 3: Functions of the gate keeper**



*Bundling the gate keeper functions with the Metering Coordinator or Metering Provider*

In addition to the range of functions and obligations of the new gate keeper role, we need to consider which party is best placed to take on the gate keeper obligations and functions. Two options were canvassed in the open access advice – to bundle with the Metering Coordinator or allocate the functions to the Metering Provider. As discussed above, it is important to consider the overarching objective for competitive arrangements, obligations (ie liabilities) and the skills of each party.

Currently, under the NER, the Responsible Person has obligations to ensure appropriate provisions are in place to manage access to and congestion to energy data and security from a meter and that a Metering Provider is contracted to carry out these duties. While the Metering Provider carries out the required services, the Responsible Person is ultimately accountable for these services.

Most stakeholder submissions recommended that the Metering Coordinator should not have the additional responsibilities of the gate keeper; rather the gate keeper functions and obligations should be aligned with the Metering Provider and Metering Data Provider.

**Table 2: Areas for consideration – gate keeper role**

Proposal from open access	Responsibilities and obligations	Issues to consider
Define and assign the gate keeper role including: <ul style="list-style-type: none"> <li>- Access/restriction of services</li> <li>- service level requirements</li> <li>- registration and accreditation requirements</li> </ul>	Managing access to services (basic, advanced, new) enabled by smart meter functionality by authorised parties.	Rights/restrictions of access to services, real time and other information data. Authorisation of parties accessing services/information. Validation of messages sent between the authorised parties and the smart meters.



		<p>Which services should have restricted access (e.g. network functions such as supply capacity control)?</p> <p>Managing registration of the home area network and/or the registration of devices connected to the Home Area Network.</p>
	Managing congestion of commands on smart meter communication networks	<p>Priority access requirements (eg emergencies/network reliability)</p> <p>Ensure commercial/ regulatory arrangements are met.</p>
	Security and service level requirements	<p>Prevent the security of network being compromised.</p> <p>Security of consumer information and data (links to rights and restrictions of data provision).</p>
	Accreditations required	<p>Compliance obligations (including technical capability) required for functions/responsibilities of the gate keeper.</p>