

USING ESTIMATED READS FOR CUSTOMER INITIAL CONSULTATION: AEMO SUBMISSION



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1. INTRODUCTION

AEMO welcomes the opportunity to provide a submission on the AEMC's initial consultation paper on using estimated reads for customer transfers.

It is understood that the AEMC is seeking further information from stakeholders on this rule change. This submission focuses on the questions relevant to the AEMO impact on estimated reads.

2. USE OF ESTIMATES IN THE WHOLESALE MARKET

Question 6 Use of estimates for settlement

- a) What, if any, issues would be raised by the use of an estimated read (not corrected by an actual read) for a final bill with retail billing, wholesale market settlement or other payments made by retailers, for example network charges, feed-in tariffs, REC obligations, and market and ancillary charges?
- b) What, if any, substantial changes to the systems or procedures of AEMO, retailers, MDPs or others would be required to address these issues?
- c) How would the costs of implementing the changes referred to in Question 6 (b) compare to the savings to retailers and customers from reduced payments to MDPs for special reads on transfer and from reduced administrative costs (including those in relation to meter access issues) relating to long transfer times?

AEMO supports the use of estimated read for retail transfers but not to the extent that the estimated read is used for wholesale market settlements.

The objective of the rule change proposal is to improve the timeliness of the customer transfer process, not to amend processes for wholesale settlement. A move to establish primacy of the estimated reads as proposed would require a redesign of the wholesale settlement process; an outcome that AEMO does not consider to be proportionate with the outcome that the rule proposal is seeking to achieve.

A fundamental change would be required to the principle that the settlement process always uses the best available metering data through the settlement revision processes, and that in the case of any dispute the data held within a metering installation is the single point of truth (as specified in the NER clause 7.6.3(c)).

If a requirement were to be established which mandated the use of estimated reads in the wholesale market settlement processes, AEMO considers that there would be a number of material impacts on systems and procedures, which could include:

- Metrology Procedure Part A and Part B re-drafting to accommodate the provision of the estimate and its primacy in the management of data ongoing and how this would be identified over "normal" final substitutions;
- MSATS Procedure and system changes to deal with the complexities accepting estimates over actual metering data. This would also need to consider the difficulties arising from retrospective estimates which would fall into AEMO's settlement revision cycles;

- AEMO's metering data validation systems and processes would need to be altered to accommodate required changes;
- AEMO's settlements system and processes would need to be reviewed to accommodate required changes;
- Metering data file formats would need to be altered to include the new identifier for an estimated read.
- Meter Data Provider Service Level Procedure, along with the Metrology Procedure, would need to consider how Meter Data Providers manage actual data in their database, data files and submission to market; and
- Metering data providers, particularly distribution network service providers and MDPs, would need to make changes to systems and process to meet the new rule and procedure requirements regarding the receipt of that data.

AEMO recommends that the use of estimate readings for transfers should be a matter for consideration in the provision and management of retail billing between the retailers and the customer. The risks of the estimate meter reading being too high or too low can be contained to the three primary parties to the transfer, the losing retailer, the winning retailer and the customer.

3. DISPUTE RESOLUTION

Question 8 Dispute resolution process for disputes relating to the use of estimates on transfer

- a) Is a new dispute resolution process required for disputes arising from the use of estimates on transfer, or should existing dispute resolution procedures in rule 8.2 of the NER be used?
- b) If a new dispute resolution process is required, should it follow the outline given in the Review, where the retailer would dispute the estimated read through the MSATS process, and AEMO would then determine the appropriate estimated read to be used in the transfer by applying the new estimation methodology?
- c) If an estimate is taken through a dispute resolution process, should a materiality threshold be imposed, below which changes to the estimate determined by the MDP would not be made? For example, if on review the estimate determined by AEMO is less than 200 kWh different from the estimate originally determined by the MDP, should the MDP's estimate be retained? This would be one way to restrict the number of estimates that are disputed.
- d) As an alternative to disputing an estimate through a dispute resolution process, should a retailer that objects to an estimate be permitted to arrange a special meter read (at its cost)?

AEMO are concerned that without appropriate safeguards a dispute resolution processes could become a default method used to frustrate the application of estimate readings for transfers.

An estimated read is by its nature, unlikely to be equal to the actual meter reading in the majority of cases, therefore the benefits of being able to dispute an estimate reading for use

in a customer transfer is questionable, providing that the metering data provider has determined the estimate in accordance with the NER.

The winning retailer can arrange a special read to facilitate the transfer if they choose, or through an arrangement with the customer. Allowing a losing retailer to object the transfer on an estimate read by permitting them to subsequently arrange a special meter read could potentially undermine with use of estimate reads for transfers, and impact negatively on the overall customer experience. Such an arrangement may also present problems regarding the recovery of costs for the special meter read and may have the effect of delaying the transfer process for customers.