



Updating the electricity B2B framework

Draft rule determination

The AEMC has released a draft rule determination on updating the electricity business-to-business (B2B) framework, which provides for communications between businesses for certain services related to small customer meters.

The draft rule determination

These changes are intended to facilitate communications between a wider range of parties providing and using services related to small customer meters. This is necessary following the commencement of the competition in metering final rule on 1 December 2017, which will result in a wider range of services being available through customer meters and a wider range of parties being interested in those services.

This draft rule determination was made in response to two rule change requests received from: the Council of Australian Governments (COAG) Energy Council; and Red Energy and Lumo Energy. These rule change requests were consolidated into a single rule change process as similar issues were raised.

The rule change requests were submitted following the AEMC's final advice on implementing a shared market protocol, published on 8 October 2015. The shared market protocol final advice was developed as part of the suite of market reforms arising from the AEMC's Power of Choice review in 2012.

Expected benefits

If implemented, the draft rule is likely to enhance the efficiencies and benefits of the competition in metering rule change and other Power of Choice reforms by facilitating communications between the businesses offering and accessing these new services. It is anticipated to provide benefits to small customers and the parties that are providing and accessing services related to small customer meters.

A shared communication method is likely to improve interoperability as participants will only need to develop one set of processes in order to interact with other participants in the market. This should reduce barriers to entry for new participants providing new services that are enabled by advanced meters. A shared communication method is also likely to support innovation in new services and reduce the costs of providing those services.

Overview of the draft rule

Information Exchange Committee

Under the draft rule, the IEC membership would be amended to include a more diverse range of parties that have an interest in B2B communications, with some flexibility for the IEC membership to reflect changing market conditions over time. This would facilitate informed decision-making for B2B procedures. The IEC membership would include:

- an Australian Energy Market Operator (AEMO) member (an AEMO director who would be the chairperson of the IEC);
- one distribution network service provider (DNSP) member (elected by DNSPs);
- one retailer member (elected by retailers and local 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);
- one consumer member (appointed by AEMO); and
- at least two, and up to four, discretionary members (appointed by AEMO).

The draft rule provides new governance arrangements and updates the framework for B2B communications.

Making B2B procedures

The draft rule amends the decision-making process for the IEC to develop recommendations for B2B procedures. It also clarifies AEMO's role in the decision-making process.

- At a minimum, the B2B procedures must provide for B2B communications that support the services in the metering minimum services specification. Communications to support other services may be included in accordance with the procedure change process.
- The IEC must consider the national electricity objective (NEO), a new set of B2B factors and the B2B principles when considering a proposed change to B2B procedures. As a result, the IEC will need to consider whether a change would facilitate innovation or lower barriers to entry in the market for services available through a customer's meter.
- The draft rule specifies that AEMO may only veto an IEC recommendation to change the B2B procedures when the IEC recommendation is inconsistent with market settlements and transfer solutions (MSATS) procedures.

The B2B e-hub

- AEMO is responsible for providing and operating a B2B e-hub – an electronic communications platform.
- The B2B e-hub must have the capability to facilitate B2B communications in accordance with the B2B procedures and 'free form' messages. It must also meet any performance requirements specified in B2B procedures.

Using the B2B e-hub

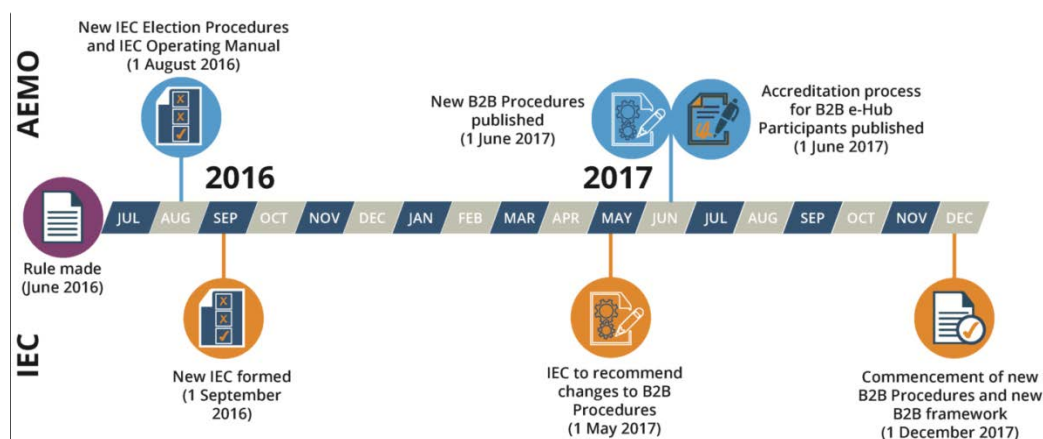
- Any party wishing to use the B2B e-hub must be accredited with AEMO. This may include appropriate IT, security and credit support requirements.

Cost recovery

- Costs associated with the development of B2B procedures, establishment and operation of the IEC and services provided by AEMO to facilitate B2B communications (including operation of the B2B e-hub) are to be paid by AEMO and may be recouped through participant fees.

Implementation

Under the draft rule, the new B2B framework would be implemented by 1 December 2017. This is the date the competition in metering and embedded networks reforms will commence. Aligning all of these reforms is expected to maximise their benefits to consumers. The implementation timeframes in the draft rule are set out below.



Consultation process

The Commission invites submissions on this draft rule determination, including the draft rule, by 19 May 2016.

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