

7 July 2010

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Reference ERC0092

Dear Mr Pierce,

**National Electricity Amendment (Provision of Metering Data Services and Clarification of Existing Metrology Requirements) Rule 2010 — Draft Determination**

Integral Energy welcomes the opportunity to comment on the Commission's Draft Determination regarding the Provision of Metering Data Services and Clarification of Existing Metrology Requirements Rule change proposal published in May 2010.

Integral Energy is the second largest state owned energy corporation in New South Wales, serving some of Australia's largest and fastest growing regional economies. It provides distribution network services to almost 860,000 customers or 2.1 million people in households and businesses spanning 24,500 kilometres in Greater Western Sydney, the Blue Mountains, the Illawarra and Southern Highlands.

Consistent with our submission on the Commission's initial consultation paper, Integral Energy is generally supportive of the proposal to transfer responsibility for metering data services from the Australian Energy Market Operator (AEMO) to market participants and to introduce Metering Data Providers (MDPs) to provide the relevant services.

However, Integral Energy has a number of concerns with regards to the proposed Draft National Electricity Rule (draft Rule).

**Responsibility for metering data services**

The Commission proposes to make the Financially Responsible Market Participant (FRMP) responsible for the provision of metering data services for Type 1 to 4 meters rather than the Local Network Services Provider (LNSP). The LNSP will be permitted, but not required, to make an offer to the FRMP to act as the responsible person should the FRMP prefer.

Integral Energy continues to support AEMO's original proposal, namely, that the person responsible for the metering installation also be the person responsible for metering data services. The two roles are most efficiently performed by one person,

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simplifying co-ordination between market participants and thereby reducing the relevant costs. This is effectively how the market operates today and Integral Energy sees no clear rationale for change.

The LNSP is already obliged to respond to a request from the FRMP to offer to act as the responsible person with respect to the metering installation. Extending that obligation to include metering data services would be simpler than having separate mandatory (metering installation) and voluntary (metering data services) mechanisms, as proposed by the Commission.

Importantly, the Commission's voluntary offer approach is unlikely to work in practice. This is because there is no mechanism to ensure that LNSPs receive timely notification of the customer churn. The draft Rule would allow the FRMP to appoint a Metering Provider and Metering Data Provider ahead of the churn being notified through the Marketing Settlements and Transfer System (MSATS). The LNSP would have insufficient time to tailor a cost effective offer. In practice, such offers would become uncompetitive "standing offers".

### **Service Level Procedures and guidelines**

Integral Energy remains of the view that service level requirements on both Metering Providers and Metering Data Providers should be set out in the existing Metrology Procedure. However, Integral Energy is also cognisant of the practical difficulties that would be involved in making the required large volume of changes to the Procedure in a timely way. Integral Energy therefore supports the Commission's proposal to establish separate Service Level Procedures for Metering Data Providers. It should be clear though that this is a pragmatic transitional step only. The Rules should require that AEMO incorporate the Service Level Procedures into the Metrology Procedure by a specific date (within three to five years).

Integral Energy also notes that the draft Rule requires that AEMO establish guidelines in relation to the roles of the FRMP and LNSP<sup>1</sup>. The market has been operating successfully without such guidelines for many years and the Commission has provided no rationale for requiring them now. Integral Energy submits that this obligation be removed from the Rule.

### **Responsibility of the LNSP for provision of data**

The draft Rule includes an obligation on the LNSP that it be able to provide metering data to AEMO if remote acquisition becomes, for any reason, unavailable<sup>2</sup>. This is inappropriate for two reasons.

First, there are well understood processes in the Metrology Procedures and service level requirements for meter data substitution<sup>3</sup> and, under the approach preferred by Integral Energy, the responsible person would have the obligation to ensure that the Metering Data Provider complies with the requirement to substitute data where required. That responsible person may or not may not be the LNSP.

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<sup>1</sup> Proposed clauses 7.2.2.(e) and 7.2.3(l).

<sup>2</sup> Proposed clause 7.2.3.(k)(3).

<sup>3</sup> See Metrology Procedures B, clause 2.

Second, the Commission has already made it clear that it would not, as part of the current Rule change, make changes that would impact on the proposed national smart meter rollout. Imposing a blanket requirement on LNSPs to deliver metering data when remote communications become unavailable would clearly have implications for the smart meter rollout as it would force LNSPs to retain their manual reading capabilities, including the associated workforce. This may prevent the realisation of a number of other expected important benefits to customers.

The draft Rule also proposes that, should an MDP be unable to remotely obtain meter data from a particular metering installation, then the responsible person "must assist" the MDP to obtain that data<sup>4</sup>. Integral Energy is concerned that this drafting could be interpreted to impose a blanket obligation on the responsible person. Depending on the nature of the problem, this may be unreasonable, particularly in the upcoming smart meter environment where there may be multiple parties responsible for components of the end to end data delivery system. Integral Energy submits that the clause should be redrafted from "must assist" to "make reasonable endeavours to assist" in order to minimise this risk.

#### **Definition of settlements ready data**

The draft Rule changes the definition of "settlements ready data" from data delivered to AEMO's metering database to data held in the metering database<sup>5</sup>. Current practice is that LNSPs use the settlements ready data provided by Metering Data Agents to determine network charges. Integral Energy remains concerned that the proposed change will require LNSPs to duplicate the Type 1 to 4 meter data held by AEMO. Reproducing those data facilities would be costly and unnecessary.

The Commission is incorrect when it states that draft Rule clause 7.14.3(a)(5) allows an LNSP to use the information held in an MDP's metering data services database to determine network charges as that clause is restricted to Type 5 to 7 meter data only.

In addition, the data held by AEMO does not include kVA data and records net meter data only, not separate import and export data. These data items are currently required for network billing.

Accordingly, Integral Energy considers that the most appropriate solution to this issue would be to retain the current definition of "settlements ready data".

#### **Definition of telecommunications network**

The definition of "telecommunications network" included in the draft Rule requires that a non-public telecommunications network must be approved by AEMO for the remote acquisition of metering data<sup>6</sup>. Integral Energy agrees that it is important that there be a level of confidence that such networks are suitably secure and reliable for market settlements purposes.

Integral Energy notes that the importance of private telecommunications networks is likely to increase in the future with the rollout of smart meters and the ability to deliver non-traditional services through this medium. In such circumstances, it may be more

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<sup>4</sup> Proposed clause 7.11.3(j).

<sup>5</sup> Proposed definition in Rules Chapter 10.

<sup>6</sup> Proposed definition in Rules Chapter 10.

appropriate that another party or parties have the prime responsibility for verifying the telecommunication's network's capabilities.

In the interim, Integral Energy supports there being greater clarity around the process and criteria for approval by AEMO. In addition, Integral Energy also notes that the obligation on AEMO would be more appropriately placed within Chapter 7 of the Rules rather than the glossary.

If you have any questions with respect to this submission, please contact Mr Anthony Englund, Regulatory Policy Manager on (02) 9853 6511.

Yours faithfully

A handwritten signature in black ink, appearing to read "M. Martinson", with a long horizontal flourish extending to the right.

Michael Martinson  
**Manager Network Regulation**