

1 July 2010

Mr John Pierce  
Chairman  
Australian Energy Market Commission  
Level 5, 201 Elizabeth Street  
Sydney NSW 2000

Via website: [www.aemc.gov.au](http://www.aemc.gov.au)

Dear John,

**Draft Rule Determination – National Electricity Amendment (Provision of Metering Data Services and Clarification of Existing Metrology Requirements) Rule 2010 (Project: “ERC0092”)**

Grid Australia welcomes the opportunity to comment on the AEMC’s Draft Determination (6 May 2010) on the aforementioned Rule change proposal, submitted by the Australian Energy Market Operator (AEMO) (formerly NEMMCO).

Grid Australia makes this submission on behalf of National Electricity Market (NEM) electricity transmission network owners ElectraNet (South Australia), Powerlink Queensland (Queensland), SP AusNet (Victoria), Transend (Tasmania) and TransGrid (New South Wales).

Grid Australia essentially supports the AEMC’s Draft Determination as it relates to ‘wholesale’ metering i.e. Type 1 – 4 meters at transmission connection points and on interconnectors. In Grid Australia’s view, the AEMC has taken a ‘proportionate’ and responsible ‘merits’ based stance in response to AEMO’s proposals<sup>1</sup>.

It should be noted that Grid Australia continues to support having local TNSPs as the ‘default’ metering providers (as distinct from metering data provision). In most instances the local TNSP is in by far the best position to offer a workable and rigorous offering for the relevant metering installation using their in house meter service providers.

Specifically, Grid Australia agrees that:

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<sup>1</sup> See also Grid Australia’s earlier submission on 16 October 2009.

1. The responsibility for the provision of metering data services for metering installation types 1 – 4, should be allocated to the Financially Responsible Market Participant (FRMP), (with the option of accepting a voluntary offer from the Local Network Service Provider<sup>2</sup>). In the wholesale market, these entities have a material interest in a having a high standard of metering data provision and are well placed to manage such responsibilities, and form the most direct route for such monitoring and control.

Grid Australia considers that the FRMPs have the most interest in the quality of the data provided by the *Metering Data Provider* as they are required to settle on the incorporated values. In addition, it is reasonable to assume that the FRMPs generally have adequate expertise to carry out these responsibilities. While the TNSPs (the usual Responsible Person for Types 1 - 4 transmission connection points) have an interest in the accuracy of the data, it is of a lower significance than for the Energy and Ancillary Services Market Participants. This is especially so in situations where the FRMP opts for value added services.

Grid Australia also agrees that based on ‘productive efficiency<sup>3</sup>’ considerations, the AEMC’s current determination arrangements are optimal, in contributing to the NEO, for Types 1 - 4 transmission connection points.

2. TNSPs as Responsible Person(s) *“would be obliged to provide metering data services in circumstances where it did not have the capacity to currently meet this requirement”* . Further, the AEMC states AEMO’s recommendations *“effectively confers a new regulatory obligation on the LNSP without there being any ostensible efficiency benefit ... The Commission considers that conferring an obligation on the LNSP to respond to a request for an offer to be the Responsible Person would not likely contribute to the achievement of the NEO”*. (p.22)
3. *“... making the FRMP responsible for the provision of metering data services for metering installations types 1-4 would represent an incremental change that is consistent with current operational practice ...”* (p.23)

As noted in Grid Australia’s earlier submission on this matter, there are clear and significant differences between the essential metering needs of the wholesale market (transmission connection points and interconnectors) and the metering needs of the retail market. Consequently, Grid Australia maintains that giving this new role to the *FRMP* for transmission connection points and interconnectors would lead to lower overall NEM cost outcomes than would be required if this role was allocated to TNSPs. While Grid Australia recognises that this will introduce different processes between wholesale market metering and retail metering installations, any associated costs will be minimal given the relatively low volume of connection points in the wholesale sector, and significantly less than the costs to *TNSPs* in establishing new contractual arrangements and requisite supporting processes.

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<sup>2</sup> Grid Australia recommends that the AEMC ensures that the associated draft Rules correctly reflect the intent of the AEMC to ensure that LNSPs have no ‘regulatory obligation’ with respect to this role (pages 7 and 23 of the Draft Determination).

<sup>3</sup> Refer to page 11 of the AEMC’s Draft Determination (6 May 2010).

To maintain the current AEMC draft determination on this matter would also obviate the possible need for:

- *TNSPs* to establish internal *Metering Data Provider* service groups, develop software systems and become accredited, or need to engage third party *Metering Data Providers*. The use of third party *MDPs* would require the development and negotiation of new contracts, as well as the implementation of *MDP* performance and compliance monitoring processes and appointment of additional skilled personnel. New Information Technology systems would also have to be developed and implemented to automate and manage some of these processes; and
- Significantly increased legal and commercial liabilities that will arise for the *Responsible Person* as a consequence of becoming responsible for metering data errors arising through *MDP* processes and *MDP/AEMO* interfaces. This is likely to lead to a risk premium being levied by *RPs* and *FRMPs*;

### **Civil Penalty Provisions**

In general terms, Grid Australia is supportive of provisions in the National Electricity Rules that are considered necessary for the integrity or security of the National Electricity Market (NEM). In addition, any civil penalty provisions must be proportionate and consistent with the intent of the relevant Rules provisions. An initial assessment of the civil penalty provisions appears compatible with the need to not put at any additional risk the safe and secure operation of the NEM.

### **Drafting and Housekeeping Matters**

Grid Australia notes that the wording of the draft Rules can be simplified (and comprehension assisted) by replacing such phrases as:

**Clause 7.2.2 (d) The Market Participant must for each type 1, 2, 3 or 4 metering installation for which it is the financially responsible Market Participant: etc.** (why are the words “financially responsible” not initially capitalised?)

with:

**Clause 7.2.2 (d) The Financially Responsible Market Participant for each type 1, 2, 3 or 4 metering installations must: etc.**

Grid Australia would welcome the opportunity to clarify any aspect of this submission. If you require any further information, please contact Mr David Craig, TransGrid's Protection and Metering Manager on (02) 4967 8734 in the first instance.



Rainer Korte  
**Chairman**  
**Grid Australia Regulatory Managers Group**