

28 January 2016

Mr John Pierce, Chairman  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Lodged via [www.aemc.gov.au](http://www.aemc.gov.au)

Dear Mr Pierce,

### **Reference ERC0182: Meter Replacement Processes Rule Change – Draft Determination**

Thank you for the opportunity to respond to the Meter Replacement Processes Rule Change – Draft Determination (the Paper).

Simply Energy is a leading energy retailer servicing Victoria, South Australia, New South Wales and Queensland. Simply Energy is a member of the Energy Retailer's Association of Australia (ERAA).

#### **The draft rule is an improvement, but does not resolve some issues**

The Australian Energy Market Commission's (AEMC) draft rule is an improvement on the current situation, but leaves unresolved some issues identified by the proponent and in stakeholder submissions.

The key benefit the proponent and other stakeholders are seeking to obtain from this rule change is the value that customers and retailers obtain from being able to get required metering in place as soon as possible and in a coordinated way at the start of a new retail contract.

Until relatively recently the Australian Energy Market Operator (AEMO) meter change procedures enabled an incoming retailer (who is not yet identified in the Market Settlement and Transfer Solution (MSATS) as the financially responsible market participant (FRMP) for the connection point) to arrange for a change of metering at the site. This was so that metering that supports the services agreed between the retailer and the customer was available as soon as the retailer becomes the FRMP.

AEMO decided that this provision was inconsistent with the National Electricity Rules, and consequently revised the procedures so that a retailer must be first identified in MSATS as the FRMP before arranging for a change of metering. This delayed provision of suitable metering for some customers, leading to the current rule change proposal.

The initial proposal, which included additional roles for prospective participants, added significant complexity that would have added costs to all participants, including those that did not make use of the opportunity to replace meters as soon as possible. As a result, Simply Energy supports the AEMC's decision to avoid this approach.

Simply Energy also supports the draft rules that allow, from 1 December 2017, an incoming retailer to nominate the metering coordinator (MC), metering provider and metering data provider, with these nominations to become appointments when the incoming retailer becomes the FRMP.

The draft determination draws attention to the new meter competition rules that will also apply from 1 December 2017, which allow a large customer to appoint their own MC at any time. The new rules are considered to be sufficient to enable large customers to obtain suitable metering that is in place for the start of a contract with a new retailer.

While this is true in theory, in practice Simply Energy does not consider that this will be effective without further changes, because currently the incoming FRMP has no visibility of the change request (CR) to appoint the new MC. Also, the incoming retailer cannot raise the CR to become the new FRMP until the CR to change the MC has been completed. This is because the CR to become FRMP requires nomination of the MC, and if the incorrect MC is shown the CR will be rejected. Simply Energy considers that AEMO should review these procedures to maximise the value that large customers and retailers can obtain from the opportunity large customers have to appoint an MC.

As a result, Simply Energy expects the incoming retailer's nomination rights to be used more extensively than customer appointment of MC, to coordinate metering and retail requirements for large customers.

With that in mind, it is essential that the nomination rights process is implemented in a way that makes it effective in achieving the aim of customers and retailers being able to get required metering in place as soon as possible and in a coordinated way at the start of a new retail contract.

### **The AEMC must give AEMO comprehensive direction**

As Simply Energy noted in its submission to the directions paper for this project, any new rules will be implemented by the Australian Energy Market Operator (AEMO) developing procedures changes. Experience suggests that AEMO needs to be given comprehensive direction by the AEMC to ensure that the intent of rule changes flows through in full to the final procedures. Simply Energy recommends that the AEMC closely monitors the procedures development process to ensure this rule change, if made, is correctly reflected in the AEMO procedures.

### **Physical meter change as a trigger for retail transfer**

The Draft Determination requests stakeholder responses to possible rules and procedures that allow an incoming retailer to appoint a new MC, and the physical change of the meter to be the trigger for the incoming retailer becoming the FRMP. While this change may provide some benefits, Simply Energy does not consider that they will be significant, due to the difficulties in

arranging physical meter changes to coincide with the start of large customer retail contracts, which typically commence on 1 January.

If you have any questions about this submission, please contact James Barton, Regulatory Policy Manager on (03) 8807 1171.

Yours sincerely

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