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19 October 2009
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Sir or Madam,

National Electricity Amendment (Provision of Metering Data Services and Clarification of Existing Metrology Requirements) Rule 2009

Project reference ERC 00092/1.

EnergyAustralia welcomes the opportunity to respond to AEMC regarding the consultation of the National Electricity Amendment (Provision of Metering Data Services and Clarification of Existing Metrology Requirements).

EnergyAustralia supports the general policy direction of the rule change and considers it will lead to improved regulatory design and accountabilities for the provision of metering services within the National Electricity Market (NEM) and thereby contribute to the achievement of the national electricity objective. EnergyAustralia has identified a number of implementation issues such as the scope of audits and some issues around the technical drafting which we urge the Commission to consider during the rule change process.

EnergyAustralia has also identified several related matters which we consider should be addressed by this rule change that will further improve the regulatory design within Chapter 7 of the National Electricity Rules (NERs) such as the need to clarify the entities that are the responsible person for wholesale metering points and for child NMIs within embedded networks.

Finally, EnergyAustralia is concerned that pre-empting any NER changes or other policy decisions related to the rule change proposal for smart metering would be detrimental to the national smart meter project. We consider that such changes should be the subject of separate consultation.

I attach our detailed comments that answer the questions put forward in the consultation request, as well further detail outlining the issues of responsible person for wholesale metering and child NMIs. Please contact Catherine O'Neill, Executive Manager – Regulation and Pricing on (02) 9269 4171, if you require any further information.

Yours sincerely,

Terry Fagan
A/Executive General Manager
System Planning & Regulation

Attachments: Comments on the National Electricity Amendment (Provision of Metering Data Services and Clarification of Existing Metrology Requirements) Rule 2009.

National Electricity Amendment (Provision of Metering Data Services and Clarification of Existing Metrology Requirements) Rule 2009.

EnergyAustralia Comments

1. Do you agree that there is an issue with the current arrangements that should be addressed by amending the Rules? Please explain your view

Whilst there are a number of implementation issues which will need to be considered during the rule change process, EnergyAustralia supports the general policy direction of the rule change as it will lead to improved regulatory design and accountabilities for the provision of metering services within the National Electricity Market (NEM) and thereby contribute to the achievement of the national electricity objective. In addition, EnergyAustralia wishes to submit that there are several related matters and technical drafting issues which should also be addressed by this rule change which will further improve the regulatory design within Chapter 7 of the National Electricity Rules (NERs) and further contribute to the achievement of the national electricity objective. These matters are included at the end of this document.

2. What impacts (including operational and procedural impacts) is the Rule change proposal likely to have on stakeholders?

EnergyAustralia is concerned that this NER change has the capability of imposing additional audits with associated costs and resource impacts to participate in these audits from each Responsible Person (RP) on the Meter Data Provider (MDP). These would be in addition to completing Australian Energy Market Operator (AEMO) Service Level Performance audits, ISO and internal audits.

EnergyAustralia has a number of third party contracts with end use customers for Meter Data Agency (MDA) value added services. EnergyAustralia is concerned that this NER change proposal may impact these agreements with these end use customers.

EnergyAustralia is concerned that if a new “metering data services database” (as defined in the proposed version of the NERs) in addition to what is currently required, it could impose substantial costs in IT scope, design, development, testing and maintenance. Where currently the Local Network Service Provider (LNSP) is mandated as the RP for type 5-7 metering installations and must maintain a “metering installation database” for these sites (see point under Technical Drafting Comments heading regarding NER / AEMO Metrology Procedure inconsistency), a “metering data services database” which would now incorporate numerous RPs for a number of metering installations, will cause ring fencing, timing issues and additional IT expense.

3. What impacts, if any, is the Rule change proposal likely to have on changes arising from the development, adoption or use of advanced metering installations and other "smart meter" technology?

EnergyAustralia strongly believe that NER changes for smart metering should not be pre-empted or proposed at this point in time as a minimum functional specification for smart metering has not yet been finalised.

Smart metering will replace existing Type 5 and Type 6 meters in the future where it is mandated. Smart metering should not be seen as a revision to Type 4 metering installations as this would make the existing type 4 metering installations non NER compliant. Type 4 metering installations are typically meant for larger customers (i.e. commercial and industrial) while the smart metering program is aimed at residential and small business customers. Since a smart meter is likely to be significantly different to Type 5 and Type 6 meters EnergyAustralia considers that they should be classified as a new meter Type (e.g. Type 8 or Type A or even Type S).

The development of another meter classification in the future (e.g. a Type 8 metering installation) should not impact on potential to have smart meters (and services) supplied with the FRMP as the RP if the benefits can be demonstrated. The existing Ministerial Council on Energy (MCE) position is that the LNSP is the RP for smart meters. It is anticipated therefore that the initial rules developed for smart metering will adopt this position. If this were to change in the future and smart meters were treated more in line with Type 4 meters, then the complication of having the FRMP as the RP is introduced into meter classification/RP considerations for smart meters and this would need to be addressed in any future rule changes.

The smart meter program is proposed to deliver a wide range of new services to customers who are not presently covered by the type 4 metering installation classification. These new services may well have metrology impacts which are also not presently covered by the Type 4 metering installation classification. Attempting to force the smart meter in to the Type 4 metering installation classification would undermine the business case and potential benefits of smart meters.

In addition, Type 4 metering installations must be connected to a Telecommunications Network (as defined in the NERs). The current communication proposals for smart metering include private communication networks which under the current rules are not allowed for Type 4 metering installations.

Type 4 metering installations currently need to be installed and maintained by an AEMO accredited MPB. Currently, customers consuming less than 160MWh per annum are normally connected as a Type 5 or Type 6 metering installation and can be installed by an Accredited Service Provider (in NSW) and LNSPs and their contractors in other states.

EnergyAustralia is firmly of the view that smart meters will need to be treated as a new meter Type where jurisdictions choose to mandate roll outs. The rules and framework for supporting such arrangements are the consideration of detailed assessment by the National Stakeholder Steering Committee (NSSC). This assessment includes the development of an optimal functional specification for smart meters along with service level and regulatory requirements. EnergyAustralia therefore strongly advocates that the AEMC should not seek to include rule changes to accommodate smart metering at this time. NER changes for smart metering should be developed once the NSSC has completed its review and the MCE has considered the NSSC advice.

If the AEMC does intend to consider smart metering requirements for the NER at this time then EnergyAustralia proposes that a considerable extension be granted for this consultation.

4. Will the Rule change proposal contribute, or be likely to contribute, to the achievement of the national electricity objective? Please explain your view.

EnergyAustralia supports the rule change as it considers that it will lead to improved regulatory design and accountabilities for the provision of metering services within the National Electricity Market.

5. What costs are stakeholders likely to incur, and what benefits are likely to accrue to stakeholders, if the proposed Rule is made?

As identified in point 2 there are a number of implementation costs that EnergyAustralia has identified that could occur from this proposed NER change. Firstly, the possibility of additional audit requests from a number of RPs could impose additional costs on the MDP with regard to actual and opportunity costs. Secondly, the loss of customer contracts for value added services may also impact MDP revenues. Finally, and possibly the greatest potential cost would be any IT changes to comply with the new “metering data services database” proposed by this NER change. Further analysis and investigation into the impacts on IT systems would need to be conducted to determine an estimated cost.

Benefits include improved regulatory design and accountabilities for the provision of metering services within the NEM and standardisation of the MDP role across all metering types.

6. What transitional arrangements, if any, would be required to ensure stakeholders can comply with the proposed changes?

Other than the items identified by EnergyAustralia in point 2 and 5 which may require a transitional plan, EnergyAustralia does not envisage any other transitional arrangements which may be caused by this proposed NER change.

Additional comments on NER change proposal not encompassed by the questions set out above

Energy Australia submits the following comments on other RP issues under the NERs which should be addressed as a part of this NER change proposal.

Responsible Person for Wholesale Metering Points

EnergyAustralia wishes to raise an issue with respect to the RP for what are known as Wholesale Metering Points (WMP) in the NEM which it considers should be addressed as part of this NER change proposal. AEMO's proposed NER change proposes additional roles for the RP with respect to meter data services in the NEM.

A WMP is a connection point to the Transmission Network where Market Load is purchased by a Market Participant.

Currently the RP for WMPs will be either the financially responsible Market Participant (FRMP) or the Local Network Service Provider (LNSP) if the FRMP requests and accepts an offer from the LNSP under clause 7.2.3 of the NERs. The LNSP will be the distribution network service provider within whose area the connection point is located unless the LNSP is also a Market Participant, in which case the relevant TNSP will be the LNSP under clause 7.4.2(e) of the Rules. AEMO's NER change proposal does not currently touch on these provisions.

EnergyAustralia submits that the RP for WMPs should be either the LNSP where the WMP is within the LNSPs network or the TNSP when the WMP is within the TNSPs network (i.e. where the WMP is located within the TNSPs substation). If the LNSP were to become the RP for WMPs located within a TNSPs substation, the following issues would cause inefficient operation of the NEM:

- Access to secure third party substations for;
    - Initial installation of WMPs;
    - Communication faults; and
    - Routine maintenance and inspection.
- Testing of CT and VTs owned by a third party;
- Scheduling outages on a third party Transmission Network;
- Reconfiguration of the Transmission Network impacting location and performance of WMPs;
- Use of third party assets (eg. telephone lines for remote communication).

It is not appropriate for the Market Participant to be the RP for these types of metering installations due to the complexity of the WMPs being a "network" of metering installations rather than a single metering point. It is difficult and therefore unreasonable to expect a Market Participant to be the RP for WMPs. Whilst the Market Participant has a financial obligation for each metering installation, the classification of each WMP is unknown to other parties other then the LNSP. This is due to the fact that the LNSP has the

required knowledge of the configuration of the Network, future Network construction plans and energisation of new assets. These factors allow the LNSP the ability to appropriately specify the location of WMPs.

This is supported to some extent by AEMO's proposed amendments to clauses 7.2.5(aa) and (ab). These provisions require the RP to engage a MDP for the provision of metering data services unless the RP is the MDP. They also provide for AEMO to nominate the MDP to be engaged by the RP for transmission network connection points (i.e. WMPs) and for interconnectors. AEMO has explained these provisions by reference to its role of performing cross validations and the criticality of the metering data for market settlement where it is the FRMP for interconnectors across regions. These reasons are consistent with the matters set out above in relation in support of either the LNSP or the TNSP, as appropriate, being appointed as the RP for WMPs.

For these reasons EnergyAustralia submits that the proposed rule would better contribute to the national electricity objective if it was expanded to address the matters outlined above.

Responsible Person for Child NMIs within Embedded Networks

Currently clauses 7.2.1 to 7.2.3 of the NERs address who is the RP for metering installations. Generally the FRMP is responsible for each metering installation Type 1-4 for which it is responsible unless it has requested and accepted an offer from the LNSP to be the RP. The LNSP is the RP for metering installation Types 5-7 connected to or proposed to be connected to the LNSP's network.

EnergyAustralia wishes to raise a current issue under the NERs with respect to embedded networks. Embedded networks are not defined under the NERs; however, AEMO has put forward the following as commonly accepted definitions[1]:

"An *embedded network* is a distribution network which has a *connection point* to another distribution network and does not also have a *connection point* to a *transmission network*."

a parent metering point would be defined as;
"A *parent metering point* is a *metering point* through which the energy measured is supplied to more than one *connection point*."

a child metering point would be defined as;
"A *child metering point* is a *metering point* which has a relationship to a *parent metering point* such that the arithmetical difference between the energy measured at the *parent metering point* and the *child metering point* represents the energy consumption for one or more other *connection points*."

EnergyAustralia has been advised that the NERs do not currently provide for a RP with respect to child National Metering Identifiers (NMI) within

[1] AEMO Embedded Network Guideline, November 2008

embedded networks. This conclusion involves an analysis of a number of interconnected definitions under the NERs, but put most simply, the NERs determine the RP by reference to the network to which the metering installation is connected or proposed to be connected, see clause 7.2.3 of the NERs. Whilst the parent NMI is connected to the LNSPs network, the child NMI is connected to the embedded network not to a "local" network service provider; hence the RP cannot be determined by reference to a LNSP.

In November 2008 AEMO (then NEMMCO) published its *Embedded Network Guideline*. In that document AEMO appears to have taken the position that the LNSP should be regarded as the RP for child NMIs within embedded networks, in circumstances where the LNSP is not the RP for the parent NMI and those child NMIs are not connected to the LNSP's network.

Key assumption 6 in section 1.2 states:

> "Metering requirements and responsibilities for downstream NMIs registered in MSATs are the same as for all other market NMIs under the Rules and the Metrology Procedure. Including if child meters are eligible to be manually read this will be the responsibility of the LNSP associated with the parent connection point".

And further at paragraph 4.1

> "the LNSP will have the same role and responsibility for managing NMIs in embedded networks that are connected to it as it does within its own network. Prior to version 2.91 of the CATS Procedures these functions had been allocated to the FRMP of the parent, a participant that did not normally undertake this role."

This approach is not supported by the NERs. EnergyAustralia understands that AEMO needs to be able to identify a RP for each metering installation for market system purposes, but to the extent that the NERs do not make proper provision, this should be addressed by a full NER change process to determine who should be the RP in such situations. There are a number of embedded networks within EnergyAustralia's network including for example, caravan parks, shopping centres, industrial estates and retirement villages with many child NMIs. In EnergyAustralia's view the RP for child NMIs should be the same as for the parent NMI and the LNSP should not be required to carry out RP functions where it is not the RP for the parent NMI.

Under the initial national Metrology Procedure, the issue of the RP was addressed on a jurisdictional basis. In NSW, the NSW Metrology Procedure required the RP at the parent NMI to assume the RP role for child NMIs. To date, industry practice and procedure has been based on this requirement. In 2007 NEMMCO removed these provisions from the NEMMCO Metrology Procedure and as a result there is no clear provision in relation to who should perform the role of RP for child NMIs within an embedded network. It is clear however that the NERs do currently not impose this obligation upon LNSPs.

EnergyAustralia submits that this gap in the NERs should be addressed as part of this NER change to ensure that it is clear who the RP is in these circumstances and before any additional obligations are placed on the RP. It would not contribute to the national electricity objective if additional obligations were imposed upon the RP in circumstances where it is not clear who the RP is under the NERs in all situations.

Technical Drafting Comments

Clause 7.4.3(d) references to the ability of the AEMO to deregister a Metering Provider (MP) or MDP if they have acted in any way which is "unethical". Deregistration for unethical behaviour does not seem to be appropriate as a compliance measure in this context, given that it is proposed that AEMO will have an ability to deregister for breach of the NERs or relevant procedures referred to in 7.4.3(b). In particular it would be difficult to establish what should be considered "unethical" behaviour which was not a breach of the NERs or procedures referred to in 7.4.3(b) unless there was some relevant code of conduct or standard against which the behaviour could be judged.

Clause 7.7(a) deals with the persons entitled to receive metering and other data from a metering register. Subclause (9) refers to "MDPs who have been engaged to provide metering data services for that metering installation or in accordance with clause 7.2.9(c) (5)". It is not clear what is meant by the reference to 7.2.9(c)(5) as that clause refers to the requirement for service level procedures for the processing of metering data associated with connection point transfers and the alteration of metering installation where one or more devices are replaced. EnergyAustralia would query whether the reference is intended to be to the service level procedures.

The Commission might also note that whilst AEMO states that the metering installation data base within metering installation Types 5-7 are currently the responsibility of the RP this is not consistent with the current role of the RP under the NER. It appears that the National AEMO Metrology Procedure may include provisions with respect to meter reading and data collection by the RP for metering Types 5-7 which are not consistent with the NERs.