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National Electricity Market
Management Company Ltd

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Melbourne Office

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Dear John

Proposed Changes to the National Electricity Rules
First Tier Metering Installation Requirements

NEMMCO submitted a Rules change package (dated 30 April 2007) to the AEMC in connection with the harmonisation of the first tier metrology arrangements into the NEM metrology framework.

On 6th September AEMC sought clarification on some of the proposals within the NEMMCO submission. The purpose of this letter is to provide the AEMC with confirmation of NEMMCO's responses provided in that discussion.

The original package contains 26 Rules change proposals within 6 groups. The comments below refer to the proposal numbering contained within that package.

Rules change proposal No. 3

Rules change proposal No. 3 in the package proposes that the Rules in certain circumstances allow the metrology procedure to set out which market participant may be responsible for first tier metering installations.

The purpose of the proposed Rules was to allow arrangements the Essential Services Commission of South Australia (ESCOSA) and the Essential Services Commission (Victoria) (ESC) has in place to continue. These arrangements allowed the retailer to choose to be the responsible person for certain first tier customers with type 5 and 6 metering installations. This jurisdictional policy is not consistent with the responsibility arrangements currently in the Rules for second-tier customers.

Following further consultation with the relevant jurisdictions, South Australia indicated that their special arrangement is accommodated and therefore they do not require the proposed Rule.

Victoria has indicated that while this Rule is necessary in transition, there is not an ongoing requirement for the Rule in Victoria. That is, under the current jurisdictional arrangements for first tier market loads greater than 160 MWh per annum with type 5 or 6 metering there is between 100

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to 150 sites for which the retailer is the responsible person. These meter types for large customers are not consistent with the Rules, but are intended to be grandfathered until a change is necessitated. At the time of such a change, type 4 metering would be required and the retailer may assume the responsible person role.

NEMMCO has continued to work with the jurisdictions to harmonise the metrology procedure and is now of the view that the Rules Change Proposal No. 3 should be varied so that the Rule becomes a transition arrangement under chapter 11, clearly indicating that the arrangement is not permanent and that it is to accommodate arrangements in place that should continue when the metrology arrangements are harmonised but will not continue as a permanent arrangement.

A possible drafting, based on Rule 11.5 (below), might be as follows:

11.14 Rules consequential on the making of the National Electricity Amendment (Metrology) Rule 2007

11.14.1 Responsible Person for Victoria

Where a market participant is the responsible person for a first tier load in Victoria where the electricity flowing through the connection point is equal to or greater than 160 MWh per annum with a type 5 or type 6 metering installation immediately before the commencement date of this Rule may continue to elect to be the responsible person for that metering installation for the purpose of clause 7.2.2. while the metering installation continues to meet the requirements of Schedule 7.2.1 (c) [Rules change proposal no. 2] of the Rules.

[Note a similar existing clause in chapter 11:

11.5 Rules consequential on the making of the National Electricity Amendment (Metrology) Rule 2006

11.5.3 Responsible person

A Local Network Service Provider who is the responsible person for a metering installation under Chapter 9 of the Rules immediately before the commencement date continues to be the responsible person for that metering installation for the purposes of clause 7.2.3.]

Rules Proposal Number 4

The Rules at clause 7.3.1 (c) and (g) anticipate that a metering installation may be used for functionality beyond the provision of metering data to NEMMCO, while clause 7.3.6 governs payment for metering.

The proposed clause 7.2.3(j) permits the Market Participant (Financially Responsible Market Participant) to arrange for the metering installation to be changed to another type – for example from a type 5 to a type 4 - or to provide additional facilities to what the Local Network Service Provider (LNSP) would otherwise provide.

The purpose of the proposed change is to ensure that in circumstances where the metering installation is provided by the network under regulated charges, the Market Participant (i.e. retailer)

is not prevented by the Rules from competing with other retailers on the basis of additional functionality at the metering installation.

Subsequent to the submission of this Rules change proposal to AEMC, it has been identified that NEMMCO will be unable to harmonise the jurisdictional cost recovery clauses into the metrology procedure as intended, due to a lack of an adequate head of power. The provisions anticipated to be included in the metrology procedure would have required the party requesting the new metering type or new metering functionality to pay the additional costs above those which the LNSP would normally incur.,

An alternative approach to dealing with the original proposal would be to incorporate within the Rules the necessary provisions relating to costs. Specifically, Rules clause 7.3.6(g) relates to costs associated with alterations that lead to a change in classification of a metering installation. Utilising the existing framework within the Rules, a possible approach is to extend this provision to support proposed Rules change 7.2.3(j) for type 6 to type 5 metering installation changes and additional functionality.

Rules Proposal Number 6

Industry deliberations on this proposed Rules change made no distinction between a large volume connection point and a small volume connection point. Current industry practice is to address measurement errors due to mis-location of the metering point differently for large volume connection points and small volume connection points. At large volume connection points an adjustment is made for identified measurement errors, while for small volume connection points the adjustment is left to be dealt with in the Distribution Loss Factors (DLFs).

In relation to the determination of materiality, the principle that formed the basis of the original Rules change proposal was that the Responsible Person should make the initial determination, which may then be challenged by other parties affected by the volume of energy traded at that connection point.

Rules Proposal Number 12

The "metering database" is contained within the NEMMCO systems (MSATS) and the systems of NEMMCO's service providers (MDA's) and is applied in reference to type 1-4 metering installations.

The "metering installation database" is the database contained within the metering installation for types 5-7 and is the responsibility of the responsible person. Refer NER clause 7.3.1(b)(5) and Figure 3 (page 14) of the AEMC Rules determination of November 2006. Although the metering installation database is defined within the metrology procedure NEMMCO is not proposing to replicate this definition into the Rules.

The presentation of *metering installation* database in this proposal (and proposed provision 7.12(ba)) should be consistent with the manner applied in NER clause 7.3.1(b)(5).

Rules Proposal Number 15

The purpose of the proposed Rules changes in relation to type 7 metering is to clarify NEMMCO's role in determining type 7 metering installations and which connection points qualify as type 7.

Sub clauses (a) and (b) of the proposal set out the principles for those connection points which may be classified as type 7.

In particular clause (b) outlines connection points in which it would not be cost effective to meter due to the nature of the installation. This situation arises when the volume of energy flowing

through the connection point is small (for example, snow gauges or traffic counters) compared to the overall cost associated with installing and maintaining a metering installation.

Difficult connection arrangements can exist due to actual physical or geographical difficulties in connecting a meter for reasons such as safety, prevention of vandalism or impracticalities such as installing and reading a meter at every street light.

Rules Proposal Number 20

The new AS60044 series of standards does not make provision for one category of voltage transformer widely used in the NEM – three phase inductive voltage transformers.

Adding AS1243 – 1982 to the list of standards under Clause s7.2.6.1(g) will not reduce the technical quality of the final installations, but will permit three phase inductive voltage transformers to continue to be used.

Although the standard is 25 years old, a significant volume of equipment in service in the NEM has been purchased to this standard, and equipment purchased under this standard will meet the overall accuracy standards of the NER.

NEMMCO recommends that the suggestion raised by TransGrid in their submission dated 27 July 2007 be accepted, and AS1243 – 1982 be retained in clause s7.2.6.1(g).

Rules Proposal Number 23

The comments of TransGrid are also relevant in relation to this Rules change proposal.

NEMMCO notes the assessment by TransGrid in the third paragraph of their comments on this proposal. It is not necessary to define accuracy at test points of 10% and 100% at 0.5 lagging power factor, provided the accuracy standard is established at 50% load, 0.5 power factor. We therefore accept the proposition that these test points be labelled n/a.

The need for the broadening of error bands for type 6 metering installations derives from the considerable spread of metering installation types which might be covered by the table. As indicated by TransGrid in the second paragraph of their comments on this proposal, it is not possible to meet the accuracy standards in the current table with a general purpose meter connected through an appropriate class instrument transformer. It is therefore appropriate to open out the error limits to provide for this form of installation.

NEMMCO therefore recommends the adoption of the table proposed by TransGrid for Table S7.2.3.6:

% Rated Load	Power Factor		
	Unity	0.866 lagging	0.5 lagging
	Active	Active	Active
10	3.0%	n/a	n/a
50	2.0%	n/a	3.0%
100	2.0%	n/a	n/a

Rules Proposal Number 24

In their submission to AEMC TransGrid notes that Class 2.0 active energy meters do not meet the minimum requirements of Table 7.2.3.1, and therefore the entry in table S7.3.1 under "In Field" "Class 2.0" "Meters Wh" should read "n/a".

NEMMCO concurs with the TransGrid submission on this point.

The unit crad (centiradians), which appears to be missing from the table in the submission document, is visible when the change marks are removed. This appears to be a quirk of the word processing software.

I trust that the above information is of assistance to the AEMC in its consideration of the Rules change proposals submitted.

Yours faithfully

S.D. Waterson

David Waterson
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