



23 July 2015

Ms Meredith Mayes  
Director  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

By electronic lodgement

Ref: EMO0029

Dear Ms Mayes

### **Implementation advice on the shared market protocol**

Origin Energy (Origin) welcomes this opportunity to respond to the Australian Energy Market Commission's (the Commission's) consultation on its draft advice on the implementation of a shared market protocol (SMP).

We support the adoption of the updated Information Exchange Committee (IEC) model as the body that governs B2B development including the incorporation of the SMP and future services that may become commonly supported and used by end use consumers and service providers. Origin agrees that the industry is incentivised to make efficient decisions with respect to B2B functions and upgrades and it is appropriate to maintain industry involvement in decision making.

However, Origin is not supportive of the proposed composition of the updated IEC. In the period where the competitive market for metering and related services is yet to mature, but existing B2B obligations continue to apply to distributors and retailers, we believe membership should reflect the current responsibilities of participants.

We recognise that the composition of the IEC should and will evolve over time to reflect changes in responsibilities under B2B as services supported by the SMP are more commonly used. We believe this could be easily achieved through an annual review of membership by the independent members of the Committee (including the Chair) and AEMO in consultation with the industry. These parties are unlikely to be conflicted in their assessment of additional members which will ensure membership reflects the responsibilities under the B2B in force at the time.

Origin supports the management of existing and future B2B requirements and processes through an upgraded B2B hub. Furthermore, Origin is generally supportive of the proposed changes to the administration of B2B principles and objectives and conduct of updated IEC decision making, along with the recommendations relating to the development of the B2B e-hub and its administration by the Australian Energy Market Operator (AEMO).

The remainder of this response sets out Origin's comments on each of the draft recommendations contained in the Commission's implementation advice.

Should you wish to discuss the contents of this response, please contact David Calder, Regulatory Strategy Manager on (03) 8665-7712 in the first instance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sean Greenup', enclosed in a thin black rectangular border.

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## **Governance arrangements (chapter 5)**

Origin supports B2B procedures and processes being managed through an upgraded B2B hub. This approach is the most logical and efficient means of incorporating new services into existing B2B functionality.

While Origin supports and accept the need for an updated IEC governance model, we do not support the reduced representation of industry representatives in the Commission's proposed model. Origin supports the increased diversity of IEC members proposed in the updated IEC model; however, the reduction in industry representation will put at risk business as usual IEC activities, requirements and processes that will predominate at the time the metering competition rule (and the SMP) take effect.

Origin believes that the composition of the updated IEC should reflect the current responsibilities of retailers and distributors under the existing B2B procedures, especially given the diverse nature of retail businesses (i.e. different systems, scale and scope). For this reason, we consider that the current representation should remain with the addition of a consumer group representative and one representative elected from meter providers, meter data providers and metering coordinators (ten members in total).

We also recognise that the composition of the IEC should evolve to reflect changes in responsibilities under the B2B as services supported by the SMP become more commonly used. To enable this transition, we consider that the two independent members and AEMO should assess applications to join the IEC from parties who wish to become B2B participants. This would eliminate the ability of incumbent representatives preventing new stakeholders participating in the updated IEC. The process of how prospective members can apply to join the updated IEC can be set out the IEC Governance Handbook rather than the National Electricity Rules (NER).

We believe that this approach supports the intent of the draft advice and balances current and future obligations in a manner that is likely to be consistent with the development of the market for new products and services, while ensuring the updated IEC is representative of business as usual concerns.

We also support the proposed changes in the draft advice for meetings and decision making processes if the recommended composition of the updated IEC is to proceed (and includes the amended structure suggested above), compensating for the final number of members on the updated IEC.

## **Making and amending procedures (chapter 6)**

Origin supports the additional principles set out on page 28 of the Commission's draft advice as they recognise the costs and benefits facing consumers and industry arising from new or changed B2B procedures.

Continuing to use existing B2B procedures (acknowledging these will be updated to incorporate the minimum services specification [MSS] for advanced meters) is supported as it provides consistency across market participants and service providers and governance through the updated IEC and the B2B/MSATS Reference Group (BMRG).

We believe the fifth and sixth revised principles set out on page 33 of the draft advised should be combined. Any change to the B2B procedures should consider implementation costs and timeframes and ex ante/post cost benefit assessment should be required. Furthermore combining the fifth and sixth principles will add to the objectivity of the B2B principles in assessing of proposed changes to B2B processes and systems. The combined principle should consider the costs of implementation,

the benefits of the change (appropriately weighted for uncertainty) when assessing changes to B2B procedures.

Origin supports the limited changes recommended by the Commission in relation to procedural requirements impacting updated IEC decision making.

### **Information technology platform (chapter 7)**

Origin supports AEMO providing and operating the enhanced B2B e-hub. We note that the changes to the hub will need to support existing and future requirements to accommodate customers not able to access the MSS through the SMP and those that can.

### **Obligations on parties (chapter 8)**

Origin is supportive of the draft recommendations setting out obligations applying to accredited B2B participants. The flexibility allowing participants to use alternative communications to the SMP to deliver MSS and other services enabled by advanced meters is welcomed. In Origin's view, there will be a large number of uses of the enhanced B2B e-hub such that it is likely to be the default and most widely used platform. Allowing alternative methods for participants to interact will be important as the market for advanced services matures.

There needs to be clarity (though perhaps not in the National Electricity Rules) to address the accreditation, compliance and monitoring of the new B2B participant role. Existing B2B participants should not be required to undergo full re-accreditation, but rather be assessed only for accreditation associated with new services and transactions related to the SMP.

Cost recovery for the development and maintenance of the e-hub and B2B procedures through B2B participants is appropriate as it recognises the expanded membership of new service providers who may be users of the hub.

### **Transition and implementation (chapter 9)**

In relation to the Commission's questions around implementation timing issues, Origin sets out its response to each matter below.

- 1. Is it necessary for the new B2B framework to be in place and the updated B2B e-hub to be operational on the date that the competition in metering rule change commences? What are the implications if this does not occur?*

Origin considers it most efficient for the new B2B framework and e-hub to be in place at the same time as the competition in metering rule change commences. If the supporting framework and the SMP is not in place, manual transactions for advanced meters installed to meet the MSS on a new and replacement or market deployed basis would be required, which may result in significant additional cost for consumers and industry.

- 2. How long would it take to implement the new B2B framework? Are the estimates above realistic? How much additional time is needed for business to prepare for the new arrangements?*

Origin does not have a firm view on the required timeframes, but considers the Commission's estimates to be realistic. To the extent possible, implementation work should be run in parallel work streams. If sufficient certainty is achieved, industry can begin working on its own implementation.

3. *Should any of options to minimise implementation timeframes listed above be pursued? Should any not be pursued?*

We agree that implementation time can be improved if the set of services to be delivered through the B2B e-hub to be minimised to current B2B transactions and those required for the MSS for advanced meters.