SHOPPING CENTRE
COUNCIL OF AUSTRALIA

SUBMISSION TO AUSTRALIAN ENERGY MARKET OPERATOR (AEMO)
15 NOVEMBER 2016
CONSULTATION PAPER: POWER OF CHOICE PROCEDURE CHANGES (PACKAGE 2)

SUMMARY

Thank you for the opportunity to comment on the *Consultation Paper – Power of Choice Procedure Changes (Package 2)*, which is the first stage of consultation on 'Package 2', with the second stage of consultation scheduled from 13 December 2016 to 16 January 2017.

We are grateful for the opportunity to be a member AEMO's relevant working groups, including working group on the procedure changes.

We understand AEMO is required to published the procedure changes by 1 March 2017, ahead of the 1 December 2017 commencement of the embedded network rule (*National Electricity Amendment (Embedded Networks) Rule 2015 No. 15*).

We have several comments on the following draft *Procedures*, which are outlined in the attached *Second Stage Participant Response Template*:

- Marketing Settlements and Transfer Solutions (MSATs) Procedures (National Metering Identifiers) (existing),
- Qualification Procedure (new),
- Service Level Procedure (new).

Our comments stem from the fact that it is our members that own and operate embedded networks, as an ancillary activity to their core business, that will have the obligation to appoint an accredited *Embedded Network Manager*.

As outlined in the attached *Template*, based on our current experience of operating embedded networks, we have several concerns in relation to the overall cost and other requirements, particularly given these costs will be spread across a relatively small customer base.

While we support several proposals, our key concerns are as follows:

- The proposed requirements are potentially unnecessarily onerous and costly, and do not reflect the role and obligations of an ENM, relative to other roles.
- The procedures should reflect the ancillary nature of embedded networks.
- The qualification procedure for ENMs has been incorrectly modelled off existing qualification processes, which are very costly.
- Some requirements go beyond the principal requirements for ENMs under the AEMC rule change – such as the requirement for wiring information.
- The fixed and inflexible nature of the requirements are possibly modelled on other participants, which possibly have a much larger customer base to spread and recover costs across. ENs have a relatively small customer base – with some only around 100 customers.

We also note that the Australian Energy Regulator (AER) has not finalised its latest Exempt Network Guidelines following its recent consultation process. We believe there are a few issues raised in our submission which are critical for clarification from the AER (e.g. that an ENM can be contracted by a single company across a portfolio of 'exempt' assets, rather than needing to be contracted for each individual 'exempt' asset). AEMO needs to consider this issue, as it relates to the proposed systems and auditing issues.

We would welcome an opportunity to discuss these issues with AEMO, including the basis of our feedback.

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METERING COMPETITION
EMBEDDED NETWORKS
METER REPLACEMENT PROCESSES

PROCEDURE CONSULTATION

SECOND STAGE PARTICIPANT RESPONSE TEMPLATE

Participant: *Shopping Centre Council of Australia (SCCA)*

Completion Date: *15 November 2016*

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The Shopping Centre Council of Australia (SCCA) is pleased to provide the following feedback on the relevant draft Procedures. The following feedback complements our cover-page submission.

1. Glossary and Framework

Please delete any rows where there are no particpant comments

(note: only sections that have changed as part of Work package 2 are listed in the table below)

Clause	Heading	Participant Comments
2.5.5	NMI Procedure	We have comments on this Procedure
2.7	Qualification Procedure	We have comments on this Procedure
2.9	Service Level Procedure for Embedded Network Managers	We have comments on this Procedure

2. MSATS Procedures: National Metering Identifier

Please delete any rows where there are no particpant comments

Clause	Heading	Participant Comments
1	INTRODUCTION	
1.1	Purpose and Scope	We note the ENMs responsibilities and obligations, including the responsible party for allocating child connection point NMIs.
10	NMI RULES	We support that when a NMI moves from a distribution (LNSP) network to an embedded network (or vice versa), the NMI cannot be changed.

3. Qualification Procedure

Please delete any rows where there are no particpant comments

Clause	Heading	Participant Comments
1	INTRODUCTION	
1.1	Purpose and Scope	The qualification for the ENM role needs to be a much lighter touch than Metering Providers and Metering Data Providers. The ENM accreditation accordingly is a reduced scope and hence should have reduced cost, which will also be recovered across a relatively small customer base.
3.2	Accreditation Checklists	We note that ENMs have a single category for accreditation and registration. We note that the authorised activity of an ENM is the "provision of embedded network management services" soutliend at section 2.1 of the *Service Level Procedure*.

3.3	Application Fees	We do not disagree with the principle that AEMO charge fees to be able to recover their internal costs. We are concerned with the nature of the application fees, which is possibly modelled on other roles, given the relatively reduced scope of an ENM to other roles and that costs will have to be borne and distributed across a relatively smaller customer base. While we note that AEMO has noted that a typical DMP accreditation can take around 70-100 hours, we would like to discuss AEMO's view about the specifics of ENM accreditation.
3.6	Pre-Production Assessment	We are concerned with the nature of the systems that are essentially a pre-qualifier for an ENM to be considered for accreditation and registration, which is essentially akin the requirements of a licensed retailer. This includes a requirement for the applicant to have processes and IT systems which are ready to interact with AEMO's systems safely and securely, and will deliver data in the appropriate formats and timeframes after accreditation and registration.

		We believe that AEMO should develop a web-interface system for ENMs to utilise for its principal AEMO interactions. Otherwise, the proposed systems may set a high barrier to entry via higher costs for a new party, which is also spread across a relatively small number of customers.
3.9.2	Application not Successful	We support that unsuccessful applicants will have an opportunity to address unmet criteria for reconsidratoin by AEMO in a set timeframe.

4. Service Level Procedure – Embedded Network Manager

Please delete any rows where there are no particpant comments

Clause	Heading	Participant Comments
1	INTRODUCTION	
2	OBLIGATIONS	We note the obligations reflect those in the AEMC rule change.
2.1	Embedded Network Management Services	We note the management services an ENM must provide, including the allocation of Embedded Network Codes for Child NMIs in MSATs (2.1 (i)). We oppose the proposal at section 2.1 (k). This requirement is generally reflected at sections 3.2 (c) and (d). The scope of the requirements are unclear. This could extend to single line diagrams, and this must be expressly ruled out. This raises issues with 'older' systems – and also then links to the proposed auditing requriements. It is critical to ensure all that is required, is what is required for the market to operate

		which relates to the parent/child relationship.
2.2	Use of Sub-Contractors	We support the ability to use sub-contractors.
2.3	Insurance	We are concerned with the level of public liability insurance required, given the role and obligations of the ENM.
3.1	Systems and Interface Requirements	We believe AEMO should develop a business interface for ENMs – and we understand this has been considered by AEMO previously in the form of an improved web-interface. We are concerned with 3.1 (e) whereby AEMO can be provided with information about an embedded network, which could, for instance, relate to security issues.
3.2	Embedded Network Information	As noted in our comments at section 2.1 above, we are concerned with the information requirements that must be maintained about an embedded network. This includes the proposed 'EN wiring information' at section 3.2 (c).

3.3	Audits Undertaken by AEMO	The proposed audit process is considered potentially onerous and not necessary. We have no benchmark as tto thenature of AEMO's proposed activities, and is therefore a significant procedure and cost risk. We strongly oppose that EMO may undertake an audit anytime which may be carried out following a request from a 'registered participant'. This could mean that some participants, including those that may not be fulfilling their obligations (e.g. double-billing issues under the AER framework) could make a spurious claim about an ENM
3.4	Other Audits	This section (a) requires further clarification and criteria to ensure that a "request" from a 'registered participant' is limited to the fulfilment of an ENMs role, and any subsequent audit would be limited to that issue.
4.2	Distribution Loss Factors and Transmission Node Identity	We note the interaction with the AER's Network Service Provider Registration Exemption Guidelines.