# POWER OF CHOICE PROCEDURE CHANGES

(PACKAGE 1)

FINAL REPORT AND DETERMINATION

Published: **31 August 2016**

AEMO
AUSTRALIAN ENERGY MARKET OPERATOR

# NOTICE OF FINAL DETERMINATION – POWER OF CHOICE PROCEDURE CHANGES (PACKAGE 1)

## NATIONAL ELECTRICITY RULES – RULE 8.9

**Date of Notice:** 31 August 2016

This notice informs all Registered Participants and interested parties **(Consulted Persons)** that AEMO has completed its consultation on the Power of Choice Procedure Changes (Package 1).

This consultation was conducted in accordance with the rules consultation requirements detailed in rule 8.9 of the National Electricity Rules (NER), in response to the following rule amendments:

- The National Electricity Amendment (Expanding competition in metering and related services) Rule 2015 No. 12,
- The National Electricity Amendment (Embedded Networks) Rule 2015 No. 15, and
- The National Electricity Amendment (Meter Replacement Processes) Rule 2016 No. 2

### Determination and Publication

AEMO's final determination is to make the Package 1 Procedures in the form published on the AEMO website.[1]

In accordance with the clauses 11.86.6, 11.87.2 and 11.88.2 of the NER the Package 1 Procedures will commence on 1 December 2017.

[1] http://www.aemo.com.au/Stakeholder-Consultation/Consultations/Power-of-Choice---AEMO-Procedure-Changes-Package-1

# EXECUTIVE SUMMARY

The publication of this Final Report and Determination (Final Report) concludes the Rules consultation process conducted by AEMO to develop and amend the Package 1 Procedures under clauses 11.86.6, 11.87.2, and 11.88.2 of the National Electricity Rules (NER) as required by the National Electricity Amendment (Expanding competition in metering and related services) Rule 2015 No. 12, National Electricity Amendment (Embedded Networks) Rule 2015 No. 15 & National Electricity Amendment (Meter Replacement Processes) Rule 2016 No. 2 (the Amending Rules).

AEMO has developed and amended the Package 1 Procedures (Procedures) to fulfil its obligations under the Amending Rules and to make a number of improvements to the Procedures, as requested by participants at the Power of Choice (PoC) workshops and during this consultation.

On 29 May 2016, AEMO published the Notice of Second Stage Consultation and Draft Report and Determination for Package 1 Procedure amendments. AEMO received 20 submissions in response to that Notice from retailers, local network service providers (LNSPs), metering service providers, and intending participants.

A number of material issues were raised, and these are addressed in this Final Report and Determination, including the following:

- In the context of the Metrology Procedures, matters relating to Network Devices and the requirements of clause 7.8.6 of the NER.
- In the context of the Market Settlement and Transfer Solutions (MSATS) Procedures:
  - The identification of remote disconnections.
  - The use of, and rules for, various Change Requests (CRs) in MSATS.
  - The reduction of the Objection Logging Period to one business day.
  - Rules for updating the Network Tariff Code in MSATS.

After considering stakeholder submissions, and evaluation against the NER and the Amending Rules, AEMO determines the following:

- Section 12 of Metrology Procedure Part A, dealing with 'network devices' has been amended to ensure it is not ambiguous and that does not conflict with the requirements of clause 7.8.6 of the NER.
- In the context of the MSATS Procedures:
  - An identifier for remote de-energisation at the meter level will be added as proposed in the draft determination, noting that a schema change will be required as a result.
  - Changes have been made regarding CR1500, however, other proposed changes regarding CRs have not been accepted, including those that sought to restrict participants' ability to determine the most efficient method of interacting with MSATS (for example, allowing a Financially Responsible Market Participant (FRMP) to nominate roles such as 'MPB' in MSATS on behalf of a Metering Coordinator (MC), where all parties agree for this to occur).
  - Improvements have been made to the descriptions and use of each objection code, and objection logging periods will be reduced to one business day where they are currently five business days.
  - AEMO will make the Network Tariff Code field mandatory for Metering Providers (MPs) as originally proposed. The availability of reporting to get access to the current Network Tariff Code at a National Metering Identifier (NMI) is being considered outside of this consultation.

While a number of submissions proposed that AEMO establish rules and obligations for aspects of market operation that are either no longer subject to regulation or are part of the new competitive framework, AEMO will not regulate the provision of competitive metering services and this is reflected in both the changes to procedures and in the responses to submissions.

AEMO's final determination is to make the Package 1 Procedures in the form published with this Final Report and Determination and as published on the AEMO website at: http://www.aemo.com.au/Stakeholder-Consultation/Consultations/Power-of-Choice---AEMO-Procedure-Changes-Package-1.

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# 1. STAKEHOLDER CONSULTATION PROCESS

As required by the Amending Rules, AEMO has consulted on the Package 1 Procedure changes in accordance with the Rules consultation procedures in clause 8.9 of the NER.

This Final Report is published in accordance with clause 8.9(k).

There is a link to all submissions received during the second stage of consultation at **Appendix A**. Issues raised in submissions are summarised in Tables 1–12, and discussed in Section 4.

The Package 1 Procedures are published on AEMO's website at:

http://www.aemo.com.au/Stakeholder-Consultation/Consultations/Power-of-Choice---AEMO-Procedure-Changes-Package-1.

# 2. BACKGROUND

## 2.1 NER requirements

AEMO is required to amend and publish existing procedures and develop and publish new procedures to take into account the Amending Rules in accordance with the Rules consultation procedures in clause 8.9 of the NER.

The following is a list of the procedures AEMO is proposing to amend and develop (as appropriate). The NER Reference in the table is a reference to the clause in the NER as amended by the Amending Rules.

| INSTRUMENT | NEW / AMENDED | NER REFERENCE |
|---|---|---|
| Emergency Priority Procedures[2] | New | 7.8.5(b) |
| Glossary and Framework | New | N/A[3] |
| Meter Churn Procedure[4] | Amended | 7.8.9(f) |
| Meter Data File Format | Amended | 7.16.6 |
| Metrology Procedure: Part A | Amended | 7.16.3 |
| Metrology Procedure: Part B | Amended | 7.16.3 |
| Minimum Services Specification[5] | New | 7.8.3(b) |
| MSATS Procedures: CATS Procedure Principles and Obligations | Amended | 7.16.2 |
| MSATS Procedures: MDM Procedures | Amended | 7.16.2 |
| MSATS Procedures: Procedure for the Management of Wholesale, Interconnector, Generator and Sample (WIGS) NMIs | Amended | 7.16.2 |
| NEM RoLR Processes: Part A - MSATS Procedure: RoLR Procedures; and Part B – B2B Procedure | Amended | 7.16.2 |
| Network Device Procedure[6] | New | 7.8.6(i) |
| NMI Standing Data Schedule | Amended | 3.13.12 |
| Service Level Procedures for MDP | Amend | 7.16.6 |
| Service Level Procedures for MP | Amend | 7.16.6 |

## 2.2 Context for this consultation

In 2012, the AEMC commenced the Power of Choice Review. Its objective was to ensure that the community's demand for electricity services was met by the lowest cost combination of demand and supply side options. This objective was best met when consumers were using electricity at the times when the value to them was greater than the cost of supplying that electricity (that is, the cost of generation plus poles and wires).

A number of recommendations made as a result of this Review are being implemented through a series of amendments to the NER.

The scope of this consultation is limited to the Procedures AEMO is required to amend and develop by 1 September 2016, in accordance with the Amending Rules.

[2] To be included in Metrology Procedure: Part A.
[3] This document is incorporated into and forms part of all the other Procedures.
[4] To be included in Metrology Procedure: Part A.
[5] To be included in Metrology Procedure: Part A.
[6] To be included in Metrology Procedure: Part A.

## 2.3 First stage consultation

On 22 April 2016, AEMO issued a Notice of First Stage Consultation, and published a Consultation Paper and draft procedures for Package 1. This information is available on AEMO's website.[7]

The Consultation Paper included details on AEMO's stakeholder engagement in the course of developing the draft procedures, including specific topics that were discussed at workshops with industry representatives. The issues and related discussion arising from these workshops was detailed in a pre-consultation Information Paper, which was published on AEMO's website on 8 April 2016.

All the procedures have undergone drafting enhancements in accordance with the principles set out in the Information Paper (section 3). The Consultation Paper included a summary of the specific amendments proposed in the initial consultation pack.

AEMO received 24 written submissions in the first stage of consultation and has held the following meetings with stakeholders:

- Monthly updates and discussion at the Retail Market Consultative Forum from November 2015.
- Discussions with stakeholders at AEMO-led PoC workshops on 2–3 February 2016, 15–16 February 2016, 2 March 2016, and 21 June 2016.
- Discussions with stakeholders at the Metering Providers Forum on 16 May 2016.

Copies of all written submissions, minutes of meetings, and issues raised in forums (excluding any confidential information) have been published on AEMO's website.[8]

## 2.4 Second stage consultation

On 29 May 2016, AEMO issued a Notice of Second Stage Consultation along with the Draft Report and Determination and draft procedures for Package 1. This information is also available on AEMO's website.[9]

The Draft Procedures proposed:

- 'Jurisdictional metrology material' is a matter for the Jurisdictions to address. Instructions have been received from the Jurisdictions and AEMO will be updating the Metrology Procedures (Part A & Part B) as instructed.
- In the context of the MSATS Procedures:
  - The MSATS framework for dealing with embedded networks is largely appropriate, with minor changes required to adjust the responsibility for the input of certain data.
  - There is no need for further granularity in the manner in which the MSATS framework deals with VICAMI meters.
  - AEMO will make a number of changes to the manner in which disconnections and reconnections are addressed.
  - AEMO will adjust a few Change Request Codes to accommodate the Amending Rules.
  - AEMO will reinstate the BADMETER Objection Code for the reasons raised in the submissions.
  - The reduction of the Objection Logging Period was justified on the basis of empirical evidence that the overwhelming majority of Objections are lodged within one business day.

In the second stage of consultation, AEMO received 20 written submissions and held the following meetings with stakeholders:

- Monthly updates and discussion at the Retail Market Consultative Forum in June and July 2016.
- Discussion with stakeholders on the key issues from the Draft Report and Determination, 7 July 2016.

Copies of all written submissions (excluding any confidential information) have been published on AEMO's website.[10]

[7] Available at: http://www.aemo.com.au/Stakeholder-Consultation/Consultations/Power-of-Choice---AEMO-Procedure-Changes-Package-1.
[8] Available at: http://www.aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/Retail-meetings/Power-of-Choice.
[9] Available at: http://www.aemo.com.au/Stakeholder-Consultation/Consultations/Power-of-Choice---AEMO-Procedure-Changes-Package-1.
[10] Available at: http://www.aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/Retail-meetings/Power-of-Choice.

# 3. SUMMARY OF KEY ISSUES

## 3.1 Specific matters raised by Consulted Persons

The table below summarises the key issues arising from the proposal and raised by Consulted Persons.

**Table 1 Summary of issues raised by Consulted Persons**

| NO. | ISSUE | RAISED BY |
|---|---|---|
| 1. | Metrology Procedures: Part A – Deemed network devices (section 4.1) | ActewAGL, AGL, Ausgrid, AusNet Services, CitiPower & Powercor, Endeavour Energy, Ergon Energy, Metropolis Metering, Vector AMS |
| 2. | MSATS Procedures: Disconnection and Reconnection – Site Identifier (section 4.2) | Jemena, TasNetworks, Origin, Pacific Hydro, Vector AMS, AGL, Read and Lumo |
| 3. | MSATS Procedures: Change Request Codes (section 4.3) | United Energy, Ausgrid, Jemena, TasNetworks, Origin, Energy Australia, AusNet Services, AGL, CitiPower & Powercor, Endeavour Energy, Active Stream |
| 4. | MSATS Procedures: Objection Codes (section 4.4) | AusNet Services, Momentum Energy, Ergon Energy, AGL, United Energy, Energy Australia, Active Stream, Red and Lumo, CitiPower & Powercor, SA Power Networks, Pacific Hydro, Aurora Energy, Vector AMS |
| 5. | MSATS Procedures: Network Tariff Code (section 4.5) | AusNet Services, Jemena, Momentum Energy, TasNetworks, United Energy, AGL, Red and Lumo, Energy Australia, Pacific Hydro, Active Stream, Vector AMS, Ausgrid |

A detailed summary of issues raised by Consulted Persons in submissions, together with AEMO's responses, is contained in **Appendix A**.

## 3.2 Moving to a Competitive Framework for Metering Services

On review of submissions in both the first and second stages of consultation, AEMO has identified disquiet from a number of parties regarding the move from a regulated to a competitive framework for the provision of metering services for small customer metering installations. In particular, a number of submissions asked AEMO to establish requirements and create obligations for aspects of market operation that are either no longer subject to regulation or are part of the new competitive framework. AEMO has not sought to regulate the provision of competitive metering services, and this is reflected in both the changes to procedures and in the responses to submissions.

Requirements for the operation of competitive metering services need to be considered in commercial agreements and arrangements between participants and service providers. AEMO recommends that any party in doubt about the operation of the competitive framework refers to the final rule determinations published by the AEMC for Competition in Metering and Related Services on 26 November 2015.

AEMO notes that while market readiness will be a consideration for AEMO's program of work leading up to the effective date of the Amending Rules on 1 December 2017, this will not include the coordination of matters that should be subject to commercial agreements between participants and service providers.

# 4. DISCUSSION OF MATERIAL ISSUES

This section details the material issues AEMO identified following receipt of second stage submissions. It also provides AEMO's assessment of the issues and how AEMO proposes to address them.

Where an issue relates to a specific procedure, the procedure name is included in the name of the issue.

## 4.1 Metrology Procedure: Part A – Deemed Network Devices

### 4.1.1 Issue summary

A new section has been added to the procedure to meet the requirements of the new clause 7.8.6 of the NER regarding 'network devices'.

### 4.1.2 Summary of submissions

A number of submissions proposed changes to the proposed drafting, raising concerns that the requirements in the draft procedure were ambiguous and open to interpretation, and that they might not be consistent with the requirements for the network device procedures in the NER.

### 4.1.3 AEMO's assessment

On further review of the proposed network device procedures, AEMO has concluded that recommendations to modify section 12 have merit.

### 4.1.4 AEMO's conclusion

AEMO has updated section 12 in consideration of the feedback provided and the requirements of clause 7.8.6(i) of the NER.

## 4.2 MSATS Procedures: Disconnection & Reconnection – Site Identifier

### 4.2.1 Issue summary

AEMO considered the first stage submissions and proposed to have the remote disconnection status at the meter level, which will be maintained and updated by the MP.

### 4.2.2 Summary of submissions

**Jemena** considers the proposed remote disconnection/ reconnection status in MSATS may potentially lead to timing issues. AEMO does not think it necessary to specify timeframes for the FRMP obligation to notify the LNSP of remote disconnection and remote reconnection, as the National Energy Retail Rules (NERR) provide sufficient guidance on the timeframes for those notifications. It is noteworthy the NERR does not apply in Victoria as it has not fully implemented the National Energy Customer Framework (NECF). Lack of clarity on the process and timeframes might lead to higher instances of 'wasted vehicle visit' fees charged to FRMPs and potentially increase the number of disputes.

**TasNetworks** supports moving the status of the meter contactor to meter level, achieving the new state by adding a new enumeration, and updating of this to become an MP responsibility.

**Origin** notes that the ability to identify a site which has been remotely disconnected or physically disconnected will be critical to ensure the correct process is followed to connect a customer. The separation of the NMI Status from the Meter Status to differentiate the disconnection method is the preferred approach. However there are additional consequences which need to be considered during this approach and cannot be agreed in isolation, such as the following:

- Network billing. Networks currently stop passing on Network Use of System (NUOS) charges to a retailer when a site is disconnected and the NMI Status is updated to D. If this proposed process means that the meters will be remotely disconnected and the NMI stays as Active, then there needs to be a

clear agreement to understand in what circumstances network charges will continue to be incurred by the retail business.

- Where there are multiple meters at a site there may be an issue where all the meters cannot be remotely disconnected. NMI Discovery needs to be able to easily identify if all meters at a site have been remotely disconnected or if any are still connected.

**Pacific Hydro** notes that, as per the meeting on 7 July 2016, the new value of 'D' for remote disconnection will be added to the existing Meter Register Status field at the meter level. The existing 'D' NMI status will remain and refer to the physical de-energisation of the site. While this is generally agreed, there are issues concerning how the two fields will operate. They question what the connection between NMI Status and the Meter Register Status will be and, if there are three meters at the site and only two can be remotely de-energised, what happens to the NMI status. This also raises issues relating to network billing which will need to be addressed. If network billing is driven by the NMI status and it remains 'A', Active, even though all or some of the meters associated with the NMI have been remotely de-energised, how will this be managed?

**Pacific Hydro** notes that there is a need for the type of de-energisation used at the site to be available in MSATS through NMI discovery, as this will determine how the retailer re-energises the site. The responsibility for updating the fields De-en Type and De-en Date could be added to the 5050/5051 and the De-en type could be a single alpha to identify the type of de-en, for example R= Remote, F= Fuse Removed. The roles responsible for updating the fields would be either the LNSP or MDP.

**Vector AMS** supports the remote disconnect 'D' code on the Meter Register Status, and having this code maintained by the MP, as opposed to the previous proposal to have the "R" code on the NMI Status maintained by the LNSP.

This makes it very clear to industry participants the energisation status of the site, and allows the party responsible for the different ways of energising and de-energising the site to also be responsible for maintaining the state in MSATS.

This also does not preclude an additional near real-time ability to remotely energise, de-energise, and query the current energisation state via the Shared Market Protocol/B2B.

**Red and Lumo** has an alternative suggestion to having the remote disconnection at the Meter Level. The proposal is for two new fields within NMI Standing Data:

- Field Name: De-energisation Status

  Requirement: Mandatory if the NMI Status Code field is "D" and invalid for all other codes.

  Modifiable By: LNSP or MPB – whoever undertakes the work.

  Description: This field will allow all market participants to easily identify the method used to de-energise a site and will assist participants in providing clear and correct advice to a customer around the method, timeframes and charges to re-energise a site.

- Field Name: De-energisation Date

  Requirement: Mandatory if the NMI Status Code is "D", invalid for all other codes.

  Modifiable By: LNSP or MPB – whoever undertakes the work.

  Description: This field will allow participants, particularly prospective FRMPs, to see how long a site has been de-energised when arranging a re-energisation. This will allow pro-active requests for safety certificates where a site has been disconnected for over 12 months. (Requirement in Victoria)

The table below provides the proposed new fields and usage dependent on the NMI Status Code field.

| NMI Status Code | De-energisation Status | De-energisation Date |
|---|---|---|
| **G** | N/A | N/A |
| **A** | N/A | N/A |
| **D** | Mandatory: | Mandatory |
| | F (fuse removed) | |
| | S (sticker) | |
| | R (remote) | |
| | P (pole-top or pillar) | |
| | T (technical e.g. meter load tails) | |
| **X** | N/A | N/A |

The responsibility for updating these fields via a CR 5050/5051 would be with the participant who completed the work, whether it be the LNSP or MPB.

This proposal benefits Retailers when undertaking a NMI Discovery to ascertain the type of re-energisation required, and means Distributors and Meter Providers can use one change request to update the relevant fields. We consider this recommendation an efficient solution, and would be happy to discuss with AEMO should further suggestions or clarification be required.

**AGL** says that clarity about how a site has been de-energised (or a meter de-energised) is important for an incoming party to understand what action must be taken to re-energise a site.

At a NMI level the possible options for de-energisation are:

| De-energisation Type | Actioning Party |
|---|---|
| **F (fuse removed)** | LNSP / ENO |
| **S (sticker)** | LNSP / ENO |
| **R (remote)** | LNSP / ENO |
| **P (pole-top or pillar)** | LNSP / ENO |
| **T (technical e.g. meter load tails)** | LNSP/ENO/ MP |

The proposed types do not cover these options, and, as this will be critical for providing efficient customer service, AGL believes that further work in this area is required.

**AGL** supports the proposal below that additional fields be included in NMI standing Data, and which can be driven by the CR 5050 /CR5051 transaction by the actioning party

- Field Name: De-energisation Status

  Requirement: Mandatory if the NMI Status Code field is “D” and invalid for all other codes.

  Modifiable By: LNSP or MPB – whoever undertakes the work.

  Description: This field will allow all market participants to easily identify the method used to de-energise a site and will assist participants in providing clear and correct advice to a customer around the method, timeframes and charges to re-energise a site.

- Field Name: De-energisation Date

  Requirement: Mandatory if the NMI Status Code is “D” and invalid for all other codes.

  Modifiable By: LNSP or MPB – whoever undertakes the work.

  Description: This field will allow participants, particularly prospective FRMPs, to see how long a site has been de-energised when arranging a re-energisation. This will allow pro-active requests for safety certificates where a site has been disconnected for over 12 months. (Requirement in Victoria)

The proposed fields could be:

- F (fuse removed).
- S (sticker).
- R (remote).
- P (pole-top or pillar).
- T (technical such as meter load tails).

### 4.2.3 AEMO's assessment

During the consultation workshops in February and March 2016, AEMO proposed that an indicator of the method of disconnection would not allow any party to be certain on the method that would need to be employed for a reconnection (as there are various reasons why a site visit would be required to reconnect, regardless of whether the disconnection was performed remotely). No information has been provided to AEMO that challenges this view. Therefore, AEMO considers that the creation of an indicator for the method of disconnection in MSATS would at best only indicate the possible method of reconnection. Further, AEMO contends that the only party who is able to establish the actual method for reconnection is the MC for the NMI (in association with their appointed providers), once a request to do so has been received.

The proposal to create an indicator at the metering information level is well supported in submissions, with many categories of participant and provider commenting on the potential benefit of such a change. While AEMO does not consider that such an indicator will enable any party to determine the method of reconnection, it is reasonable to establish the indicator where many interested parties consider that it may benefit the operation of remote energisation services.

Some participants commented on issues relating to the application of network fees and charges where a metering installation has been remotely disconnected. These matters should be considered in agreements between the parties and are not appropriate for regulation by the procedures under consultation.

### 4.2.4 AEMO's conclusion

Due to the support for the addition of an indicator of remote disconnection at the meter level, a new Meter Register Status Code of 'D' will be added for remote disconnection and the responsibility for updating it will reside with the MP.

AEMO considers that there may be some value in establishing a NMI level indicator of a remote disconnection, as proposed in the initial consultation stage by AEMO, and that it could be provided for in future should there be a sufficient case to do so.

## 4.3 MSATS Procedures: Change Request Codes

### 4.3.1 Issue summary

Participants have suggested changes to the following CRs:

- CR 1000 series.
- CR 1500.
- CR 2000 series.
- CR 5070/5071.
- CR 6000 series.

### 4.3.2 Summary of submissions

**CR1000 series**

**United Energy** asks AEMO to clarify whether the new FRMP is permitted to nominate the new MC (RP Role) or any other proposed roles (New MPB, MPC & MDP) in prospective CR1xxx transactions in the procedure, as this is currently unclear.

For retrospective CRs, it is not reasonable for the new FRMP to nominate a new MC, MPB, MPC, and MDP, as these role changes will not align with the actual change date of a meter, which is a requirement under metrology part A 11.3, and the Rules 7.8.9 (i.e. a prospective FRMP cannot replace a meter until after the market load has been transferred, and the MP and MDP roles changes must align with the meter exchange date).

It would be beneficial for AEMO to clarify the possible variations in how a meter churn can be completed, and the relevant CATS transactions as per the old Meter Churn Procedure, as it is unclear from the CATS Procedure which scenarios are permitted and consistent with the Rules and Metrology Part A.

**Ausgrid** contends the new Rules specifically preclude the FRMP from nominating or appointing metering service providers and/or initiating meter churn. The reluctance to remove the nomination of the service provider roles from these change requests will force both the old and new service providers (MC, MDP, and MPB) to validate these roles for every change request received and object as appropriate.

Ausgrid believes the following will result from AEMO's determination:-

- All businesses will be forced into changing input validation and objection rules in their systems. This could be achieved by MSATS making a single change to input validation.
- Number of Objections related to transfers will increase.
- Businesses will break the Churn Rules.

Ausgrid requests AEMO inform industry on how it will monitor compliance to the Churn Rules.

**CR 1500**

**United Energy** notes that clarification would be helpful within this procedure, and the meter churn sections of Metrology Part A and the MP Service Level Procedure need to clearly articulate the possible sequencing variations of a meter churn, and their relationship to the MSATS CRs which are used to enact the change in MSATS. The following should be considered as applicable uses for the CR1500 to support the churn process:

- CR1xxx Retailer transactions – as per current descriptions.
- CR6xxx Prospective Role Changes – to support the completion of meter churn on the actual change date.
- CR308x / CR309x Advanced Change of Metering Installation (which includes the Role Churn) - to support the completion of role changes and meter exchange on the same date.

**United Energy** notes that their understanding of the CR1500 is that it is to be used to provide the actual role change date of the FRMP for retailer transfers as it states, but also, significantly, the MP and MDP role change date in the case of meter churn, so that the Metrology Part A 11.3(c) is met. However, the text does not make it clear that it is to be used for this purpose. Additional explanation is required to describe the scenarios this transaction is applicable to (e.g. meter churn as well as retailer transfer).

They note that the Conditions Precedent for CR1500 do not reflect the use of this transaction as a Meter Churn role change, since it is the MC that will have initiated the related change request not the FRMP. They suggest adding the MC to the roles that can initiate Change Requests which requires CR1500 (as the CR6800 can be initiated by the MC).

**AusNet Services** believes that CR308x and 309x will require an Actual Change Date to be provided from the new MDP to enable these to complete. Prior to the rule change all of these parties were one entity for this CR. This has now changed and the NER does not allow metering to be changed by the MP unless they have been nominated in a CR or already are the MP. This CR completes on its own using the proposed date today but can't in the future as the role changes need to align with the meter install date.

**AGL** believes that if CR 308x or 309x is a prospective change for a meter, then a CR 1500 also needs to be raised and should be noted in this section. CR 3080 is about MC providing prospective changes. The prospective date may not be met. Hence, a CR 1500 is required to provide the actual change date. With respect to the above clarification a CR1500 has context to the CR3080. CR3080 is not needed and should not be used, however if it is used then then a CR1500 is also required.

**CR 2000 series**

**Ausgrid** contends the new Rules specifically preclude the LNSP from nominating or appointing metering service providers and/or initiating meter churn. The reluctance to remove the nomination of the service provider roles from these change requests will force both the new service providers (MC, MDP, and MPB) to have to validate these roles for every change request received.

If the nomination of service provider roles is not removed from the NMI Creations CRs, the B2B procedures will need to be modified to make the nomination of ALL roles by the FRMP mandatory. Should this not be the case, and Create NMI requests are received without ALL roles nominated, the LNSPs will have no option but to reject those requests.

**Jemena** does not agree to allow an LNSP to create NMIs in MSATS without adding all the other roles (i.e. FRMP, MP, and MDP). The NER have specified requirements for parties to appoint roles, and as such, no NMI should be created without the retailer being able to provide details on the appointment of the MC, etc.

Based on AEMO's position, it is not clear to Jemena who will responsible if the roles are populated incorrectly.

**TasNetworks** supports maintaining the requirement that CR2000/2001 include all roles.

**Origin** notes that the Allocate NMI process is triggered often well in advance of the need to connect the site. In some cases developers are required to request the NMI at the early stages to allow the network to assess the network configuration requirements for the development.

Based on an Allocate NMI Service Order from a retailer the LNSP should be able to create a NMI and assign the FRMP and LNSP roles, but having to nominate the metering roles often nine months ahead of the actual connection will create unnecessary rework. The metering roles should then become mandatory to be updated when the metering is installed, but having them assigned so far in advance is unnecessary and will lead to change requests having to be raised to update roles.

The industry workshops notes from 15th 16th Feb prior to the consultation considered that this approach would be considered by AEMO and was well supported by participants– but now seems to have been rejected. Origin support the FRMP and LNSP roles being assigned when the NMI is created and the Metering roles being optional at this stage.

**Energy Australia** notes that LNSP will not be aware of mandatory information (i.e. MPB, RP, MDP etc.) upon being asked to raise CR2000 series if the customer has approached the LNSP direct as per 5a of the NER.

**CR 5070/5071**

**Ausgrid** notes the AEMO determination comments regarding CR507x notifications to the LNSP, where the response reads, "AEMO does not agree with this suggestion as the LNSP and LR can get this information from the MDFF".

Ausgrid believes this comment is incorrect. Previous market consultations have confirmed that MSATS is the database of record for the Next Scheduled Read Date and a note has been added to the field description in the MDFF Specification advising *"The NSRD provided in this file is accurate at the time the file is generated (noting this may be subject to change e.g. if route change etc.). MSATS is the database of record, therefore, should there be a discrepancy between the NSRD Date in this file, and MSATS shall prevail."*

All Market Participants should be entitled to receive the information via a notification. From an LNSP's perspective, this information is critical in aligning network billing to the reading periods of Type 4A meters.

Ausgrid agrees the industry has challenges providing Type 4A NSRD notifications without increasing market transactions significantly. AEMO may have other options available for consideration.

CR507x (5073 and 5074) transactions could be created and used for populating the NSRD to MSATS for Type4A (MRAM) metering. Notifications could then be sent to all roles given the lower volumes of transactions expected.

**Ausgrid** disagrees with AEMO's position on this matter. The NSRD provided in the MDFF is correct at the time of publishing the meter readings only and does not account for any changes to the NSRD subsequent to that date.

Much effort was recently expended in modifying the MDFF specification to clarify the correct and current source of the NSRD. This was resolved by nominating MSATS as the database of record for this information.

Both the LR and LNSP MUST be added to the notification rules for a change of NSRD for manually read meters (Types 4A, 5 and 6).

**Origin** notes its first response is that CRs 5070 and 5071 need to be provided to the LR in the COMPLETED role.

While the MDFF contains the NSRD when it is provided to the LNSP and LR, the LR does not then receive any updates for any subsequent changes to the NSRD.

As the LR, Origin needs to be able to follow up missing market data via a PMD but cannot do so until the NSRD has passed – as we are not informed of any updates to the NSRD then we are both unable to know if the data has changed and are then subsequently raising PMDs for the data when it is not yet due.

This change was previously agreed at the BMRG and was pending the next consultation in the market to be implemented.

**AusNet Services** believes the LNSP still requires the notification of the NSRD update. The NSRD may change and a new MDFF will not be sent when a NSRD changes therefore the LNSP will have incorrect information in their systems.

MSWG 18 months ago updated the MDFF to advise that the NSRD in the MDFF was for informational purposes only and the Data Base of Record for NSRD was MSATS.

**CitiPower & Powercor** believes the current LNSP should receive a notification of the NSRD update at the completed stage. Required for sites where the LNSP is not the MDP i.e. Type 4A sites.

AEMO's response to this comment during the 1st round of consultation is incorrect – the MDFF should not be used – MSATS should be used as the source of truth for NSRD.

**Endeavour Energy** submitted comments in the initial consultation and have noted AEMO's response of 'AEMO does not agree with this suggestion as the LNSP and LR can get this information from the MDFF' and wish to provide further feedback. AEMO has suggested that the LNSP could obtain the NSRD from the MDFF however when the NSRD is changed without changes to the metering data amendments the LNSP is not notified of the change in NSRD via the MDFF. An example scenario is when three months of forward estimated metering data is provided and the NSRD is changed to bring the NSRD forward by a week – in this scenario the NSRD will be updated in MSATS but the metering data may not change. In addition the MDFF states that 'The NSRD provided in this file is accurate at the time the file is generated (noting this may be subject to change e.g. if route change etc.)'. MSATS is the database of record, therefore, should there be a discrepancy between the NSRD Date in this file and MSATS shall prevail.

Procedural improvement: The LNSP needs to be notified of these Change Requests because it is initiated by the Current MDP who may not be the LNSP. However, consistent with current practice, the notification should only be provided if the Change Request was initiated by a MDP that is not affiliated with the LNSP or for a type 5 or 6 meter.

**United Energy** requests adding LNSP as a recipient of the 507x CR transactions for COMPLETED status. MSATS is the source of truth for the NSRD for Type 4a, therefore it is critical that this is provided to the LNSP as it is required to determine when meter data is missing and enable billing. United Energy acknowledges that the MDFF Specification includes NSRD on the NEM12, but it clearly states that 'for any discrepancies in the NSRD, refer to MSATS as the source of truth for NSRD'. The LNSP cannot rely on the data within the NEM12 file, as it may not be received in a timely manner AND is not the source of truth for market standing data.

**CR 6000 series**

**United Energy** has concerns that the Initiating Participants may not be correct for some of the transactions.

The initiating participant for CR6xxx Role Change transactions appear to be inconsistent, as noted below.

Notwithstanding a lack of clarity over the proposed process and sequence of Change Requests for managing meter churn, it appears as though the initiation participants for some transactions may not be consistent with the rules as noted below.

- CR62xx (Change MDP) can be initiated by both the FRMP and MC. This is not consistent with the rules, which allow only the MC to appoint the MDP.

- CR63xx (Change MC) is initiated by the MC only. However the rules state that the FRMP appoints the Metering Coordinator. Why is the FRMP not the Initiating participant here?
- 68XX – This transaction, which allows the change of multiple roles, can be initiated by either the FRMP or the MC – and so is inherently not strictly aligned with the rules.

There may very well be advantages in allowing these transactions to be more flexible than the strict interpretation of the rules allow. United Energy recommends that AEMO clarifies the use of these transactions where they are not consistent with the rules.

**AGL** notes that there is no consistency in application of who can initiate various CRs.

**Active Stream** questions if CR6200, and CR6700 will be deleted, as they are not required since the LNSP as MC will be given access to CR6800.

### 4.3.3 AEMO's assessment

**CR1000 series**

AEMO considers that the requirements for the management of meter churn are clearly stated in the NER and in the procedures dealing with meter churn (such as the Metrology Procedure and Service Level Procedures).

The various change request mechanisms provide appropriate levels of flexibility for users to determine the optimum method of changing roles in MSATS in a manner that complies with the NER.

AEMO will monitor compliance with the NER requirements for meter churn in a manner consistent with current assurance processes (for example, reporting and auditing), noting that these could be amended or extended as a result of the changes to the NER.

**CR 1500**

AEMO agrees to add CR1500 to the following prospective CRs:

- All CR6xxx series which changes the role of MC, MPB, or MDP as they might require a meter change.
- CRs 3080 and 3090.

AEMO believes that CR1xxx series correctly includes CR1500 and no change is required there.

AEMO agrees to expand the conditions precedent of CR1500 to include the MC as a role that can initiate Change Requests which requires CR1500.

**CR 2000 series**

AEMO does not agree to allow the LNSP to create NMIs in MSATS without adding all the other roles (that is, FRMP, MP, and MDP). The NER have specific requirements for parties to appoint service providers, and as such, no NMI should be created without the retailer being able to provide details on the appointment of the MC, MP and MDP.

The requirements for the CR do not include allowing the LNSP to appoint metering service providers or initiate meter churn. The appointment of parties would need to be performed in accordance with the NER and the LNSP should be informed of those appointments. Any incorrect or inaccurate population of roles in MSATS can be dealt with through normal MSATS processes including retrospective corrections.

**CR 5070/5071**

AEMO considers that making a change as proposed could have a number of unintended consequences that could include significantly increasing notifications across market and participant systems. Adding notifications to CR507x to the LNSP would not limit the sending of notifications just for type 4A metering installations, rather notifications would be sent for metering installation types 4A, 5, and 6. The rule determination considers that type 4A metering installations will be only installed in exceptional circumstances and, as such, AEMO considers the absence of updates outside of the MDFF notification to be extremely low in materiality. AEMO will consider this matter further outside of this consultation.

With regards to adding the LR to the NSRD CR notifications, AEMO considers that the changes to the NER do not warrant or require such a change. Should there be a valid case to progress such a change, AEMO recommends that interested parties raise the matter through standard change request processes.

**CR 6000 series**

AEMO has not drafted the procedure in a manner, or with an intent, to restrict the ability of the FRMP and MC to nominate roles in the CR6000 series. The procedure has been drafted to facilitate various business models and arrangements between parties where it is reasonable to do so, rather than seeking to restrict the market to one method of operation or another. For example, if a FRMP and an MC have agreed that, for efficiency, the FRMP will nominate a new MP in a CR, MSATS can facilitate that arrangement; the requirement to ensure that the CR complies with the NER resides with the party raising the CR.

AEMO has considered replacing CR62xx, CR63xx, CR65xx, and CR67xx with CR68xx, but does not see any problem with retaining those CRs to provide additional flexibility for parties who wish to use them.

AEMO considers the requirements and obligations for the management of meter churn to be clear in the NER. Participants can determine the most optimum process to manage meter churn in accordance with these obligations.

### 4.3.4 AEMO's conclusion

**CR1000 series**

AEMO will not change or remove the FRMP's ability to nominate the service provider roles in the CR1000 series.

**CR 1500**

CR1500 will be added to the following prospective CRs:

- All CR6xxx series, which changes the role of MC, MPB, or MDP as they might require a meter change.
- CRs 3080 and 3090.

Conditions precedent of CR1500 will be expanded to include the MC as a role that can initiate Change Requests which requires CR1500.

**CR 2000 series**

AEMO will not change Create NMI CRs to allow an LNSP to create NMIs without adding all roles.

**CR 5070/5071**

No further change is required.

**CR 6000 series**

No change will be made to the initiating roles of CR6000 series. CR6200 and CR6700 will not be deleted.

## 4.4 MSATS Procedures: Objection Codes

### 4.4.1 Issue summary

On 27 March 2015, the Council of Australian Governments Energy Council (COAG-EC) instructed AEMO to undertake a process for resolving data inaccuracies in the customer switching process and to review the effectiveness of MSATS. COAG-EC requested that AEMO review the operation of the objection framework in relation to customer transfers, including (but not limited to):

- Merits of objection codes (to minimise unnecessary objections).
- Definitions of codes, so that parties are aware of the appropriate circumstances of use.
- Need for any new objection codes.
- The timeframes of objection codes.

AEMO considered that the Competition in Metering and Embedded Networks Rule requires a review of the objection codes, regardless of the request from COAG-EC, as market roles and responsibilities are changed and the framework for provision of services, in particular to small customers, is moving from a regulated to a competitive market.

AEMO has proposed to reduce the objection logging periods to one business day where they are currently five business days. A study of objections accepted between January 2015 and March 2016 indicate that over 92% of objections were submitted within one business day

### 4.4.2 Summary of submissions

**AusNet Services** believes that one business day is not sufficient for objections. It does not provide enough time for parties to investigate as to whether they have reason to object. They questioned if AEMO investigated how many of the 92% of objections were lifted due to them being incorrectly objected to. They believe that reducing the amount of days allowable for objections could increase behaviour of objecting in all cases to enable participants' time to perform an investigation, which would be a perverse outcome since the objection clearing period is 20 business days. They believe the objection days should not be changed as this is not a requirement of PoC and could be looked at again as part of the Customer Switching rule changes.

**Momentum Energy** would not be supportive of any change to the objection logging period, provided there are no implications from any of the Rule changes to reduce the objection logging period. They suggest this change can be reviewed after 1 December 2017, as it is not a priority for "Day 1" and in fact it can pose a major risk on the processes due to potential market instability at Day 1.

**Ergon Energy** does not support the proposal of changing the logging period from five to one business days for the following reasons:

- They are not aware that there has been a cost benefit analysis of the proposed change.
- The proposal is outside the scope of the Power of Choice procedure changes and would not be classified as an error correction or non-contentious change.
- The change has the potential to lead to the widespread use of auto objections by participants.
- The assessment criteria for considering the proposal was too narrow i.e. the number of objections on day 2–5 may be small relative to the overall number of objections (8%). However, the implication of unwinding the Change Request because an objection was not lodged in time may be substantive.
- The 8% of transactions that would otherwise have been objected to in the 2–5 days window will result in rework for participants on both sides of the transaction.
- This rework would likely require extra resources.
- For some smaller participants, the transactions are reviewed manually for potential objections.
- The 8% of all objections would be a sizeable volume of transactions.
- The effective date of the transaction would not be changed as a result of the reduced objection logging period.

**AGL** and **Energy Australia** reject the reduction of the objection logging period for the following reasons:

- They do not see an obligation arising from the Rule changes for amend the Objection Logging Period and questions the basis for AEMO considering this change in amending these procedures, as AEMO has stated that the basis for all changes are those directly related to the Metering Competition Rule Change.
- AEMO has not undertaken a review of CRs that are reviewed by industry, but which do not lead to an objection being raised, to determine the number and time required for these CRs to be reviewed.
- Industry parties who have reviewed this change have indicated that there are substantial costs associated with the reduction to one business day.
- AEMO has neither undertaken, nor presented, a cost-benefit for making this change.

At this time, **AGL** does not believe that AEMO has met its obligations to ensure that this change meets the National Electricity Objective and therefore AGL finds compelling reason to object to AEMO's draft decision.

**Energy Australia** noted that AEMO has stated that it could not find a compelling argument to maintain the existing Objection Logging Period and can only point to a study which showed that 92 % of Objections were logged within one business day. They suspect objections logged in one business day is due to participants having an automatic rule in their systems to raise objections. If this is the case, the data used to form this decision to reduce the objection logging period is problematic and shouldn't be used as a basis for the decision.

**Active Stream** considers that a reduction from five days down to one is inadequate and suggests 2–3 days to avoid exceptions.

**Red and Lumo** strongly object to the objection timeframes being amended. AEMO has been very clear and consistent that the scope of this consultation is only in relation to the three rule changes. Therefore, it is inappropriate for AEMO to propose a change to the objection windows, further the reduction the number of days from five to one for a participant to log an objection during this consultation. Red and Lumo would like AEMO to highlight where this change is described in the final rule changes for Metering Competition, Embedded Networks, and the Meter Replacement Processes.

They consider that the outcome of the two current rule changes, Improving the Accuracy of Customer Transfers and Using Estimated Reads for Customer Transfers, may impact the objection timeframes. However, these rules are still in consultation, as such it is premature for AEMO to amend the current objection windows without allowing the AEMC to complete its review.

They pointed out that this change can have a significant impact on their business and their business processes. As noted above, the current proposal of one business day for a participant to investigate and determine if an objection is to be submitted with the relevant objection code is an insufficient timeframe. In the case of jurisdictional public holidays, such as Melbourne Cup Day, an objection could not be submitted as the proposed one day lodging period has passed by the next business day. They consider that this change may force participants to automate an objection and then review to remove the objection, which is not in the spirit of the Procedures. Further, they recommend that AEMO discuss their proposed approach with industry participants, particularly in light of changes resulting from the hardship review in Victoria that are currently progressing. Red and Lumo strongly urge AEMO to retain the existing five business days for an objection period.

**United Energy** are of the view that there is inadequate justification to support a change from the current objection logging period of five days to the one day proposed by AEMO. We note that a number of valid reasons for not changing from the five days period have been discussed in the recent workshops:

- Small retailers may not have the system capability to automate a response, and a one business turnaround time is not sufficient and could lead to more objections than needed, the same could apply to any number of the new metering participants, MC, MP, and MDP, who may not have the system capability and the resources for a one day review.
- One business day allows no follow up for a retailer with metering parties or with a customer where they need to establish if an objections is warranted or not.
- Encouraging a behaviour pattern where recipients will object as a matter of course to give themselves time, and then withdraw that objection after review. This will result in an overall a higher level of objections and a general increase in back office work for the parties involved and the businesses that deal with re-work, errors and customer complaints.
- The change is not a direct outcome of the metering competition rule and should be out of scope. Before introducing such a change a study of the costs and benefits should be first undertaken by AEMO.
- With very significant level of role and responsibility changes and the lateness of the finalisation of these changes, the early part of the metering competition market is not the time to make such a change, it is better to allow the time to get the transactions right the first time across all of the systems.

**United Energy** suggests that this change not be undertaken at this time, but be reviewed again after several years of metering competition once all systems and processes are working properly across industry.

**CitiPower & Powercor and SA Power Networks** do not support the reduction of Objection Logging Period from five business days to one business day – made to several clauses/tables throughout the MSATS procedure. The impact of this change has not been fully considered by Industry and therefore should remain as five days. This change is not driven by NER changes for Metering Contestability and is not critical for 1 December. It should be considered by Industry at a later stage when a full assessment of the impact to Participant process and systems has been completed and a full Cost Benefit completed.

**Pacific Hydro** strongly suggests the objection logging period remain at five days. Reducing it to one day, with an influx of new market MC entrants whose systems may not be to the level of sophistication as some participants and who may be relying on manual processes, will only lead to error and rework across the market.

**Aurora Energy** requests that Objection period to be kept at five days, small retailers such as Aurora Energy do not have the resources or have an automated system to object. Objections are likely to increase substantially as participants will have not enough time to review the CRs and, as a result, they will just object to be able to have time to review it.

**Vector AMS** supports AEMO's position to reduce the objection period from five days to one day. Vector AMS support a one day objection period to improve customer switching times consistent with the associated AEMC objectives. They acknowledge that there are other market participants who have objected to the one day objection period. As such, if AEMO are to consider increasing the proposed objection period, Vector AMS would suggest moving forward with the shortest possible (agreeable) objection period, given that the current five day objection period does not provide a good outcome for consumers.

### 4.4.3 AEMO's assessment

A key feature of MSATS is the ability to apply changes or make corrections retrospectively. As a result, any change made in error, or that otherwise needs to be reversed or altered, can be, for a period of up to 130 calendar days. The objection logging process provides a mechanism to prevent a change from occurring where there is a clear, unambiguous reason for preventing the proposed change from proceeding. This can prevent rework, dispute, and potential inconvenience for the customer when it is applied correctly, as the change would not occur and therefore no retrospective correction would be required. If the objection process is applied incorrectly, or is unbalanced in favour of one party or another, it can create unnecessary delay, rework, dispute, and ultimately, inconvenience for the customer, as it could prevent or delay a reasonable change from occurring as intended.

The effect of the current five-day objection logging period is that every proposed change, including retailer transfers and appointment of service providers, must be held in suspension until the five-day logging period ends, irrespective of whether there is cause for an objection to be made.

The submissions generally reflected views on changes that would benefit the parties who have an incumbent role at a NMI. There was little feedback in the context of the COAG-EC goal of reducing transfer times, or facilitating far greater levels of competition in the delivery of metering and related services. While manual processes adopted by those incumbent parties could be used as a reason for keeping objection periods longer, those manual processes themselves could be a barrier to reducing transfer times and competition. No substantive information has been provided to challenge AEMO's decision on the reduction of the objection logging timeframes.

AEMO considers that the competitive framework, which will introduce new services and offerings to consumers and participants alike, requires a flexible operating framework that should not be constrained with the current objection timeframes, a primary design of which is to protect the interests of the incumbent participants and service providers in relation to the metering installation. Further, it is reasonable to consider that where an existing or proposed party has an interest, financial or otherwise, that party should have systems and processes to support an objection process in a timeframe shorter than the current five business days.

This view is supported by current market practice – as determined through the empirical evidence presented by AEMO that, across the NEM, only 23 objections per day, on average, were logged outside of the 24-hour period from the time a change request was raised, over the 15-month period studied.

### 4.4.4 AEMO's conclusion

To make the use of the objection process clear and unambiguous, the objection codes have been reviewed with changes and improvements made to the descriptions and use of each code,

The objection logging periods will be reduced to one business day where they are currently five business days in the MSATS Procedures. AEMO will monitor the effectiveness and use of the MSATS objection process following the implementation of these changes.

## 4.5 MSATS Procedures: Network Tariff Code

### 4.5.1 Issue summary

Currently the LNSP maintains and updates the Network Tariff Code at a NMI following the installation of metering, both for a new connection and for a change of metering. As the LNSP will no longer be the party who installs and maintains the metering installation in these scenarios, AEMO has proposed that the MP will be required to update the Network Tariff Code (NTC) field in MSATS.

AEMO has also proposed that the requirements of certain MSATS reports (for example, C4 and C7) will be subsequently reviewed so MPs and MDPs have access to current Network Tariff Code information in MSATS.

### 4.5.2 Summary of submissions

**AusNet Services** recommends not making the NTC mandatory. They question how the MPs are expected to know if the network tariff is correct or not, as when meters are created for the first time only the DB would know what the correct network tariff applicable is for the NMI. They question, when a meter is first created for a NMI, how the MP will check if the NTC is correct when they have nothing to check it against. They also question whether it is expected that the MP, when creating a meter for a meter replace, will use existing NTCs from other meters that may or may not be onsite. A process needs to be put in place to obtain the NTC from the DB to align with the metering configuration the Retailer has requested.

The introduction of the NTC as mandatory will result in numerous network billing enquiries and disputes between the retailer and the network business. The retailer will incorrectly assume the value populated by the MP in MSATS represents the billable amount only to be corrected by the value the network business has applied. The retailer would have to make the adjustment in their systems. This may or may not involve updating MSATS. An incorrect NTC is just a detrimental to the operation of retail contestability as a blank NTC.

To correct the data in MSATS, both the retailers and DBs would have to establish processes whereby they would have to validate the NTC that the MPB has input and then correct it if it's incorrect. Today, it being left blank allows the DBs to update and ensure the correct NTC is applied when the MP does not know.

A process for the below clause from the Metering Code in Vic must be put in place if the obligation of providing the NTC by the MP is implemented and this must be preceding the update of MSATS.

Vic Electricity Metering Code:

> *3.1 Changing tariffs*
>
> *If a distributor or a retailer wants to introduce a new distribution or retail tariff or change an existing distribution or retail tariff which requires new or different metering equipment or for existing metering equipment to be operated in a different manner, the distributor or the retailer must seek agreement with the retailer or distributor (as the case may be) prior to the introduction of the new tariff or change to an existing tariff.*

**Jemena** does not support the proposal to make the NTC mandatory. They note that MPs may know the details of the meter installation, but there is the likelihood of MPs not knowing the correct tariffs to apply as well as timing issues with the tariff updates. They believe this could potentially cause issues around increased volume of Network Billing exceptions and disputes.

Assignment of network tariff is the LNSP's responsibility. AER requires distributors to assign the correct network to customers. LNSPs' regulated revenues are dependent on the assignment of correct network tariffs. Moreover the purpose of the network tariff in MSATS is for NMI discovery and quoting of retail pricing offers to customers.

Should AEMO insist on requiring MPs to update the mandatory Network Tariff Code field, it would result in LNSPs still checking all network tariffs are correctly assigned. NZ experience indicates the level of billing exceptions and rework was high, resulting in significant cost impacts to retailers and LNSPs.

**Momentum Energy** supports the argument to make the NTC as an optional or required (if known) field for the MP instead of making it a mandatory field for the MP. They support that MP can update the network tariff, however the LNSP must be the final owner of their Tariff Code.

**TasNetworks** believes that within CR30xx transactions (or any meter create/update transaction) Network tariff Code should be optional not mandatory. They note that across the industry there are a variety of arrangements and inconsistent knowledge within MPB, and to force MPB to enter a code when they do not know what to use will just introduce unnecessary changes to configuration.

**United Energy** notes the comments on network tariff code and a desire to make the MP obligation to update the network tariff code at meter level mandatory. One participant questioned the need for this approach. United Energy sees no reason why the MP is required to allocate the network tariff. They acknowledge the view of some participants that the MP knows the detail of the meter installation. However they believe that the MP often will not understand the available open tariffs within each jurisdiction, and so requiring them to select and apply the tariff correctly is unlikely to be practical. The end result is that the LNSP must still check all tariffs and seek to correct the tariffs if they do not match the configuration anyway.

The original and ongoing purpose of the network tariff in MSATS is for NMI discovery and retail quoting for customers. The database of record for network tariff allocation to a NMI is the LNSP as this is where the financial transactions for network billing are generated.

The more important aspect is to learn from the NZ practice, where the level of billing rework was too high, and which had significant cost impacts for all parties, particularly retailers. It is important that the meter register information and the NMI suffix information is mandatory to allow the network tariff codes (or retail tariff codes) to be correctly and unambiguously allocated. Industry should agree that this has been achieved so that retailers and customers can be billed accurately. If this is not unanimously agreed by all of industry, then these procedures should not be finalised. The clarity of datastreams and tariff application needs to be correct, as poor performance in this area will undermine pricing signals to customers and customer confidence in the reform.

**AGL** believes it is more appropriate for the NTC field to be optional for the MP to update. AGL believes that, where the meter changes are simple and there is adequate network tariff information to populate the field correctly, the FRMP can have the MP update that information as part of its contractual arrangements. However, where the meter change is complex, the MP can refer the installation back to the LNSP to establish the network tariff code.

Another instance is where the assumption is that the MC is contracted with the retailer. If the MC is contracted with the customer (not the retailer), then there is no guarantee of a contractual requirement to ensure this is done. However, the Retailer, LR, and LNSP are financially affected by decisions made by the MC and should have a right to be aware of these.

**Red and Lumo** agree with the Network Tariff Code field being a mandatory field. Unless otherwise agreed between the LNSP and the MP, under certain circumstances, this obligation is to remain with the LNSP. In relation to the statement included within the Draft Report and Determination, 4.8.3 AEMO's assessment below:

> 'AEMO notes concerns about MPs not having access to the Network Tariff Code information, and that LNSPs are not required by the NER to provide it to MPs.'

Red and Lumo propose that the C4 report is provided to the New MPB at the requested status. This will assist the New MPB with the current information of a site and reduce the need to contact the LNSP.

**Energy Australia** does not agree that the NTC should be a mandatory field for the MP to update in MSATS, as the MP my not necessarily have the NTC. They are supportive of this field being optional. Energy Australia does not think that updating a Market System with information that can create 'inefficiencies in the market' is best suited to be obligations in agreements. A better market outcome would be to ensure the owner of the NTC (i.e. the Network) is responsible for maintenance or this information.

**Pacific Hydro** believes that the LNSP, as the owner of the network tariff code, should be responsible for updating the network tariff code in MSATS. A process needs to be developed and documented within the Procedures that define how the LNSP will be advised of the metering configuration which will then allow them to update MSATS with the network tariff code within a specified timeframe. Obligation would also need to be placed on those participants responsible for advising the LNSP of the meter configuration.

**Active Stream** notes that the obligation for the MP to update the NTC as mandatory is not supported by Active Stream. They believe this field should be optional for MPs, not mandatory. The responsibility should lie with the LNSP to update the NTC, with the ability for the MP to update the field with any corrections based on meter configuration installed. LNSPs may request MPs to perform these NTC updates on their behalf

through commercial arrangements. In order for an MP to be able to provide an accurate update to the NTC field, MP's would need to be provided with a mapping table of basic to interval NTCs, such as NTC B1 =I1.

**Vector AMS** supports the obligation on the MPB to assign the NTC as part of updating the metering installation details on any change to the metering installation. As the party that has performed the physical work on site, the MPB is best placed to understand which metering register (and therefore datastream) is connected to which load or generation source being metered. To support this obligation, Vector AMS suggests there is an obligation on the LNSP to provide clear guidelines to MPBs and FRMPs on the allocation of NTCs for various metering installation configurations.

**Ausgrid** disagrees with the outcome of the consultation on this matter. While it is agreed only the MPB can correctly identify the load type/supply arrangements supported by their metering, it is the LNSP who must apply and maintain the network tariff code. Even if the MPB does populate the network tariff code, the LNSP must be provided with sufficient information to validate it has been correctly applied.

Should AEMO elect to retain its current position, then as an absolute minimum the industry requires:

- The network tariff code to be included in the C7 Report.
- Provide fields in MSATS that allow the validation of populated values (Ausgrid has proposed the re-purposing of the 'LoadType' field)

Ausgrid believes the following outcomes will occur due to the AEMO determination:

- All MPB businesses need to develop logic and keep referential information in their systems to populate NTCs for the Networks they work in. This is a large overhead and would be seen as a 'barrier to entry' into the market.
- MPBs do not have experience in populating Network Tariffs and will result in:
  - Increases in Network Billing reconciliation issues.
  - Network Billing disputes.
- Increases in Meter Change Requests failing to load into MSATS (MPB choosing invalid Network Tariff Codes when Networks make them obsolete).

### 4.5.3 AEMO's assessment

AEMO considers that parties are appropriately incentivised to ensure that the Network Tariff Code is updated correctly, at least for the reasons identified the submissions. Contracts will exist that link the distributor to the MP, at least indirectly via the FRMP and MC if not more directly in some cases, and it is reasonable to consider that information on, and requirements for, the updating of the Network Tariff Code can be considered in those agreements.

MPs will need to work with other parties to ensure they have access to sufficient information to enable them to update the field correctly. While information from MSATS may be made available to the MP regarding an existing code at a NMI, the MP should only use this code if it remains consistent with the changes undertaken at the metering installation.

AEMO does not consider it either reasonable or practical for the LNSP to continue to maintain this field as a result of changes performed by contestable MPs, however the LNSP would still be able to make corrections should errors occur, or alternatively raise errors through their contractual framework for resolution by the MP.

In the absence of any substantive detail provided for AEMO's consideration through the submissions, AEMO has contacted the Electricity Authority in New Zealand regarding the high level comments in submissions regarding negative experience on this topic in the New Zealand metering market. The Authority was unaware of any such issues, as are AEMO personnel who have experience with and contacts in the New Zealand market.

### 4.5.4 AEMO's conclusion

AEMO will make the Network Tariff Code field mandatory for MPs as proposed.

As C4 reports specifications are not part of the MSATS procedure, AEMO will be referring this suggestion to the project technical workstream for consideration. It should be noted, however, that the project technical workstream is currently considering the addition of the Network Tariff Code to the output of the C7 report, which both the current MP and any MP nominated on a change request, can access.

# 5. IT REQUIREMENTS RESULTING FROM THIS DETERMINATION

## 5.1 Schema Changes

The aseXML Standards Working Group (ASWG) is an energy industry technical group responsible for the development and maintenance of the aseXML standard and the aseXML schema that consists of a number of individual files that must be combined to form the entire schema.

AEMO notes that schema changes will be required to accommodate the following:

- Published list of Embedded Networks and their associated Embedded Network Operator, DLF Code, and TNI Code.
- New Meter Register Status Code ‘D’ to indicate Remote Disconnection at the meter level.

AEMO intends to include coordination of updates to the schema through the market readiness workstream within the program of work for these Power of Choice initiatives.

As defined in the ASWG Terms of Reference, all changes to the aseXML Guidelines and the aseXML schema must be reviewed and endorsed by the ASWG, and approved by AEMO, before being made available to aseXML subscribers and users.

# APPENDIX A. CONSOLIDATED SUMMARY RESPONSES

A consolidated summary of all issues raised by Consulted Persons in submissions, together with AEMO's responses, is published on AEMO's website at:

http://www.aemo.com.au/Stakeholder-Consultation/Consultations/Power-of-Choice---AEMO-Procedure-Changes-Package-1.

The feedback for each procedure is detailed in the following tables:

- Table 1 – Metrology Procedure: Part A.
- Table 2 – Metrology Procedures: Part B.
- Table 3 – Service Level Procedure: Metering Provider Services.
- Table 4 – Service Level Procedure: Metering Data Provider Services.
- Table 5 – Meter Data File Format Specification.
- Table 6 – MSATS Procedures: CATS.
- Table 7 – MSATS Procedures: WIGS.
- Table 8 – MSATS Procedures: MDM.
- Table 9 – Retail Market Electricity Procedures: Glossary and Framework.
- Table 10 – NMI Standing Data Schedule.
- Table 11 – NEM RoLR Processes: Part A.
- Table 12 – Other Issues related to Consultation Subject Matter.

# APPENDIX B. GLOSSARY

| Term | Meaning |
|---|---|
| Amending Rules | National Electricity Amendment (Expanding competition in metering and related services) Rule 2015 No. 12, National Electricity Amendment (Embedded Networks) Rule 2015 No. 15 & National Electricity Amendment (Meter Replacement Processes) Rule 2016 No. 2. |
| COAG-EC | Council of Australian Governments Energy Council |
| FRMP | Financially Responsible Market Participant |
| Jurisdiction | A 'participating jurisdiction', as that term is defined in the NER. |
| LNSP | Local Network Service Provider |
| MSATS | Market Settlement and Transfer Solutions |
| NER | National Electricity Rules |
| NERR | National Energy Retail Rules |
| NTC | Network Tariff Code |