11 July 2018

Level 22
530 Collins Street
Melbourne VIC 3000

Postal Address:
GPO Box 2008
Melbourne VIC 3001

T 1300 858724
F 03 9609 8080

Mr John Pierce
Chair
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

By online submission

Dear Mr Pierce

Metering installation timeframes – AEMO Submission

AEMO welcomes the opportunity to provide input to the Commission's Consultation Paper on the Rule Change Proposal related to Metering Installation Timeframes.

AEMO is the independent National Electricity Market (NEM) and Western Australian Wholesale Electricity Market (WEM) market and systems operator, and the NEM National Electricity Transmission Planner. This role is undertaken within the legislated policy and market frameworks of the day and in adherence to the National Gas and Electricity Objectives and Rules.

AEMO is the operator of the Market Settlement and Transfer Solution (MSATS) and is tasked with the management of the exemption process for metering installation malfunctions in the National Electricity Rules (NER). In this context, AEMO has an understanding of the associated processes that are being considered in this Rule change proposal.

AEMO's submission provides views on the timeframes for rectification of metering installation malfunctions and the requirements for role appointment in AEMO's Market Settlement and Transfer Solution (MSATS) Procedures.

For further information on the AEMO submission, please do not hesitate to contact myself or Violette Mouchaileh, Group Manager Market Enhancement on (03) 9609 8551.

Yours sincerely

Peter Geers
Executive General Manager, Markets

Metering installation malfunctions – rectification timeframes

AEMO supports the proposal to change the timeframes for rectification of a metering installation malfunction from 10 business days to 20 business days for type 4S and 4A[1] metering installations only. AEMO recommends that the 10 day requirement is maintained for type 4 metering installations and that the two business day requirement is maintained for type 1-3 metering installations.

The 10 business day timeframe has worked effectively for type 4 metering installations that are predominantly located at commercial and small industrial customer connections, the majority of which are connected via instrument transformers[2]. The 10 business day timeframe is often an insufficient timeframe for malfunction rectification requiring the installation of a type 4S or 4A metering installation. This is due to the method by which a metering installation malfunction may be identified and the requirements to establish a supply outage with the customer following identification. An overview of the differences in process between the metering and connection types for identification and rectification of metering installation malfunctions are presented in the following table, including for reference the rectification process for type 5 and 6 metering installations that applied prior to 1 December 2017:

Table 1 – Metering installation malfunction rectification process summary:

Metering installation type	**Type 1-4**	**Type 4S and 4A**	**Type 5 and 6** **(Prior to 1/12/17)**
Malfunction identification	1. Metering Data Provider (MDP) identifies fault flag in metering collection process; or 2. Metering Provider (MP) identifies fault when inspecting, testing or resolving a technical fault.	1. MDP identifies fault flag in metering collection process; 2. MP identifies fault when inspecting, testing or resolving a technical fault; or 3. Retailer appoints a new Metering Coordinator (MC) following a notification of malfunction from an initial MC[3].	MP identifies malfunction when testing, inspecting or reacting to a meter reader or customer report on the condition or accuracy of the metering installation.
Rectification	Metering devices can typically be replaced upon identification at the first visit to site, without the need for an outage[4].	Metering devices cannot typically be replaced without a disruption to the customer's supply. The MC must inform the retailer who must in turn notify	Metering devices cannot typically be replaced without a disruption to the customer's supply, however the distributor has already had the

[1] Metering installation types 4S and 4A are used to identify *small customer metering installations*, as that term is defined in NER Chapter 10.
[2] Approximately 75% on AEMO's initial analysis (noting that many of the remaining 25% may qualify for re-categorisation to a type 4S).
[3] The term 'initial MC' refers to the metering coordinator role performed by distribution network service providers for type 5 and 6 metering installations.
[4] Metering devices at metering installations connected via instrument transformers can typically be replaced without the need for a disruption to the customer's supply at the connection point.

		the customer of the outage requirement, providing an opportunity for the customer to agree a date and time for work to be undertaken. The MP must apply for an exemption within the rectification timeframe in the NER unless the malfunction can be rectified prior.	opportunity to notify the customer of a planned outage (unless they are otherwise exempt from such a requirement). Therefore, the metering device may be replaced upon malfunction identification at the first visit to site by the MP.
Exemptions	Exemptions are typically applied for in all cases were an instrument transformer replacement is required to rectify the malfunction, as outages are required to be planned with the customer.	Exemptions are typically required if: 1. The retailer notification requirements do not provide sufficient time for the MP to rectify the malfunction; 2. The customer requires a visit to perform the rectification at a date outside of the rectification timeframe in the NER; 3. There are safety, logistical or other practical reasons which prevent the malfunction from being replaced within the rectification timeframe in the NER; or 4. The MC has identified large volumes of malfunctions that cannot be rectified in the standard timeframe due to the scale and planning required (e.g. as a result of a sample testing processes).	Exemptions are only required in rare circumstances, such as a faulty instrument transformer which requires a planned outage to be replaced, or where the outcome of sample testing analysis requires a large volume of metering installations to be replaced.

The additional complexities for rectification of malfunctions which require the installation of type 4S and 4A metering installations indicate that the current 10 business day rectification timeframe is too brief and the proposed extension to support the installation of a type 4S or 4A metering installation appears appropriate.

AEMO does not consider that a reasonable argument has been made to support the extension of rectification timeframes for type 4 metering installations; the process for

rectification has not been materially altered as a result of recent changes to the NER. The volume of energy measured at these metering installations is typically much higher than a type 4S or 4A, as is their relative impact on the accuracy of energy market settlement. Accordingly, rectification should be maintained within the current 10 business timeframe to minimise impacts of a malfunction on the market and participants.

Options for minimising replacement timeframes – MSATS

The consultation paper refers to the AEC's rule change request, which includes a timeline of events for the rectification of a metering installation malfunction. The timeline proposes that the process to nominate and appoint the MC and MP takes four business days due to an AEMO requirement in the MSATS procedures for roles to be appointed sequentially and that mandatory objection periods apply whenever a change request is initiated. AEMO does not consider that the role nomination process, if astutely used by retailers and MCs, is a factor which would delay the installation of metering equipment at a connection point. In all but the most extreme circumstances, the process which formally establishes the new responsible MC and MP to the connection point can run simultaneously with the initiation of associated service requests for rectification of a malfunction, or the planned installation of metering equipment in any other circumstance.

In certain instances, where a customer is off supply due to a fault at a type 5 or 6 metering installation, rectification of supply and provision of new metering equipment will be completed as an emergency, outside of normal business practice. In these rare situations, AEMO expects that MSATS role appointment will be a secondary consideration to the restoration of supply, for all parties involved. The MSATS system and procedures allow for retrospective appointment, however, such an appointment requires records to be maintained should this decision be queried by AEMO or an external auditor.

Changes could be proposed to the AEMO MSATS procedures to reduce the objection period to zero days for particular role changes, such as an MC and MP appointment following notification of a malfunction at a type 5 or 6 metering installation. This may be considered reasonable as the initial MC has instigated the process to change roles through raising the malfunction notice to the retailer and is therefore highly unlikely to object to the consequential changes to roles in MSATS.

If roles were changed in error, MSATS procedures include mechanisms for retrospective correction. Similarly, the requirement for an MDP to provide an Actual Change Date[5] for the appointment of an MC and MP in a single MSATS change request, could be removed to enable faster and more flexible arrangements. AEMO remains open to proposals of this kind by market participants.

AEMO notes that in other proposals to the AEMC, the AEC has considered an alternative approach to MC appointment, which seeks to establish a new role of ‘pending MC’. AEMO understands that the proposal essentially allows a party other than the MC for the metering installation in MSATS to appoint providers and perform meter churn. AEMO does not consider that such a change would have a material benefit to the timeframes for replacing metering installations and that there is likely to be negative impacts to customers, the market and participants, including:

[5] In MSATS Procedures an Actual Change Date is the effective date of changes proposed in an MSATS change request. It is provided by the MDP and is typically required when a meter reading is necessary to separate the provision of services between parties at a point in time, such as a retailer transfer at a NMI, or a new MDP commencing the provision of data services.

- Implications for the treatment of any work in progress and any currently valid metering installation malfunction requirements, including:
    - Requirements on the MC to progress with planned works, both reactive to customer requirements and proactive fault or metering installation malfunction rectification works (where the MC is not an initial MC);
    - Requirements for the MC regarding the management of exemptions (e.g. resolving 4A communication issues and malfunctions);
    - Provision of information regarding the nature of the malfunction to the incoming MC; and
    - The obligations on the current MC to test and inspect in accordance with the NER or an AEMO approved alternative methodology.
- The importance of establishing a new MC at a metering installation following a notification of metering installation malfunction by the initial MC as contemplated in chapter 11 of the NER. Once the initial MC has identified a malfunction, no amendment or alteration of the metering installation in question can be initiated by the initial MC and their appointed metering provider. Failing to remove the initial MC from their role will likely lead to confusion amongst participants when seeking to meet customer requirements in the future and delays to the rectification of malfunctions. The establishment of a new MC at a type 5 or 6 metering installation allows any incoming retailer to identify a connection point where the initial MC has previously notified a retailer of a metering installation malfunction.
- The initial MC's acknowledgement of a new MC appointment has been used to reduce the risk of a customer inadvertently being taken and left off supply in one NEM region since the commencement of competition in metering services. AEMO is concerned that structural changes to role appointment mechanisms will lead to negative impacts on customers and cite this case as one example.