

05 July 2018

Mr John Pierce

Chair

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Via online submission

Dear Mr Pierce

RE ERC0240 – National Electricity Amendment (Global Settlement and Market Reconciliation) Rule 2018

Energy Networks Australia welcomes the opportunity to provide a submission responding to the Australian Energy Market Commission’s (AEMC) consultation paper on the ‘Global settlement and market reconciliation’ Rule Change request, released 7 June 2018.

Energy Networks Australia is the national industry body representing businesses operating Australia’s electricity transmission and distribution and gas distribution networks. Member businesses provide energy to virtually every household and business in Australia.

Whilst Energy Networks Australia is supportive overall of the proposed rule change, we would like to highlight several key areas we consider require clarification relevant for network service provision.

Our key points are:

1. *Unaccounted for energy (UFE) calculation*

Energy Networks Australia seeks AEMC clarification on how it plans to classify and calculate UFE in relation to unpredictable unmetered supply (UMS) sites. Feedback from our membership indicates that tens of thousands of small unmetered supplies (such as parkland irrigation, lighting and barbeque infrastructure) experience significant seasonal usage fluctuations, and so suit neither installation of a full NEM meter nor application of a system load profile. As an example, one distributor reports serving approximately 8,000 franchise “other” UMS connections with varied fuse limits and a combined consumption of 10GWh, while another distributor reports similar figures of 10,000 “other” connections and combined consumption of 11GWh.

2. *Global settlement coverage*

Energy Networks Australia supports the release of additional value to customers through the revised classification of retailers proposed under the global settlement process. We also support aligning the development activities for the global settlement process with the activities of the five minute settlement process. Energy Networks Australia believes the costs to change data formats to support global settlement will be incremental to the costs for the implementation of five-minute settlements. We consider that costs would be kept to a minimum if both the projects are undertaken at the same time.

Continued proliferation of small loads connecting to the network and the desire for improved allocation of consumption costs to users, such as intelligent street lighting and other “smart city enablers”, supports the need for a “small load” metering framework, or new metering type for new connections. Such a framework would prevent the requirement of a full NEM meter to be installed at each site and better account for previously unmetered loads, as in many cases the installation of NEM compliant metering is neither cost effective nor feasible for most existing unmetered loads.

Energy Networks Australia considers that this is an important issue in context of the amending of NER 6.20.1 provisions, which currently allows distribution network service providers (DNSPs) to charge the local retailer for distribution services for franchise customers, as contained in the Rule change proposal. Franchise customers typically do not have NEM compliant metering. Therefore, distribution services cannot be charged appropriately by the DNSP until NEM compliant metering is installed or assigned to Type 7 metering.

3. Allocating volumes of UFE

Energy Networks Australia considers the high level design for Global Settlement is appropriate in relation to the allocation of calculated UFE to each NMI at the ratio of its consumed energy.

When implementing the proposed rule change, Energy Networks Australia proposes that existing unmetered supplies that are not suited to system load profiling retain the existing legacy local retailer arrangement, while new such connections would be subject to either NEM compliant metering or a new “small load” framework, as appropriate considering the value of energy consumption at those sites.

4. Treatment of virtual transmission nodes (VTNs) under global settlement

Energy Networks Australia supports retention of VTNs. Consideration of a preferred option for treatment of VTNs, as put forward within the Consultation Paper, is relevant to the technical and regulatory environment usually experienced within each jurisdiction. Strongest support was shown for options 4 and 5 among Energy Networks Australia members but may not be suitable for all network service providers. Energy Networks Australia understands that further detail on this matter will be provided submissions provided by individual network service providers.

Please do not hesitate to contact Mr Heath Frewin – Head of Distribution on 02 6272 1531 or hfrewin@energynetworks.com.au if you would like further information.

Yours sincerely,



Dr Stuart Johnston
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