

25 October 2018

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

Via online submission

## RE ERC0240 – DRAFT RULE DETERMINATION: NATIONAL ELECTRICITY AMENDMENT (GLOBAL SETTLEMENT AND MARKET RECONCILIATION) RULE

Dear Mr Pierce,

Energy Networks Australia welcomes the opportunity to provide a submission to the Australian Energy Market Commission's (AEMC) Draft Rule Determination concerning the National Electricity Amendment (Global Settlement and Market Reconciliation) Rule 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.

Energy Networks Australia and our members have been actively engaged in consultation with the AEMC on the global settlement framework, and remain committed to providing constructive input into this process.

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. Global settlement implementation timeframe*

Energy Networks Australia acknowledges and supports AEMO's proposal to align the implementation timeframe of the Global Settlement rule change with the introduction of the 5 Minute Settlement rule change. Without alignment of the timeframes of these two rule changes, Network Service Providers would be required to implement a piecemeal approach to data provision with inevitable duplication of some work leading to unnecessary cost.

### *2. Unaccounted for energy (UFE) and virtual transmission loads (VTN)*

Energy Networks Australia supports the AEMC's proposal for UFE to be allocated at the distribution network service provider (DNSP) level. Settlement of UFE at the DNSP level facilitates the continued use of VTNs, which are a practical and effective solution in overcoming settlement issues associated with jurisdictional differences. An inability for DNSPs to utilise VTNs would result in significant system upgrade costs to meet Market Settlement and Transfer Solution (MSATS) reporting obligations.

### 3. Treatment of unmetered loads

Energy Networks Australia wishes to highlight concerns we and our members have associated with the proposed timing of rule requirements for DNSPs obligations associated with unmetered loads. Draft rule clauses 11.[X].4(b) and (c) require DNSPs to assign connection points for unmetered load and provide estimated volumes of any unmetered load by 1 March 2020. This date of 1 March 2020 is unnecessarily early to prepare for a 1 July 2021 transition.

Energy Networks Australia supports improved alignment of delivery timeframes between this rule change and the 5 Minute Settlement rule change, to avoid unnecessary rework and associated cost to customers of IT system changes to provide some of the required data.

A way to mitigate this unnecessary cost would be to limit the provision of unmetered load connection points to AEMO to only forecast data of unmetered load connection points, estimated volumes and TNI allocation, and to delay the provision of actual unmetered load connection points within MSATS to 1 July 2021. This information may be in the form of a spreadsheet or similar format specified by AEMO and would facilitate AEMO's modelling of unaccounted for energy in advance of 1 July 2021. The estimates provided could be incorporated by AEMO into a sand box MSATS environment well in advance of the implementation date and provide an opportunity for retailers and generators simulate global settlement arrangements prior to go live.

We are also concerned that the definition of 'non-market unmetered load' suggests that these types of loads will not be classified as a type 7 metering installation. This would lead to the unintended consequence of clause 7.6.4 not being applicable, therefore the DNSP cannot be the MC for these types of loads.

We also consider that the new term 'non-market unmetered load' is confusing because it becomes contradictory under the proposed global settlements arrangement. These types of loads are currently called non-market unmetered loads because the customer for these connections does not have a choice of retailer. However, under the proposed global settlements arrangement we expect that these type of loads will have retailer choice. We suggest a different term be used, such as 'type 7A'.

It should be noted, that currently most DNSPs manage existing non-market unmetered loads by assigning a pseudo-NMI to each connection point for these type of loads. Therefore, to minimise changes to systems and cost it would be preferred if the final rule allows for this method continue.

### 4. Treatment of embedded networks

Energy Networks Australia notes that the Draft Determination suggests that there is a concept of embedded networks at the transmissions level;

*"Embedded networks are private electricity networks which serve multiple customers and are connected to another distribution or transmission system through a parent connection point. A party other than the registered LNSP owns and operates the private electricity network that customers connect to."(p.54)*

Whilst not directly relevant to the scope of this rule change, the National Electricity Rules (NER) definition of embedded networks only refers to distribution networks;

*"embedded network - A distribution system, connected at a parent connection point to either a distribution system or transmission system that forms part of the national grid, and which is owned, controlled or operated by a person who is not a Network Service Provider." (NER., s10)*

Energy Networks Australia considers the AEMC statement is confusing in relation to the rules definition of embedded networks, and in relation to connections from primary or other transmission network service providers (TNSP) to a Dedicated Connection Asset Service Provider, and multiple connections to Large Dedicated Connection Assets (LDCA). In the event multiple TNSPs are involved in the connection the metering rules in 7.6.2 and 7.6.3 are not clear on which TNSP is responsible for metering the connection points.

It would be useful if the AEMC could clarify this point in its Final Determination, even if the clarification makes it clear that either the TNSP on the primary side of the connection point or the TNSP on the secondary side of the connection costs must be appointed as MC.

*5. Transmission connection point metering*

Energy Networks Australia supports the AEMC new rule 7.6.3A which makes the TNSP the only party which can be appointed the metering coordinator (MC) at transmission connection points where the transmission connection point connects to a distribution network. Our understanding is that headings have no meaning in the Rules; currently it is the heading that makes the intent of the new rule clear. AEMC should reflect this in the clause drafting itself, i.e. transmission connection points where the transmission connection point connects to a distribution network.

Energy Networks Australia understands that further detail on specific issues raised in this submission will be provided by individual network service providers in their individual submissions. For further information on the Energy Networks Australia submission, please contact Heath Frewin, Head of Distribution, 02 62721531 or [hfwewin@energynetworks.com.au](mailto:hfwewin@energynetworks.com.au)

Yours sincerely,



**Dr Stuart Johnston**  
**GM Network Transformation**