25 October 2018

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2499
Sydney South NSW 1235

Dear Mr Pierce

Draft Rule Determination – National Electricity Amendment (Metering Installation Timeframes Rule 2018) and National Electricity Retail Amendment (Metering Installation Timeframes) Rule 2018

Energy Queensland Limited (Energy Queensland) welcomes the opportunity to provide comment to the Australian Energy Market Commission (AEMC) regarding its National Electricity Amendment (Metering Installation Timeframes) Rule 2018 and National Energy Retail Amendment (Metering Installation Timeframes) Rule 2018 – Draft Rule Determination.

The attached submission is provided by Energy Queensland, on behalf of its related entities, including:

- Distribution network service providers (DNSPs), Energex Limited (Energex) and Ergon Energy Corporation Limited (Ergon Energy Network);
- A regional service delivery retailer, Ergon Energy Queensland Limited (Ergon Energy Queensland); and
- Affiliated contestable business, Yurika Pty Ltd (Yurika).

Should you require additional information or wish to discuss any aspect of Energy Queensland's submission, please do not hesitate to contact either myself on (07) 3851 6416 or Trudy Fraser on (07) 3851 6787.

Yours Sincerely

Jenny Doyle
General Manager Regulation and Pricing

Telephone: (07) 3851 6416
Email: jenny.doyle@energyq.com.au

Encl: Energy Queensland's submission to the Draft Rule Determination

Energy Queensland Submission to the National Electricity Amendment (Metering Installation Timeframes) Rule 2018 National Energy Retail Amendment (Metering Installation Timeframes) Rule 2018 Draft Rule Determination

Energy Queensland Limited

25 October 2018

About Energy Queensland

Energy Queensland Limited (Energy Queensland) is a Queensland Government Owned Corporation that operates a group of businesses providing energy services across Queensland, including:

- Distribution Network Service Providers (DNSPs), Energex Limited (Energex) and Ergon Energy Corporation Limited (Ergon Energy);
- a regional service delivery retailer, Ergon Energy Queensland Pty Ltd (Ergon Energy Retail); and
- affiliated contestable business, Yurika Pty Ltd.

Energy Queensland's purpose is to "safely deliver secure, affordable and sustainable energy solutions with our communities and customers" and is focussed on working across its portfolio of activities to deliver customers lower, more predictable power bills while maintaining a safe and reliable supply and a great customer service experience.

Our distribution businesses, Energex and Ergon Energy, cover 1.7 million km^2 and supply 37,208 GWh of energy to 2.1 million homes and businesses. Ergon Energy Retail sells electricity to 740,000 customers.

The Energy Queensland Group also includes Yurika, an energy services business creating innovative solutions to deliver customers greater choice and control over their energy needs and access to new solutions and technologies. Yurika is a key pillar to ensure that Energy Queensland is able to meet and adapt to changes and developments in the rapidly evolving energy market.

Contact details

Energy Queensland Limited
Jenny Doyle
General Manager Regulation and Pricing
Email: jenny.doyle@energyq.com.au
Mobile: 0427 156 897
PO Box 1090, Townsville QLD 4810
Level 6, 420 Flinders Street, Townsville QLD 4810
www.energyq.com.au

Energy Queensland Limited ABN 96 612 535 583

1. Introduction

Energy Queensland Limited (Energy Queensland) welcomes the opportunity to provide comment to the Australian Energy Market Commission (AEMC) to its National Electricity Amendment (Metering Installation Timeframes) Rule 2018 and National Energy Retail Amendment (Metering Installation Timeframes) Rule 2018, Draft Rule Determination (Draft Rule Determination). This submission is provided by Energy Queensland, on behalf of its related entities Energex Limited (Energex), Ergon Energy Corporation Limited (Ergon Energy), Ergon Energy Queensland Limited (Ergon Energy Queensland) and Yurika Pty Ltd (Yurika).

Central to Energy Queensland's decision making process is the customer. Energy Queensland is successfully working to deliver secure, affordable and sustainable energy solutions for its customers who have made clear their expectation for lower energy costs.

Energy Queensland acknowledges the number of complaints relating to metering provision increased within Queensland following the Power of Choice reforms commencing in December 2017. Energy Queensland has taken steps to address this trend, with the Energy and Water Ombudsman Queensland scheme recognising a slowing in metering provision complaints in recent months.

Energy Queensland therefore understands the reason for, and supports the underlying principle of the Draft Rule Determination, that is, to provide customers with greater control and confidence over when their electricity meter will be installed. However, Energy Queensland has significant concerns in respect to the Draft Rule Determination as proposed, largely around cost implications for the business and ultimately the customer, and the commencement date. Details of these concerns are outlined in the Specific Comments below.

Energy Queensland again raises the issue that the Power of Choice reform is very much in its infancy. Given time, Energy Queensland is confident that metering processes will embed and improvements will continue to occur in meter installation timeframes.

Energy Queensland is available to discuss this submission or provide further detail regarding the issues raised, should the AEMC require.

2. Specific comments

2.1 Timeframes for customer-initiated meter installations

The unique nature of the Ergon Energy Queensland retail area means that the timeframes proposed by the AEMC, when a retailer is unable to negotiate an installation date with a customer, will be stretch targets for the business, and in the absence of additional resources being allocated to this function, may result in these timeframes being unable to be met.

Prior to commencement of the contestability in metering services rule change in December 2017, timeframes for the installation of meters in Queensland were governed by the Queensland Competition Authority's (QCA) *Electricity Distribution Network Code* (the Code), made under the *Electricity Act 1994* and approved by the Queensland Minister for Natural Resources, Mines and Energy. Specifically, the Code required a distribution entity to complete a 'standard service order' for meter exchanges, installation or move on a date agreed with a retailer (on behalf of a customer), or where no date was agreed, within a time period of:

- in the Ergon Energy distribution area - between 5 and 30 business days, subject to the feeder type supplying the premises (that is, CBD/urban; short rural; long rural; or isolated feeder); and
- in the Energex distribution area - 10 business days.

By tailoring installation timeframes by distribution area and feeder type, the QCA successfully delivered a framework which enabled metering services to be provided in a manner that satisfied the expectations of all parties, while simultaneously delivering cost efficiencies in the metering process.

Metering Dynamics' (Energy Queensland's metering business) current installation timeframes for a new meter in Queensland is around 8 business days, while a meter exchange is about 20 business days (noting this differs subject to location and feeder type). Metering Dynamics remains committed to working with all customers to install and/or replace meters in timeframes intended to meet customer expectations.

2.1.1. Regional Customers

As outlined in Energy Queensland's submission to the AEMC dated 12 July 2018 and responding to the initial rule change proposal, Ergon Energy Queensland's customer base is unique. Mirroring the Ergon Energy distribution network, Ergon Energy Queensland retails electricity to 733,000 customers spread over more than 1million square kilometres of regional Queensland (or 97 per cent of the State), with customers connected to some of the longest rural feeders operating within the National Electricity Market (NEM). This results in Ergon Energy Queensland servicing customers in one of the lowest density retail areas in Australia.

In contrast, Metering Providers (MP) (including Energy Queensland's Metering Dynamics business) and Ergon Energy depots are primarily located in urban centres which can be hundreds of kilometres from a customer's premise. MP's (and Ergon Energy crews where de-energisation is required), travel considerable distances to customer premises to undertake metering works. It is not uncommon for a round trip to take in excess of five hours for one meter installation (noting the Quilpie feeder in regional Queensland supplies customers up to 12 hours travel from a depot). A key supporting driver for this is that the volume of new meter installations and meter exchanges in many regional locations do not warrant the appointment of permanent MP staff at these locations. Consequently, a meter installation or alteration in a regional area can be a considerable expense for the Energy Queensland business.

For this reason, MP's (such as Metering Dynamics) attempt to geographically schedule metering work where possible in regional and remote communities to reduce travel costs and realise efficiencies.

In considering the AEMC's draft rule determination, Energy Queensland has formed the view that Ergon Energy Queensland will need to negotiate installation timeframes outside the AEMC's targets on most (if not all) occasions for metering efficiencies to be realised. This becomes increasingly challenging when a retailer is obliged to inform the customer of the meter installation timeframes for customer initiated works as proposed in the draft rule determination[1]; and where the retailer has no visibility of the scheduling availability of the MP when negotiating the appointment. Energy Queensland expects there will be very few occasions where a customer will agree a timeframe outside the target when advised of the target. In addition, as a non-competitive retailer, Ergon Energy Queensland does not have the ability to offer a customer an incentive to negotiate a timeframe outside the proposed targets.

[1] Draft rule 56C

Energy Queensland acknowledges that customers installing replacement meters to enjoy technologies or appliances have a preference for meters to be replaced as soon as possible, allowing them to enjoy their investment sooner. While Energy Queensland is committed to delivering against customer expectations, it remains concerned that any move to require retailers to negotiate, and in conjunction with an appointed MP, individually schedule geographically dispersed metering work requiring metering to be undertaken on a piecemeal basis, will drive inefficiencies and significant costs in the metering process.

2.1.2. Timeframes

Energy Queensland suggests that the 'trigger point', that is the time when the meter installation timeframe commences is critical (and more so if a civil penalty provision is attached). This will need to be clearly articulated in the Business-to-Business procedures to ensure all parties understand installation timing and their obligations.

Energy Queensland acknowledges the AEMC has provided exceptions to the meter installation timeframes in limited circumstances to address situations including safety constraints, multi-occupancy sites, where extra work needs to be completed by a party, or where the site is not accessible. However, Energy Queensland raises the need for severe weather events to be made expressly clear as an exception.

Unlike other distribution networks interstate, the Ergon Energy network is impacted by tropical cyclones resulting in the potential for extensive damage to its network. In responding to such an event, DNSP crews from across the State (including from the Energex distribution area) are relocated to the affected area to assist in repairing the network and returning it to service. As a consequence, non-essential work across the State is deferred, and can remain deferred for several weeks[2]. This means metering installation works anywhere in Queensland may be impacted while cyclone recovery works are completed. However, this in itself raises issues for when the emergency event is lifted, with the need to renegotiate installation dates for a backlog of meter installations deferred during the emergency event.

Energy Queensland is of the view that the exception as proposed in Schedule 1 of the Draft National Electricity Amendment (Metering installation timeframes) Rule 2018, which provide exceptions where the proposed site for the meter at the small customer's premises is not accessible, safe, or ready for the meter to be installed, is not sufficient to address the consequence of significant weather events (such as cyclones, severe storms, floods or fire events) which can result in extended outages and affect operations across the State.

[2] Note: Metering Dynamics continues its operations interstate and where possible within Queensland.

Energy Queensland recommends the need for the exemptions to be expanded to include a specific exception to meter installation timeframes immediately prior to, during, and after severe weather events and/or major event days[3] in recognition of the need for DNSP crews to undertake response and recovery works in affected areas and as such being unavailable for metering related works.

Energy Queensland also recommends that an expedited guideline to govern the exception process be developed to enable all businesses to understand the process to gain an exception, and the evidence necessary to support the exception.

2.1.3. Retailer Visibility

Having a retailer negotiate an installation time with a customer introduces new risks to the installation process, such as the MP and DNSP being unavailable at the time agreed with the customer; a customer refusing to renegotiate an installation time; or a retailer agreeing a very short (and unachievable) installation date (for example, 1 – 2 business days) in regional Queensland.

DNSP crews are scheduled up to seven weeks in advance and in regional Queensland, travel considerable distances to undertake scheduled work. Under the Draft Rule Determination, a DNSP *must coordinate the connection alteration with the retailer in order to allow the retailer to meet its timeframe obligations*[4]. Consequently the need to balance skilled DNSP resources and travel, the obligation on the DNSP as proposed, and retailers negotiating installations with customers without visibility of scheduling is a significant concern for the Energy Queensland businesses.

While a conceivable mitigation strategy may be to provide retailers with visibility of a MP's appointment process and/or DNSP scheduling, the changes required to the existing gateway systems (portals) for multiple participants to achieve this outcome would take significant time and costs to develop. Retailers may also choose to pass through obligations to the Metering Coordinator (MC) via differing contractual and operational arrangements, incurring additional system changes that enable MCs to manage variances in retailer expectations and in service provision across multiple MPs and service providers.

Instead, Energy Queensland would support an approach where a retailer could negotiate a date range with a customer for a meter installation, rather than a specific date, providing a level of flexibility for MPs and DNSPs, but still satisfying customer expectations.

[3] A major event day is defined in Ergon Energy's jurisdictional distribution authority as "a day as identified by using the 2.5 Beta method published by the Institute of Electrical and Electronics Engineers (IEEE) in ANSI.Std. 1366-2003 "IEEE Guide for Electric Power Distribution Reliability Indices".

[4] Page v – Draft Rule Determination

2.1.4. Civil Penalty Provisions

Energy Queensland does not support a move to impose civil penalty provisions in respect to meter installation timeframes. Current civil penalty provisions within the NEM are related to rules which have repercussions for the market or safety implications for a customer (for example, the wrongful disconnection of a life-support customer). Energy Queensland fails to see how minor delays to meter installation timeframes (particularly for replacement meters) justify a civil penalty.

Energy Queensland acknowledges that the imposition of a civil penalty on a retailer could be managed contractually by most retailers, but suggests the penalty will ultimately be passed through to customers through either higher metering costs or retail prices. The risk of a civil penalty may also have the unintentional outcome of reducing competition in retail and/or metering services in regional areas, when competition should instead be enhanced.

Energy Queensland also questions how breaches of the timeframes (and associated evidence) will be reported, assuming a self-reporting framework will be established and likely audited on a regular basis. This will add compliance costs for all parties to the meter installation process.

Prior to the Power of Choice reforms, Queensland managed connection timeframes and customer expectations via a Guaranteed Service Level (GSL) regime incorporated within the Code. Where a DNSP failed to install a meter within the prescribed timeframe, a GSL of $57 per day late was paid to the affected customer. This was considered an appropriate response as the payment was received by the affected party and more appropriately reflected the severity of the breach.

While Energy Queensland acknowledges that inferior customer service should be recompensed, our preference is for the affected customer to be compensated at a rate which reflects the impact to the customer.

2.2 Timeframes for rectifying a malfunctioning meter

Energy Queensland supports the approach of the AEMC to align the dates for replacing or repairing a malfunctioning meter with the process to replace an existing meter, noting a preference for the 20 business days target as proposed by the Australian Energy Council (AEC) rather than the 15 business days proposed by the AEMC. In forming this view, Energy Queensland refers to the current practice which enables a DNSP to bridge a malfunctioning meter where it is safe to do so, the fact meters typically slow down (with this outcome in the customer’s favour), and cost savings attributable to more efficient scheduling of metering works by MPs in geographic regions where possible.

Energy Queensland also supports the streamlining of the appointment process in the Market Settlement and Transfer Solutions (MSATS) system when replacing existing accumulation meters with a digital (advanced) meter, with the intent to reduce the objection period for metering role changes to zero days. However, Energy Queensland notes this is limited in its application and will not eliminate delays associated with the timing of meter installation works in regional Queensland when a Planned Interruption Notice (PIN) must be delivered via Australia Post. As with any changes to the MSATS process, there will be internal workflow, system and cost implications to accommodate the changes to the nomination process.

2.3 Planned interruption notices

Energy Queensland supports the proposal to provider a retailer with the flexibility to conduct small customer planned interruptions at short notice, provided the customer consents. As outlined in Energy Queensland's initial submission, such an approach enables more efficient work programming and delivery, and reintroduces flexibility to accommodate delivery of short notice or opportunistic activities that require an outage and align with customer premise operations. Energy Queensland acknowledges that a minimum of four business days' written notice of a planned interruption will continue to be applied for life support customers.

However, Energy Queensland does express disappointment with the AEMC's intent to not adopt the AEC's rule change request to remove the requirement for retailers to provide PINs to large customers; remove the requirement for retailers to provide a 24 hour phone number for customer enquiries related to retailer planned interruptions; and to allow customers to opt out of the notification required under the National Energy Retail Rules (NERR) for new meter deployments.

In particular, Energy Queensland continues to question the need for a 24 hour retail 'enquiry' line. Ergon Energy Queensland operates a contact centre with extended hours of between 7am and 6.30pm Monday to Friday, providing customers with ample opportunity to call the contact centre outside a standard work day. In addition, both Energex and Ergon Energy offer 24 hour, 7 days a week fault lines, and respond to all reported customer outages, including those following metering works.

2.4 Customer engagement in new meter deployments

Energy Queensland makes no comment apart from its comment in section 2.3 above.

2.5 Implementation of the rule

Energy Queensland raises considerable concern with the timeframe for the commencement of the Draft Rule, that is 1 January 2019 for the changes to Chapter 7 of the National Electricity Rules and the new clause 56C of the NERR (relating to metering installation timeframes) – one month after the publication date for the final rule and determination. Energy Queensland suggests that the AEMC should not underestimate the impacts of, or the changes associated with, the implementation of the Draft Rule Determination as proposed. Energy Queensland also submits this date is in the Queensland storm and cyclone season, and during the Christmas holiday period when resources are typically constrained.

The Queensland Market Participant Handbook (the Handbook) defines the standard protocols for communication and transactions between Energex, Ergon Energy, retailers, MCs, MPs and electrical contractors operating within the Energex and Ergon Energy distribution area. This Handbook guides all work practices and timeframes and as such, is not insubstantial. Any move to require the retailer to negotiate an installation date with a customer ahead of communicating with a MP and DNSP fundamentally departs from the existing practice and will require significant re-work of the Handbook. In addition, Energy Queensland has formed the view that an education program for all parties involved in metering installation activities will be required ahead of the rule change commencement date.

For these reasons Energy Queensland is not confident it can achieve implementation of the rule change by the proposed 1 January 2019 commencement date. Rather, Energy Queensland recommends a lead time of at least six months to implement the rule change, but has a preference for a longer period consistent with that provided within the Power of Choice reform to enable all businesses time to respond to this significant and extensive rule change.

Energy Queensland also makes comment on the number of rule-change processes currently being implemented by retailers such as the 5 minute market settlement, and the proposed Global Settlement and Market Reconciliation rule change, Estimated Meter Reads rule change, and the Strengthening Protections For Customers In Hardship, each of which involve significant system changes adding to retailer costs.

Energy Queensland notes the e-mail received from Ms Jess Boddington of the AEMC on 19 October 2018 proposing a rule transition, that is, where a customer requested a new meter before 1 January 2019 (the commencement date proposed in the draft rule determination) and a connection service was not required, the 15 business day timeframe would start on 1 January 2019 provided the relevant pre-conditions have been met and an alternative date was not agreed. Energy Queensland accepts the principle of the transition proposal, but reiterates the need for a minimum of six months to implement the rule.

3. Conclusion

Energy Queensland is committed to safely delivering secure, affordable and sustainable energy solutions for our communities and customers. Based on its extensive experience in delivering metering, network and retail services across Queensland, Energy Queensland has formed the view that one nationally consistent firm set of meter installation timeframes does not suit all operating environments. Instead, meter installation targets should be set taking into consideration the location, nature and size of the network and the location of the customer within that network.

Energy Queensland's preference is therefore to allow the metering installation market the opportunity to mature following the Power of Choice reforms.