

10 December 2014

Mr John Pierce  
Chairman  
Australian Energy Market Commission  
PO Box A2449  
SYDNEY SOUTH NSW 1235



Dear Mr Pierce

**Consultation on Implementation Timetable for the AEMC's Competition in Metering and Related Services Rule Change (ERC0169)**

Energex Limited (Energex) appreciates the opportunity to provide a submission to the Australian Energy Market Commission (AEMC) on the proposed implementation timetable for the competition in metering and related services rule change.

The AEMC has sought stakeholder comment on the appropriateness and achievability of the proposed implementation timetable and, in particular, the timeframe required by industry participants to make the necessary changes to systems and business processes to comply with the proposed metering rules. Energex's comments in response to this consultation are provided below. As a member of the Energy Networks Association (ENA), Energex has also contributed to and is supportive of the views contained in the ENA's submission.

The competition in metering and related services rule change is one of a number of substantial reforms to the National Electricity Market (NEM) currently underway as a result of the Power of Choice (POC) review. It is anticipated that various components of this extensive reform package will require considerable changes to existing NEM and industry business systems and processes. Consequently, Energex agrees with the ENA's recommendation that a well-coordinated and considered approach should be taken to implementing all POC initiatives to ensure the most cost-effective and efficient outcome for electricity customers and that other, non-POC work programs, such as the implementation of the National Energy Customer Framework (NECF) in Queensland, should also be taken into consideration in finalising the implementation timetable.

Energex appreciates that the AEMC has consulted widely on various key elements of the proposed competitive metering framework through a series of stakeholder workshops and discussions. Throughout this consultation process it has become apparent that the proposed framework is particularly complex and that significant work will be required by the Australian Energy Market Operator (AEMO), the Australian Energy Regulator (AER) and industry participants to update procedures and systems to comply with rule requirements.

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However, while there has been extensive discussion on the proposed rules and related matters such as the minimum services specification and shared market protocol, the AEMC's draft determination has not yet been published and there remains significant uncertainty with regard to a number of key issues and the more detailed aspects of the proposed arrangements. In particular, stakeholders have not seen the comprehensive draft rule changes that will be needed to implement the new framework and these draft rule changes will require careful consideration. Consequently, Energex does not consider it possible or appropriate for industry participants to commit to implementation timeframes until the full scope of all necessary system and process requirements are known, assessed and fully understood.

Based on the information available and from implementation of similar projects in the past, Energex estimates that at least 18 months would be required from the point at which AEMO releases the final updated procedures to develop and implement business system and process changes. Energex does not believe that it would be prudent or efficient for market participants to commence development of new systems and processes until all relevant market procedures have been finalised.

While it may be possible to implement the work program to enable metering technology within a shorter timeframe, given that the scope of the program is likely to be extensive and is to be rolled out nationally, a more constrained timeframe would lead to resourcing issues, higher costs for industry participants and ultimately increases in prices for electricity customers. For example, the implementation of revised reliability and security standards in certain jurisdictions over a short period of time resulted in significant increases in prices for customers.

Finally, with respect to the draft implementation plan, Energex would like to make the following recommendations:

- The timetable should take into consideration other POC initiatives and relevant non-POC work programs.
- Given the complexity of this rule change, additional time should be allowed for industry to review and respond to the AEMC's draft determination and, as suggested by the ENA, for further consultation on the legal drafting of the proposed changes to the National Electricity Rules and the National Energy Retail Rules.
- Further time should be given for adequate stakeholder consultation on AEMO's shared market protocol advice.
- The period allocated for the AEMC rule change on the shared market protocol (4 months) should be extended to take into account the 2015/16 Christmas period.
- The AER's consultation on the national ring-fencing guideline could be brought forward to commence following the publication of the AEMC's draft determination in April 2015. Network businesses will require certainty with respect to ring-fencing requirements in order to make informed decisions about strategic direction and, if full legal separation is required, sufficient time to establish a fully ring-fenced business by commencement if they choose to operate in the contestable market.
- The work on the revised Australian Standard for meter functionality specifications, which, unless fast-tracked, could also take up to 18 months to complete, should be included in the implementation timetable.

- Sufficient time should be factored into the proposed timetable to allow for any necessary amendments to complementary jurisdictional legislation, for example, Queensland's *Electricity Act* and Regulation, Electricity Industry Code and *Electrical Safety Act* and Regulation.
- Importantly, adequate time must be allowed to comply with all safety-related legislation and regulatory arrangements prior to commencement of the new framework to ensure there are no serious risks to workers or to public safety.

Energex looks forward to continued engagement with the AEMC on this rule change. Should you have any queries regarding this submission, please contact Rachel Leaver, Network Regulation Manager, on (07) 3664 4115.

Yours sincerely



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