



Australian Energy Market Commission

**Rule Determination**

**National Electricity Amendment  
(EnergyAustralia Participant Derogation  
(Metering Installations)) Rule 2006**

Rule Proponent: EnergyAustralia  
Date: 29 June 2006

Signed:

**John Tamblyn  
Chairman**

For and on behalf of:  
**Australian Energy Market Commission**

**Commissioners**

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## Summary

On 3 March 2006 EnergyAustralia requested a three year participant derogation from obligations relating to the inspection and testing of metering installations for accuracy in all type 2 and 3 metering installations in EnergyAustralia's network area, and that this participant derogation be considered non-controversial and follow an expedited Rule change process. Subsequently EnergyAustralia lodged supplementary information on the proposal to clarify the issues raised in the proposal. The Commission could not proceed until this supplementary information was received on 28 April 2006.

Prior to July 2001, a NSW derogation classified the whole of EnergyAustralia's network as a distribution network. Between July 2001 and June 2004, EnergyAustralia's transmission assets within its distribution network were recognised. However, market settlements remained at the TransGrid metering points rather than the new metering points within EnergyAustralia's network established by the reclassification.

From July 2004, the National Electricity Code (and subsequently the Rules) was changed to provide for the calculation of 'forward looking loss factors' with the National Electricity Market Management Company (NEMMCO) using estimated loads where market registered metering installations are not present. As the settlements boundary and metering installations do not align, this leads to inaccuracies in market settlements.

In its Rule change proposal, EnergyAustralia states that it has metering installations at the new transmission boundary, however, these are not yet compliant with the accuracy testing obligations of the National Electricity Rules (the Rules). Specifically, the primary equipment (current and voltage transformers) at these metering installations are not yet compliant with the accuracy testing requirements of the Rules.

EnergyAustralia is therefore requesting this participant derogation to allow it to use the metering installations for market settlement calculations as it believes these installations will provide more accurate price signals to the market, than the current method where transmission and distribution loss factors are extrapolated from other data.

The Commission agreed to commence initial consultation on this proposal and follow an expedited Rule change process set out in section 96 of the National Electricity Law (NEL) on the basis that it was non-controversial. No submissions were received regarding expedition.

The Commission received one submission on the substantive issues of the Rule proposal.

The Commission is satisfied that the Rule to be made is likely to contribute to the National Electricity Market (NEM) objective, and that it therefore satisfies the Rule making test, by providing more accurate price signals to all the participants in the

NEM. This, in turn, will contribute to the long term interests of consumers by improving the overall efficiency of the market.

The Commission has substantially adopted the Rule proposed by EnergyAustralia, with amendments to clarify the details of the derogation and provide a regime if EnergyAustralia's testing of the metering installations is not found to be satisfactory.

Accordingly, the Commission has determined to make a Rule to address the issues raised in the proposal. This Rule determination sets out the Commission's reasoning in accordance with the requirements of the NEL.

# 1 EnergyAustralia's Rule Proposal

On 3 March 2006 EnergyAustralia requested a three year participant derogation from obligations relating to the inspection and testing of metering installations for accuracy in all type 2 and 3 metering installations in EnergyAustralia's network area, and that this participant derogation be considered non-controversial and follow an expedited Rule change process. Subsequently, EnergyAustralia lodged supplementary information on the proposal to clarify the issues raised in the proposal. This supplementary information was received on 28 April 2006.

EnergyAustralia is a registered electricity transmission network service provider and distribution network service provider in the NEM. Prior to July 2001, a NSW derogation classified the whole of EnergyAustralia's network as a distribution network.

Between July 2001 and June 2004, some of EnergyAustralia's assets within its distribution network were recognised as transmission assets. For greater accuracy, new metering points should have been established for market settlements to take into account transmission and distribution loss factors at the new transmission and distribution boundary (caused by the reclassification of EnergyAustralia's assets). However, market settlements remained at the TransGrid metering points rather than the new metering points within EnergyAustralia's network. This has resulted in the use of extrapolated data which EnergyAustralia believes is more inaccurate than the use of data obtained directly from meters located at the transmission/distribution boundary to calculate loss factors. This, in turn, has the effect of distorting market settlements.

From July 2004, the National Electricity Code (and subsequently the Rules) was changed to provide for the calculation of 'forward looking loss factors' with NEMMCO using estimated loads where market registered metering installations are not present. As the settlements boundary and metering installations do not align, this leads to inaccuracies in market settlements which present financial risk to both the host retailer (EnergyAustralia) and Tier 2 retailers (non-franchise retailers operating in EnergyAustralia's franchise area).

In its Rule change proposal, EnergyAustralia states that it has metering installations at the new transmission boundary, however, these are not yet compliant with the accuracy testing obligations of the Rules. Specifically, the primary equipment (current and voltage transformers) at these metering installations are not yet compliant with the accuracy and testing obligations provided for in the Rules.

EnergyAustralia is therefore requesting this participant derogation to allow it to use the metering installations for market settlement calculations, even though it does not yet comply with the requirements in the Rules.

This derogation requests that EnergyAustralia be exempt from clauses 7.3.1(a)(2), 7.3.4(a) and 7.6.1(a) of the Rules in respect of type 2 and type 3 metering installations associated with the 33 Transmission Node Identifiers in its network area for three years, until 1 July 2009.

EnergyAustralia indicated that its proposal would contribute to the achievement of the NEM objective by:

- allowing for the measurement of transmission loss factors at the true transmission/distribution boundary for the purpose of market settlements. This, in turn, provides cost reflective pricing of electricity to give correct price signals to all market participants which would encourage:
  - end use customers to make economically rational decisions on their energy consumption, with both short and long term implications; and
  - allow market participants to make economically rational decisions on their electricity generation, energy sale and investments in the abatement of losses, with short and long run effects; and
- using actual metered settlements data rather than estimated settlements data will enable consumers to:
  - make informed long run decisions concerning the quantities of energy consumed and the mix between electricity and other energy sources; and
  - apply the optimal level and location of generator investments, investments by networks in abating losses and the correct pricing signals for retail participants in the key Sydney part of the NEM.

EnergyAustralia requested that this participant derogation be expedited as it considered this issue to be non-controversial under section 96 of the NEL.

## **2 Rule determination**

Under section 96, the Commission has determined to expedite the Rule change process, and under sections 102 and 103 of the NEL, the Commission has decided to make the *National Electricity Amendment (EnergyAustralia participant derogation (Metering Installations)) Rule 2006*. The Rule to be made is set out in Attachment 1 to this determination, which incorporates amendments to the proposed Rule put forward by the proponent. This Rule will commence on 1 July 2006.

This determination sets out the Commission's reasons for making the Rule. The Commission has taken into account:

1. the Commission's powers under the NEL to make the Rule;
2. the proponent's Rule change proposal and proposed Rule;
3. submissions received;
4. relevant Ministerial Council on Energy (MCE) statements of policy principles; and
5. the Commission's analysis as to the ways in which the Rule will or is likely to contribute to the achievement of the NEM objective so that it satisfies the statutory Rule making test.

### **2.1 The Commission's power to make the Rule**

The Commission is satisfied that the Rule falls within the subject matters for which the Commission may make Rules, as set out in section 34 of the NEL and in Schedule 1 to the NEL.

As this Rule change relates to EnergyAustralia (a Registered participant) seeking an exemption from the obligations contained in the Rules regarding the inspection and testing of metering installations, it relates specifically to section 34(3)(l)(ii) of the NEL, which states that

“Rules may be made by the AEMC in accordance with this Law and the Regulations may... in a specified case or class of case, exempt...a Registered participant or class of Registered participant... from complying with a provision, or a part of a provision, of the Rules”.

### **2.2 Assessment of the Rule: the Rule making test and the national electricity market objective**

The Rule making test requires the Commission to be satisfied that a Rule that it proposes to make will contribute to the NEM objective.

The test requires the Commission to consider the implications of the Rule to be made, for the efficient investment in, and efficient use of these electricity services, in respect of price, quality, reliability and security of supply, and reliability, safety and security of the NEM, which impact on the long term interests of end users of electricity. The Commission has applied the Rule making test to the Rule to be made, as modified by the outcomes of analysis and discussion in section 2.7 of this determination.

The Commission accepts that the use of estimated market settlements data from information gathered at a metering point that is not the true market settlement metering point is likely to distort price signals to the market and its participants. Incorrect price signals may skew investment in, and use of, available electricity services, and may even provide additional financial risks to market participants. Assuming that the assertion from EnergyAustralia that the metering installations it proposes to use at its transmission/distribution boundary are more accurate than the current method of estimating market settlements data, EnergyAustralia's derogation provides the opportunity to correctly reflect the actual price signals to the market.

Such price signals will have a flow on impact from generators in respect of their level of production of electricity, to transmission and distribution network service providers in respect of transmission and distribution abatement loss factors respectively, to retailers in relation to their volume of electricity purchases and special offers to end users, and finally end users in respect of their level of consumption of electricity and the possible uptake of alternative fuel sources to electricity.

More accurate price signals should, over time, improve:

- efficient investment in electricity services such as the installation of new equipment or improved maintenance programs to reduce transmission and/or distribution abatement loss factors; and
- efficient use of electricity services, particularly by end users, as higher prices may indicate to end users to better manage their demand and consumption of electricity.

The Commission is satisfied that providing more accurate price signals and more accurate settlements, through this three year participant derogation, will contribute to the long term interests of consumers by improving the overall efficiency of the market.

### **2.3 Submissions received**

On 11 May 2006, under section 94 of the NEL, the Commission determined to commence initial consultation on this proposal by publishing a notice under section 95 of the NEL. It also gave notice that the Commission intended to expedite the Rule making process under section 96 of the NEL, subject to any objections. There was a two week consultation process on whether the Commission should proceed with the expedition, with submissions due by 25 May 2006. The Commission received no objections to the expedited Rule change process.

The Rule change proposal was open for public consultation for four weeks and submissions on the proposal itself closed on 9 June 2006. Only one submission was received on the proposal – from TransGrid. TransGrid's submission raised issues concerning the operational aspects of the Rule. These are discussed in section 2.7 of this determination.



## **2.4 Basis for expedited process**

The Commission has considered this Rule change proposal to be non-controversial and has therefore expedited the Rule making process under section 96 of the NEL.

EnergyAustralia requested that this participant derogation be expedited as it considered this issue to be non-controversial. In its proposal, EnergyAustralia stated that “more accurate settlements and loss factors delivered through the inclusion of the new metering points into the market...will significantly reduce the uncertainties and risks for all market participants operating in the affected region of the NEM, and are therefore to the benefit of all such market participants. EnergyAustralia is not aware of any party that would suffer a detriment as a result of the proposed derogation”.<sup>1</sup>

For the purposes of section 96 of the NEL, a ‘non-controversial Rule’ is defined as “a Rule that is unlikely to have a significant effect on the national electricity market”.

On this basis the Commission commenced consultation under section 96 of the NEL seeking objections in order to assist in determining whether the Rule change proposal could be expedited on the grounds that it is unlikely to significantly affect the market (and therefore be non-controversial). Having received no objections, and in light of the Commission’s initial assessment, the Commission continued to expedite the Rule.

## **2.5 Relevant MCE statements of policy principles**

The NEL requires the Commission to have regard to any MCE statements of policy principles in applying the Rule making test. The Commission notes that currently, there are no relevant MCE statements of policy principles to this proposal.

## **2.6 The public hearing**

No public hearing has been held on this Rule change proposal and none was requested.

## **2.7 Matters arising from consultation and the Commission’s analysis**

In this section, the Commission addresses a number of issues that have been raised in submissions or that have emerged during the Commission’s analysis.

### **2.7.1 Accuracy of meters**

#### **EnergyAustralia’s proposal**

EnergyAustralia’s proposal provides that the new metering installations at the boundary between the transmission and distribution parts of EnergyAustralia’s network are accurate because:

- an ongoing comparison of meter data between the current connection points and the boundary has displayed an overall level of accuracy well within that required

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<sup>1</sup> EnergyAustralia letter to Commission, 28 April 2006.

by the Rules for type 2 and type 3 installations, after allowing for calculated network losses;

- a significant proportion of the primary equipment involved was transferred from TransGrid to EnergyAustralia in 1999 and the nameplates indicate that the equipment is of a compliant class or accuracy level;
- the probability of the primary equipment not being compliant to the accuracy levels specified in Table S7.2.3.1 of the Rules is negligibly small; and
- the meters at the majority of the connection points are new with test results and all others have been tested within the maximum allowable period as required under Table S7.3.2 of the Rules.

## **Submission**

TransGrid stated:

Section 5.3 of the [EnergyAustralia proposal] submission contains a typographical error. The asset transfers took place in 1989 and not 1999.<sup>2</sup>

## **The Commission's consideration and reasoning**

The Commission recognises that one of the founding assumptions of this participant derogation is that the metering installations at the transmission and distribution boundary within EnergyAustralia's network will provide more accurate data for market settlements, than data currently extrapolated from metering installations at the TransGrid transmission boundary.

EnergyAustralia has indicated in its proposal that the metering installations to be covered by this participant derogation are likely to comply with the accuracy testing obligations of the Rules.

EnergyAustralia have confirmed that the metering installations referred to in the proposal are made up of transformers (current and voltage) and meters. Assertions from EnergyAustralia in its proposal indicate that the meter components in the installations are all fully tested and compliant with the Rules, but not all the primary equipment (ie, transformers) are fully compliant with the Rules. This derogation is therefore primarily intended to give EnergyAustralia time to fully test the transformers to ensure that they are compliant with the Rules.

However, as the metering installations covered by this participant derogation are not yet completely compliant with the Rules, and the data from these metering installations will be used in market settlements data, a regime needs to be established in the event that the metering installations fail accuracy testing during the period of the derogation.

EnergyAustralia submitted in its proposed Rule that it should provide reports to the AEMC on its progress in relation to its testing. The Commission considers that the AEMC is not the appropriate body to be assessing EnergyAustralia's progress, as it does not have the metering expertise to analyse reports of this type. In addition, the governance framework established by the MCE, clearly provides for a separation of Rule making from Rule administration and enforcement. Therefore, as Rule maker it

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<sup>2</sup> TransGrid submission, 9 June 2006, p1.

is not appropriate that the Commission take on the role of compliance monitoring. The Commission therefore considers it appropriate for EnergyAustralia to provide six monthly reports on its testing to NEMMCO to demonstrate how the metering installations covered by the derogation will comply with the inspection and testing obligations provided for in the Rules. NEMMCO appears to be the more appropriate body as, under the Rules, NEMMCO has the role of conducting tests and audits of metering installations.

As noted above, the mechanics of the reporting regime are discussed in section 2.7.4 of this determination.

### **The Commission's finding in relation to the accuracy of meters**

Based on consultations with NEMMCO and EnergyAustralia, the Commission accepts that there is a low risk that the EnergyAustralia metering installations (though untested) are inaccurate.

In order to provide additional comfort in this regard, the Commission has provided for a reporting regime whereby EnergyAustralia provides NEMMCO with reports at six monthly intervals as to the accuracy of the metering installations that it has tested. These reports will assess the basis of EnergyAustralia's compliance with the Rules and also form the basis of whether the AEMC gives consideration to ending EnergyAustralia's derogation. The mechanics of this reporting regime are discussed further in section 2.7.4 of this determination.

## **2.7.2 Accuracy of data for settlements**

### **EnergyAustralia's proposal**

EnergyAustralia's proposal indicates that there is no requirement in the Rules for metering installations to be installed at the transmission/distribution boundary within a single network, such as in EnergyAustralia's situation. However, accurate metering as close to the transmission/distribution boundary as is practicable provides market settlements data that sends optimal signals to all parts of the supply chain.

Currently, metering is continuing at the TransGrid transmission boundary ie, prior to the reclassification of EnergyAustralia's transmission assets. Transmission and distribution loss factors are then extrapolated from this data, for use at the boundary between the transmission and distribution parts of EnergyAustralia's network.

EnergyAustralia's proposal advises that it has now completed the installation or refurbishment of metering installations at the boundary between the transmission and distribution parts of its network, but some of the associated primary equipment (current and voltage transformers) remains to be tested in the manner required by the Rules. Nonetheless, EnergyAustralia is now "confident that the new metering installations installed... are ready to be transferred into the market"<sup>3</sup> and will provide more accurate data for settlements purposes.

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<sup>3</sup> EnergyAustralia Submission, 28 April 2006, p4.

EnergyAustralia's proposal indicates that the aggregated readings taken from the meters that are currently non-compliant (and are the subject of this derogation) appear to be significantly in accordance with extrapolated data, thus indicating that, on an aggregated level, the meters appear to be accurate. However, using these meters should better reflect the actual transmission and distribution losses, which should lead to more accurate pricing signals and settlement.

### **The Commission's consideration and reasoning**

Provided EnergyAustralia's assertion that the market settlements data to be provided by the metering installations at its transmission and distribution boundary within its network is more accurate, the Commission considers the use of accurate settlements data to be preferred over estimated settlements data. This view has been confirmed by discussions with metering experts at NEMMCO.

The Commission accepts EnergyAustralia's assertion that accurate settlements data will provide more reliable and optimal price signals to participants in the market, and may lead to more efficient investment in electricity services, consistent with the NEM objective.

To provide further assurance that EnergyAustralia's metering installations are accurate, the Rule contains a provision that EnergyAustralia is to submit six monthly reports on the testing of its metering installations to NEMMCO. This is discussed further in section 2.7.4 of this determination.

The Commission considers NEMMCO to be best placed to assess how satisfactory such reports are, and, if necessary, may take action to correct any inaccurate metering data to take account of any errors, in order to minimise adjustments to the final settlements accounts for the market. In the event that two consecutive reports are found to be unsatisfactory, NEMMCO may recommend to the AEMC to end the derogation. The AEMC has discussed this proposed course of action with NEMMCO and NEMMCO has raised no objections.

### **The Commission's finding in relation to accuracy of data for settlements**

Having considered this issue and having consulted with NEMMCO, the Commission has concluded that, assuming the settlements data to be provided by the metering installations covered by this derogation are more accurate, the use of accurate settlements data is preferred to estimated settlements data.

#### **2.7.3 Listing of TransGrid substations for the purpose of identifying meters**

##### **EnergyAustralia's proposal**

EnergyAustralia's proposal listed all of the substations which provide transmission data to the metering installations which are to be covered by this participant derogation in its proposed Rule.

## Submission

TransGrid stated:

While the EnergyAustralia (EA) derogation request outlines the interface between EA transmission and EA distribution networks, there are still some remaining interfaces between TransGrid's transmission system and EA distribution networks.<sup>4</sup>

Attachment B [to the EnergyAustralia proposal], list a number of TransGrid substations, these being

- Beaconsfield West,
- Haymarket,
- Sydney East,
- Sydney North,
- Sydney South and
- Vales Point.

Any derogation should recognise that this is the current case, and should in its final form have appropriate definitions that take this situation into account.<sup>5</sup>

## The Commission's consideration and reasoning

The Commission has considered whether any substations need to be listed in the Rule to be made. EnergyAustralia and TransGrid have confirmed that the unique configuration of TransGrid's transmission network with EnergyAustralia's transmission/distribution networks, as provided in its proposal, is a simplified illustration. EnergyAustralia agrees with TransGrid's submission that there are remaining interfaces between TransGrid's transmission system and EnergyAustralia's transmission/distribution networks. However, as the metering installations in the other interfaces are compliant with the Rules, there is no need for these interfaces to be the subject of this participant derogation.

Discussions with EnergyAustralia has enabled a unique description of the metering installations to be covered by this derogation to be applied, primarily using definitions of the types of meters and geographical location of the meters, thereby removing the need to list any substations which provide transmission data to the metering installations covered by this derogation. The Rule to be made defines the metering installations in the derogation as:

“any type 2 and type 3 metering installation located at the interface between EnergyAustralia's transmission network and EnergyAustralia's distribution network in New South Wales on the date that the National Electricity Amendment (EnergyAustralia Participant Derogation (Metering Installations)) Rule 2006 commences operation”.

The Commission considers the revised definition of the metering installations to be covered by this derogation clarifies that this derogation only applies to EnergyAustralia's metering installations and also resolves TransGrid's issue of ownership of some of the substations listed in EnergyAustralia's proposed Rule.

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<sup>4</sup> TransGrid submission, 9 June 2006, p1.

<sup>5</sup> TransGrid submission, 9 June 2006, p1.

## **The Commission's finding in relation to the listing of TransGrid substations for the purpose of identifying meters**

Having considered this issue, the Commission has concluded that there is no need to list the substations which provide transmission data to the metering installations covered by this derogation.

### **2.7.4 Progress of testing**

#### **EnergyAustralia's proposal**

EnergyAustralia's proposal indicates that it would annually report to the AEMC on the progress of its inspection and testing of type 2 and type 3 metering installations in EnergyAustralia's network area, for the period of the derogation.

#### **The Commission's consideration and reasoning**

As clarified above, the inspection and testing of the metering installations will actually involve testing the current and voltage transformers in each installation, rather than the meters themselves. EnergyAustralia have confirmed that this primary equipment may only be taken out of service for testing when demand is lower, ie, during the autumn and spring.

EnergyAustralia has also advised that it did not have the capacity to test the primary equipment, which is the subject of this derogation, any earlier. However, EnergyAustralia has now implemented a test program for this primary equipment which will require three years to complete.

The Commission considers that, as this participant derogation permits the use of metering installations that are not yet fully compliant with the Rules, ensuring that the testing and accuracy of the proposed metering installations during the derogation is undertaken as planned is necessary to ensure the market settlements data is as accurate as possible.

EnergyAustralia's reports on the testing of its metering installations will also keep NEMMCO informed on the likelihood of the metering installations all being tested at the expiration of the derogation. To this end, the Commission considers it appropriate for EnergyAustralia to report six monthly to NEMMCO on the progress of its inspection and testing of these metering installations as well as providing the outcomes of its testing. The Rule to be made refines the report EnergyAustralia is to provide to NEMMCO as:

“a report in writing submitted by EnergyAustralia at 6 monthly intervals, which is prepared as soon as practicable after the EnergyAustralia transmission metering installations are tested, that outlines compliance of the EnergyAustralia transmission metering installations with the requirements of the derogated provisions of the Rules”.

NEMMCO will assess each report. If NEMMCO finds a report to be unsatisfactory, NEMMCO may advise EnergyAustralia of this and require EnergyAustralia to demonstrate reasonable progress to be compliant with the Rules in the next report. In the meantime, NEMMCO may take action to correct any inaccurate metering data

to take account of any errors, in order to minimise adjustments to the final settlements accounts for the market, and also for any other requirement of the Rules.

If NEMMCO considers the next report to still be unsatisfactory, it may make a recommendation to the Commission to end the derogation. The Commission will consider NEMMCO's recommendation and the NEM objective before taking any action to end the derogation.

### **The Commission's finding in relation to progress of testing**

Having considered this issue, the Commission has concluded that EnergyAustralia should report six monthly to NEMMCO in relation to inspection and testing and the test results of its metering installations. The Commission also considers that NEMMCO is best placed to assess how satisfactory such reports are, and, if necessary, may take action to correct any inaccurate metering data to take account of any errors, in order to minimise adjustments to the final settlements accounts for the market and for other requirements of the Rules.

EnergyAustralia's reports will also keep NEMMCO informed on the likelihood of the metering installations all being tested at the expiration of the derogation.

### **2.7.5 Responsible person**

#### **EnergyAustralia's proposal**

EnergyAustralia's proposal is silent on this issue.

#### **Submission**

TransGrid stated:

...for those metering installations covered by the proposed derogation, it is requested that for the period of the derogation, that EA must be regarded as the 'responsible person' under the National Electricity Rules.<sup>6</sup>

### **The Commission's consideration and reasoning**

Under Chapter 7 of the Rules, the 'responsible person' has certain obligations and general responsibility for metering installations. Under the Rules, for each connection point the responsible person may either be the network service provider (either transmission or distribution) or the relevant retailer.

TransGrid's submission noted that some of the substations listed in the proposed Rule by EnergyAustralia are TransGrid's substations. The definition has since been clarified so that it is clear that only EnergyAustralia's metering installations are covered by this derogation.

In regards to the metering installations that are the subject of this derogation, the relevant network service provider (both transmission and distribution) is EnergyAustralia. The relevant retailer is, coincidentally, the ring fenced EnergyAustralia retail business.

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<sup>6</sup> TransGrid submission, 9 June 2006, p1.

EnergyAustralia therefore is the only entity that is able to be the responsible person in regards to the metering installations that are the subject of this derogation. The Commission's discussions with EnergyAustralia and TransGrid have confirmed this view.

### **The Commission's finding in relation to the responsible person**

Having considered the issue raised by TransGrid, the Commission has concluded that under the Rules, EnergyAustralia is the only 'responsible person' for the metering installations covered by this participant derogation.

### **2.7.6 Summary of changes between proposed Rule and Rule to be made**

Following from the above discussions, the Commission has determined to amend EnergyAustralia's proposed Rule to clarify details of the derogation and provide a regime if EnergyAustralia's testing of the primary equipment is not found to be satisfactory.

The Rule to be made specifies that:

- EnergyAustralia is to provide six monthly reports to NEMMCO on its testing to demonstrate how the metering installations covered by the derogation will comply with the inspection and testing obligations provided for in the Rules. NEMMCO will assess whether the reports are satisfactory, and, if necessary, may take action to correct any inaccurate metering data to take account of any errors in order to minimise adjustments to the final settlements accounts for the market. If two consecutive reports are found to be unsatisfactory, NEMMCO may recommend to the AEMC to end the derogation; and
- a unique description of the metering installations to be covered by the derogation will be applied, primarily using definitions of the types of meters and geographical location of the meters, thereby removing the need to list any substations and avoiding confusion between metering installations relating to TransGrid.

Subject to the above amendments, the Commission has determined to make the proposed Rule giving EnergyAustralia a three year participant derogation from obligations relating to the inspection and testing of type 2 and 3 metering installations for accuracy in EnergyAustralia's area network.



## **Attachment 1: Rule to be made**