

Ergon Energy Corporation Limited

**Draft Rule Determination –
Draft National Electricity Amendment
Integration of NEM Metrology Requirements
Rule 2007**

**Australian Energy Market Commission
13 December 2007**

Draft Rule Determination
Draft National Electricity Amendment – Integration of
NEM Metrology Requirements Rule 2007
Australian Energy Market Commission
13 December 2007

This submission, which is available for publication, is made by:

Ergon Energy Corporation Limited
PO Box 15107
City East
BRISBANE QLD 4002

Enquiries or further communication should be directed to:

Tony Pfeiffer
General Manager Regulatory Affairs
Ergon Energy Corporation Limited
Email: tony.pfeiffer@ergon.com.au
Ph: (07) 3228 7711
Mobile: 0417 734 664
Fax: (07) 3228 8255

Or

Jenny Doyle
Regulatory Affairs Manager – Tariff Strategy
Ergon Energy Corporation Limited
Email: jenny.doyle@ergon.com.au
Ph: (07) 4048 4186
Mobile: 0427 156 897



Overview

Ergon Energy Corporation Limited (Ergon Energy) welcomes the opportunity to provide comment to the Australian Energy Market Commission (Commission) on its Draft Rule Determination, Draft National Electricity Amendment Integration of NEM Metrology Requirements Rule 2007.

As noted in previous submissions, Ergon Energy is supportive of the harmonisation and integration of the Rules and Procedures governing metrology across the National Electricity Market.

The table below details Ergon Energy's specific comments in respect of the Rule changes which have been proposed to achieve a harmonised regulatory framework.

Ergon Energy would welcome the opportunity to discuss this submission or provide further detail regarding the concerns that it has raised should the Commission require.

TABLE 1: Comments on Rule Change Proposals No. 1 - 26

Rule Change	Comment
1	No comment is provided.
2	<p>1) Ergon Energy supports in principle the grandfathering of existing first tier metering requirements. Ergon Energy notes that the policy intent behind the grandfathering provision is not to require an immediate replacement of existing first tier metering installations. The intent is to introduce provisions to allow first tier metering installations installed prior to an effective date to be deemed compliant with the Rules if they met applicable jurisdictional requirements at that time.</p> <p>Ergon Energy notes, however, that the current wording of clause 11.X.5, when read in conjunction with the Minimalist Transitioning Approach provisions may have the unintended consequence of requiring Ergon Energy to replace existing first tier metering installations. Clause 11.X.3 provides:</p> <p style="padding-left: 40px;"><i>A first-tier load metering installation registered with NEMMCO as at 30 June 2008 that complied with the applicable jurisdictional requirements for that installation as at that date is taken to comply with the Rules provided the installation continues to comply with the applicable jurisdictional requirements [emphasis added].</i></p> <p>Ergon Energy notes that under its Minimalist Transitioning Approach it is not required to register metering installations that have a NMI classification of SMALL and where the LNSP has not received a valid request from a Market Customer for the NMI to be registered with NEMMCO. This means that the grandfathering provisions may not apply to Ergon Energy's first tier metering installations that have been installed, but not registered, prior to the effective date. The implication for Ergon Energy is this would require a replacement of existing first tier metering installations contrary to the policy intent. This would impose a very considerable cost on Ergon Energy and would be inconsistent with the requirements for other LNSPs.</p> <p>Ergon Energy strongly submits that clause 11.X.5 be amended to ensure that Ergon Energy's metering installations are captured by the grandfathering provisions in accordance with the accepted policy position.</p> <p>2) Ergon Energy does not support the inclusion of the existing jurisdictional requirements that will apply to grandfathered first tier metering installations in the metrology procedures. Their inclusion, in full, would render the metrology procedures to be a very unwieldy document which would reduce their accessibility and potentially negatively impact on compliance. Ergon Energy would support the inclusion of a reference to the</p>

TABLE 1: Comments on Rule Change Proposals No. 1 - 26

Rule Change	Comment
	jurisdictional requirements in the metrology procedures but not their inclusion in full. The jurisdictional requirements could be published as separate documents on the NEMMCO website.
3	No comment is provided.
4	<p>1) Ergon Energy does not support the proposed 7.3.6(g) as it has the effect of limiting cost recovery to circumstances where the classification changes and the LNSP is no longer the responsible person for the metering installation. In practice, there are situations where a customer will request additional functionality for a metering installation which will not result in the meter classification changing or the LNSP no longer being the responsible person. Ergon Energy supports the ability for customers to request the additional functionality in these circumstances on the basis that the responsible person is able to negotiate in good faith with the customer to ensure it is reasonably compensated for the alteration.</p> <p>2) In this context, Ergon Energy notes that there is some ambiguity around the application of new sub-clauses 7.3.4(e), (f) and existing sub-clause 7.3.4(g) which specifically provides that an alteration of a metering installation by a LNSP in accordance with (e) & (f) does not alter the classification of that installation to a type 4 metering installation. Ergon Energy notes that where the FRMP requests a change to the metering installation this should result in a change of classification. The only circumstance which would not result in a change in classification is where the LNSP changed the metering installation because of operational difficulties.</p> <p>3) Ergon Energy notes that the drafting in 7.3.6(g) should be amended to reflect that the FRMP may request an alteration to a metering installation but is not itself able to alter the installation.</p>
5	No comment is provided.
6	No comment is provided.
7	No comment is provided.

TABLE 1: Comments on Rule Change Proposals No. 1 - 26

Rule Change	Comment
8	<p>1) Clause 7.6.1(e) provides that the responsible person must not refuse a request received under paragraph (c) which refers to NEMMCO making arrangements for testing where reasonable. Ergon Energy submits that sub-clause (e) should delete the words “must not refuse a request received under paragraph (c) and” as sub-clause (b) already provides that the responsible person must not refuse any reasonable request for a meter test.</p> <p>2) The drafting in sub-clauses 7.6.1(g) & (h) does not clearly set out the obligations in respect of providing copies of test results to customers. Clause 7.6.1 applies to both routine testing under schedule 7.3 and specifically requested testing. Ergon Energy supports the provision of test results where a meter test has indicated that a meter has failed under schedule 7.3 and where the test has been specifically requested by a Registered Participant or NEMMCO. It does not support the provision of test results in all cases as this would add a considerable time and cost burden on LNSPs with limited benefit to customers given the highly technical nature of the test reports.</p>
9	<p>Ergon Energy supports the policy that the MDA be assigned responsibility for metering data for type 1 – 4.</p> <p>The wording in the Rules needs to clearly delineate responsibilities between the responsible person and NEMMCO. Ergon Energy considers that the wording used in clause 7.6.4 should state that ‘A responsible person must ensure records and documentation are retained’ as opposed to ‘A responsible person must retain records and documentation’ as this is a more accurate reflection of current practice. Ergon Energy further notes that the responsible person should only be obligated to retain results for tests that they have conducted.</p>
10	<p>Ergon Energy does not support a right of access to metering data by Jurisdictional Regulators on the basis that these Regulators will no longer have responsibility for metrology and as such have no relevant interest in the data. Providing an entitlement to access to parties with no relevant interest has the potential to increase the costs of administering the data with no clear benefit to the market.</p>
11	<p>No comment is provided.</p>
12	<p>No comment is provided.</p>
13	<p>No comment is provided.</p>

TABLE 1: Comments on Rule Change Proposals No. 1 - 26

Rule Change	Comment
14	Ergon Energy considers that new clause 7.8.1(f) should be clarified to explicitly provide that a meter test is required prior to the reinstatement of the seals if it is suspected that the meter may no longer comply with accuracy requirements. The current drafting leaves open an interpretation that the meter should be resealed immediately even in the event that a meter test will be required.
15	Ergon Energy supports the changes made by the AEMC to clarify that the provision applies only to market loads.
16	No further comment.
17	<p>The AEMC in its draft determination notes that the Minimalist Transitioning Approach exemption is aimed at enabling a person (with a NMI classification of SMALL) to consume a load at a connection point without operating in the market. Ergon Energy notes the AEMC’s advice that on this basis (and by virtue of exempting clause 7.3.3(f)) it considers that the current provisions of clause 7.1.4(a)(1) would not apply.</p> <p>Ergon Energy agrees with the stated intent that clause 7.1.4(a)(1) does not apply under the Minimalist Transitioning Approach exemption. That said, Ergon Energy’s strong view is the readability and interpretation of the Rules would be assisted if this was made explicit in the Rules by including clause 7.1.4(a)(1) in the list of exempted clauses in the proposed new clause 11.X.5.</p>
18	No comment is provided.
19	No comment is provided.
20	No comment is provided.
21	<p>Ergon Energy supports full traceability to the reference standard rather than a requirement that a current test certificate <u>issued</u> by a NATA accredited body be obtained for all reference / calibrated equipment.</p> <p>A requirement to obtain a test certificate for all reference / calibrated equipment will impose significant costs and impede market efficiency by requiring all meter test equipment to be sent to a NATA accredited laboratory for calibration each year, or in some cases, 6-monthly. Ergon</p>



TABLE 1: Comments on Rule Change Proposals No. 1 - 26

Rule Change	Comment
	<p>Energy believes that this would require additional test assets to cover the equipment that is sent for testing and would increase test equipment calibration costs.</p> <p>Ergon Energy considers that its current in-house processes are appropriate and adequate to achieve the objectives of the National Electricity Market. Ergon Energy's calibration system processes are developed in accordance with industry standards and industry best practice and are covered by business quality assurance.</p> <p>Ergon Energy considers that reference / calibrated equipment should relate to all test devices.</p>
22	No comment is provided.
23	No comment is provided.
24	No comment is provided.
25	No comment is provided.
26	<p>In its previous submission, Ergon Energy proposed a change to clause 7.2.3(a) which clarified that its application was subject to clause 7.2.2. The AEMC has not incorporated this change nor provided a reason for not including the change. Ergon Energy continues to support the proposed change.</p> <p>Ergon Energy maintains that clause 7.2.3(a) should be amended to clarify that its operation is also subject to an election by a market Participant under clause 7.2.2. That is:</p> <p><i>(a) Subject to clause 7.2.2 and 7.2.4...</i></p>