APPENDIX C: TABLE OF ISSUES RAISED BY PARTICIPANTS

#	Area	Comments	AEMO Response	Detailed Design Reference
1	Meter testing arrangements in embedded networks	Current metering arrangements require that the meters of customers served by retailers are subject to on-going testing whereas the meters of customers served by an embedded network reseller are not. This may create a barrier to competition as the meters for customers moving from embedded network reseller to retailer will likely need to be replaced.	The detailed design proposes that the AER revisit their guidelines so as to require that all meters in embedded networks comply with the requirements of the NEM with respect to on-going testing. The AER will presumably allow some difference in treatment between new and existing networks as it would be a considerable exercise in addressing all existing networks.	8.2.6 Meter Testing
2	Transitional arrangements	There were differing views on how existing embedded networks should be treated. Some favoured a rapid transition for them so as to maximise the potential gains from competition. The counter argument was that substantial time could be required to adapt arrangements in existing embedded networks, including training, legal considerations, and procurement of services. In particular, budget adjustments for existing embedded networks is often a once a year process.	The counter arguments made the appointment of an ENM upon a customer churning unworkable as it could take a significant amount of time to appoint one. Existing embedded networks are subject to the conditions in their AER exemption, the transition will be governed by the AER amendment of the conditions. A two year transitional period was recommended for existing networks as it allows more than one financial year so that budgets can be adjusted to recognise any change in costs. Current (informal) arrangements will remain for these networks until an ENM is appointed.	5.2. When is an ENM Required?
3	Treatment of small networks	There was a view that all embedded networks subject to retail competition should be treated equally in these arrangements. However there was an alternative view that this may be too expensive for small operators. The AER expressed concerns about this specifically.	The design is structured so as to exclude networks covered by deemed exemptions from the requirement to have an ENM. The local retailer for the parent connection will fill the role in these cases. The process here will ultimately be under the control of the AER through its exemption processes.	5.2. When is an ENM Required?

#	Area	Comments	AEMO Response	Detailed Design Reference
4	ENM scope of activity	In the course of developing the design there were suggestions that the ENM could take on additional roles which on one hand would simplify customer churn process and transactions with distributors and local retailers but which on the other hand would add cost to the ENM activity.	The view taken was that design is ultimately about having the ENM manage data transfers and registration of data in systems. These types of roles can be easily managed through systems and as such keep the costs associated with appointing an ENM down. Additional functions which run counter to this logic – such as additional manual activities beyond minimum requirements – were not included as they would complicate the role and increase cost.	5.4 Functions and Obligations of an ENM
5	Network billing and cost transparency	The standard form of retail supply in embedded networks is an energy only supply, though some retailers have arrangements with embedded network operators such that the retailer recovers network access charges on behalf of the embedded network operator. There was discussion about standardising these arrangements, e.g. by requiring network charges to be passed through by retailers on behalf of the embedded network operator.	It was considered to be too complicated to make this change, particularly given that such arrangements can be implemented contractually. It was however considered important that a customer in an embedded network has transparency on network costs it pays. It was therefore recommended that the AER guidelines be relied upon to ensure this transparency.	6.2 Network Charging
6	Suspension of accreditation	An earlier version of design suggested that where an ENM fails to satisfy service level requirements that one remedy was to suspend registration. It was suggested that this could be problematic if the ENM was serving many networks as it would force all of them to quickly appoint a new ENM.	The design has been modified to allow for a limited suspension. This might include precluding an ENM from taking on new networks until compliance issues have been remedied.	5.5.3. Compliance

#	Area	Comments	AEMO Response	Detailed Design Reference
7	Embedded networks across multiple sites	It was suggested that the design could facilitate embedded networks that cross the boundaries of properties.	The design is neutral on this. This is ultimately an AER matter and the AER has indicated that they will follow jurisdictional policy.	NA
8	Embedded networks and small generation aggregation.	A question was raised as to whether the design facilitates small generation aggregation.	The design places no limits on the market activities that a customer supplied by an embedded network can participate in. Obviously a customer supplied by an embedded network reseller is not seen by the NEM and hence cannot participate in the NEM directly or through an aggregator (other than via the customer at the parent connection point).	3.1 Structure of an Embedded Network (footnote).
9	Reporting	An issue in the current arrangements has been to identify who the appropriate party to contact for an embedded network actually is.	The design provides new reports allowing the list of accredited ENM's to be accessed via AEMO's website with additional reports available for those in the NEM to allow them to contact ENM's and to identify the ENM for a given embedded network.	10. Reporting
10	ENM charging for services	There was a question about any limits being imposed as to how ENMs charge for service order requests.	The design assumes that ENM charging for service is a competitive activity and places no limits on it. It is understood that the AER would have no jurisdiction over ENM charging.	9.2 Service Orders (note at end of section)
11	Failure of ENO	In the context or ROLR, questions were raised as to what happens if (a) the exempt reseller fails and (b) if the exempt network operator fails.	The design does not consider these situations as the AER processes already address them. A ROLR must be identified for an exempt reseller while there is no difference between an embedded network operator failing and a distribution network operator failing – in either case an administrator would take over the role.	NA

#	Area	Comments	AEMO Response	Detailed Design Reference
12	AER Guidelines and NER	The AER expressed interest in providing greater heads of power in the NER around some features of its guidelines so as give some opportunity for civil penalties under the NER to be linked to non-compliance for those activities without the need to resort to legal action. It was observed by others than there are some undesirable impacts in splitting obligations between the NER and the AER guidelines	The design has been developed within the current legal framework in which the AER exempts parties that that the NEL would otherwise require to be treated as distribution or transmission networks. The view of AEMO's lawyers was that the NER could not direct the AER other than to require that an ENM be appointed.	4.1 Governance of ENOs
13	Application of Chapters 6 and 6A to embedded networks	The AER requested an amendment to the NER to specifically exclude embedded networks from Chapters 6 and 6A. Currently embedded networks may apply to the AER to classify its services. The AER do not want to ever receive an application unless the intention is to be a registered network service provider.	The clear policy intention is that embedded networks are not to be regulated as distribution networks, but this is already covered in the NER. AEMO doesn't consider the current arrangement to be an impediment to embedded customers receiving competitive pricing offers and does not intend to amend the current NER.	NA
14	Participant or Service Provider (not really a participant issue)	The role of ENM could have been implemented as a market participant or as a service provider.	A service provider approach was used as the ENM is really providing a service rather than trading in the market.	5.1 New Service Provider