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1 October 2015

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

Dear Mr Pierce

ERC0169 - NATIONAL ELECTRICITY AMENDMENT & NATIONAL ENERGY RETAIL
AMENDMENT (EXPANDING COMPETITION IN METERING AND RELATED
SERVICES) RULE 2015 – ADDITIONAL CONSULTATION ON SPECIFIC ISSUES

Ergon Energy Corporation Limited (Ergon Energy), in its capacity as a Distribution Network Service Provider in Queensland, welcomes the opportunity to provide comment to the Australian Energy Market Commission (AEMC) on its *National Electricity Amendment & National Energy Retail Amendment (Expanding competition in metering and related services) Rule 2015 – Additional consultation on specific issues*.

Ergon Energy appreciates the AEMC proposing amendments to the draft rule that will support DNSPs in undertaking our regulatory responsibilities in a more efficient and effective manner. However, we remain concerned the overarching framework does not provide network businesses with enough support in negotiating services with Metering Coordinators; with the AEMC's suggested change to the network device provisions set to exacerbate this issue, and create others. These concerns and other recommended changes to the draft rule are outlined in our submission.

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

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Jenny Doyle', with a long horizontal flourish extending to the right.

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Enc: Ergon Energy's submission



Submission on the
*National Electricity
Amendment & National
Energy Retail Amendment
(Expanding competition
in metering and related
services)*
Rule 2015 – Additional
consultation on specific
issues

1 October 2015

Submission on the *National Electricity
Amendment & National Energy Retail
Amendment (Expanding competition in metering
and related services) Rule 2015* – Additional
consultation on specific issues

Ergon Energy

1 October 2015

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

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1. Introduction

Ergon Energy Corporation Limited (Ergon Energy), in its capacity as a Distribution Network Service Provider (DNSP) in Queensland, welcomes the opportunity to provide comment to the Australian Energy Market Commission (AEMC) on its *National Electricity Amendment & National Energy Retail Amendment (Expanding competition in metering and related services) Rule 2015* – Additional consultation on specific issues (specific issues paper).

Ergon Energy appreciates the AEMC's adjustments to the Draft Rule which aim to provide DNSPs with capabilities important to supporting the efficient operation of a safe, secure and reliable network. The changes we support include capabilities to upgrade types 5 and 6 meters to enable remote communications; using network devices to perform remote supply interruptions; and consent arrangements so that DNSPs can provide services that benefit the shared network.

While noting this round of consultation is focussed on specific issues, Ergon Energy recommends that a number of issues either directly or indirectly related to the specific consultation require further consideration. These include the need for:

- A greater balance in market power to be afforded DNSPs via light handed regulation to support the delivery of advanced services;
- Access to data provisions to incorporate jurisdictional obligations, data that existing meters are capable of providing and further information required for billing purposes;
- The minimum service specification for advanced meters is broadened to include more advanced capabilities such as load control; and
- The proposed final rule to be released to industry for consultation – particularly as some of the proposed changes to the Draft Rule in this consultation are not supported by revised drafting to support those changes.

Further detail regarding these issues is contained in our submission. As a member of the Energy Networks Association (ENA), the peak national body for Australia's energy networks, Ergon Energy has contributed to and supports the issues raised in the ENA's submission.

2. Arrangements for accessing energy and metering data

2.1 Data access provisions

Ergon Energy appreciates the AEMC's revisions to the Draft Rule that appear designed to provide DNSPs with improved data access entitlements. However, the AEMC notes that *metering data* and *NMI standing data* must only be provided to DNSPs "to the extent required by that person to perform its obligations under the National Electricity Rules (NER) and the National Energy Retail Rules (NERR)"¹. As DNSPs may be subject to jurisdictional obligations that require the use of energy and metering data, networks should be entitled to access to this data as it would be necessary to the performance of a regulatory obligation. As such Ergon

¹ AEMC, (2015). *Additional Consultation on Specific Issues*: Consultation paper, p 9.

Energy recommends that the provisions of the Draft Rule regarding data access requirements should be extended to include *access to data required to perform jurisdictional obligations*.

Further, as detailed in the ENA's submission, the proposed drafting appears to create some access limitations and should reflect current data access practices. Importantly, drafting references (i.e. in clause 7.15.5) to parties being provided with "direct access" to metering databases, should be changed to parties being "entitled to receive" the relevant data from the metering database. This would reflect current practices in which DNSPs receive data (for example via NEM files) so as to prevent costly systems upgrades that would be required to enable "direct access" to databases. Additionally, Ergon Energy is concerned that direct access to databases would also create serious security issues for Metering Data Providers (MDP).

2.2 Additional energy data required

The amendments do not provide Ergon Energy with access to *engineering data* that is currently available from around 90 per cent of Ergon Energy's existing 200,000 plus digital meters; data that is extremely beneficial for operational management purposes. Dependant on meter type, this can include power quality information such as phase voltage and current monitoring, phase angle, temperature and total harmonic distortion data. This power quality information, which is extracted as required by Ergon Energy, enhances the business' ability to address network issues such as managing constrained areas and responding to customer complaints. However, this data would not be captured under the *metering data* or *NMI Standing Data* definitions that the Draft Rule provides DNSPs with access to.

It is essential these sets are accounted for. Firstly, they provide Ergon Energy with the *engineering data* important to managing our network safely and reliably. Secondly as the infrastructure has been or is being funded by our customers, it would create cost duplication if Ergon Energy was in the future, required to purchase this information from MCs.

Recommendations

1. That the Draft Rule make it explicit that DNSPs are entitled to access data required for jurisdictional obligations.
2. Clauses related to data access such as 7.10.2 (a) (2); 7.10.3 (a) and 7.15.5 (c) are refined to:
 - a. reflect current data management processes which provide DNSPs with data reports, that do not require direct access to databases themselves; and
 - b. entitle DNSPs to all energy and engineering data that can be currently extracted from existing meters.

2.3 Data records and network billing

Ergon Energy also has concerns regarding how the MDP will be aware of what data needs to be recorded by the meter and delivered to the database to allow network tariffs to be billed.

At times, Kilovolt Ampere (kVA), Kilovolt Ampere Reactive (kVAR) and import / export data may be required by DNSPs due to inverters / batteries (etc.) being connected under customer agreements that impact the network. Specifically, this information may be necessary to confirm conditions attached to network tariffs, including whether such technologies are exporting to the grid. Under current arrangements where the DNSP supplies and sets up the meter our requirements likely meet or exceed retailer needs, as network data types / quantities are

related to network agreements and tariffs. As this information may not be required by retailers, there are no assurances MDPs will record this data.

While DNSPs may be able to access such data services in line with Schedule 7.5.1 of the Draft Rule, this would most likely be at a cost. As billing is a regulatory obligation, the data required for billing purposes is considered information networks are entitled to access. As such, provisions need to be included in the NER to ensure DNSPs are entitled to access data for all billing requirements, otherwise costs will most likely increase for customers (as DNSPs would likely need to purchase this data if it is available). There are also technical considerations that must be met regarding how kVA data is recorded / derived to ensure its accuracy.

Without provision for these issues, there will likely be a greater need for DNSPs to utilise network devices or to upgrade types 5 / 6 meters to provide remote communications, again duplicating costs for customers. Given these factors, compliance measures should also be adopted to ensure DNSPs have avenues for recourse / enforcement if MDPs fail to provide data DNSPs are entitled to receive.

Recommendations

3. That DNSP data access provisions in the NER include *all data required for network billing or agreed customer connection purposes*.
4. That *all data DNSPs are entitled to receive be recorded and provided according to DNSP specifications*.
5. That provision is made for recourse to manage any instances in which MDPs do not provide data DNSPs are entitled to receive, or in the required format.

2.4 Data privacy

The AEMC is also seeking feedback on:

Whether a retailer who is not the FRMP requires rights to receive metering data or access the metering data services database in order to fulfil its obligations to provide data to retail customers as required under the NERR and in accordance with the metering data provision procedures.²

Ergon Energy considers that a careful balance needs to be struck between the needs of retailers and MCs to access data in order to provide new energy services, and customer rights to privacy. This could be achieved by maintaining current provisions that provide the Financially Responsible Market Participant (FRMP) with access entitlements, while enabling new or secondary retailers and MCs to access data with written and informed consent from the customer.

² Ibid, p7

3. Supply interruptions for the purpose of installing or maintaining a meter

3.1 Network safety

Ergon Energy considers that in order to maintain the critical safety of the network any interruption to supply must occur in line with all jurisdictional obligations, and, Metering Providers (MP) must not be permitted to operate a DNSP's network beyond the point of supply by for example, removing low voltage transformer or padmount transformer fuses on DNSP networks. As such the point of isolation at which the MP is allowed to perform re-energisation or de-energisation must be clearly defined.

Recommendations

6. Any supply interruption must be undertaken in compliance with jurisdictional laws.
7. That the point of demarcation for MCs performing supply interruptions is clearly defined, potentially by the NER requiring this point be stipulated in the relevant guideline.

3.2 Supply interruption notifications

As the DNSP may receive a power outage call from a customer, MCs should be required to advise in real time when the interruption occurs to prevent DNSPs being called to site by the customer, thus placing upward pressure on costs. Further, some form of evidence should also be visible at the meter to indicate an MC has performed an interruption should the LNSP be called to site.

Ergon Energy accepts that DNSPs will retain responsibility to notify and effect planned interruptions at premises where it is not possible to interrupt supply to a single customer, without impacting other customers, such as with multi-tenancy arrangements. As the responsibility to notify will remain with the DNSP, it must be incumbent upon retailers to notify DNSPs of a planned interruption at these premises in sufficient time to enable the DNSP to meet the customer notification timeframes prescribed in the NERR.

Further, as enforcement and compliance measures are applied to DNSPs in regard to notification obligations, similar provisions should be applied to retailer planned interruptions.

Recommendations

8. Real time and on-site visible notifications of supply outages are provided to DNSPs.
9. Within a timeframe reasonably specified by the DNSP, retailers must provide all information and assistance required to enable the DNSP to plan and perform a planned supply interruption and to meet any associated obligations under the NERR.
10. Customer notification and compliance measures similar to those which apply to DNSPs also apply to retailers under the NERR.

4. Customer consent for provision of network related services

Ergon Energy supports the AEMC's acknowledgement '*that MCs should not be required to ensure that prior consent of the customer is obtained for the provision of certain network-related services*'³. However, we agree with the ENA that, in the absence of any drafting to support the proposed amendment, it is not possible to verify the success of the proposal.

5. Network devices

5.1 Removal by Metering Coordinators

While Ergon Energy supports the AEMC's proposed expansion of the definition of 'network devices', Ergon Energy does not support the proposal to allow MCs to, without the consent of the applicable DNSP, remove network devices where they reasonably determine that there is insufficient space to house both the network device and the metering installation.

Consequently we support the ENA's assertion in their submission that combined with the non-requirement for a MC to provide advanced services, except in accordance with commercial settlement with the DNSP, this proposal has the potential to severely undermine both the development of network services in the long term interests of customers, and the maintenance of cost effective and secure service delivery to customers.

5.1.1 Market power

Ergon Energy understands that a key initial intent of the network device provision was to improve the market position of DNSPs when negotiating with MCs for the provision of energy services, by providing a suitable bypass option. However, the proposed change, which will enable MCs to remove network devices where they reasonably determine there are space constraints, severely undermines this intent by weakening a DNSP's ability to negotiate services at a fair and reasonable cost. DNSPs such as Ergon Energy have consistently raised concerns about the need to address the market power of the MC. However, this most recent proposal will unfortunately only serve to magnify this issue by further reducing a DNSP's negotiating position with MCs. There will be less incentive for MCs to offer genuine value for our customers in the provision of energy services under a framework that at times will provide MCs with a virtual monopoly on the provision of these services.

5.1.2 Load control

The AEMC notes in its specific issues paper that another key intent of the network device is to enable DNSPs to retain existing capabilities - such as load control.⁴ Any removal of network devices due to space constraints will also result in the removal of DNSP load control capabilities. Noting that demand management is a critical part of reducing network peaks and preventing investment in larger network capacity, a loss of load control has potential to increase network costs. This is because although DNSPs could negotiate with an MC to provide load control as an 'advanced service' DNSPs such as Ergon Energy would be required to do so with little market power.

³ Ibid, p17

⁴ Ibid, p21

5.1.3 Cost recovery

Since mid-2008 the Metrology Procedure: (Part A National Electricity Market, clause 2.4.18) has provided that the Responsible Person in Queensland must ensure that meters installed in type 6 metering installations, in situations described therein, must be interval meters that are capable of being upgraded for use in a type 4 metering installation without replacing the meter. In accordance with this requirement, Ergon Energy has installed in excess of 200 000 interval meters on its network. As noted earlier, these meters are an investment that provides Ergon Energy with an existing, additional level of energy data above standard metering data received from accumulation meters. Should Ergon Energy's interval meters be replaced under this provision (or indeed a competitive metering installation program), it would also be a cost duplication to require Ergon Energy to pay for these services from an MC's new advanced meter, or to have network devices re-installed, as the cost for this infrastructure has already been shared across the customer base or is to be recovered under new cost recovery provisions.

If DNSPs are unable to agree on commercial terms with MCs for access to advanced meter services, network devices will play a key role in network operating functions, particularly as new technologies (IES, battery and Electric Vehicles) disrupt the way customers consume and generate energy. In the transactive grid environment capabilities likely to be particularly essential in managing networks include the collection of operational data, outage restoration monitoring and power quality monitoring purposes. Driven by the changes in the nature of the customer loads, business cases for DNSPs to re-install network devices to ensure the safety and reliability of networks will be likely, resulting in a cross subsidy. The entire customer base would be funding the re-installation of infrastructure previously removed for those customers who utilise advanced meters.

Recommendation

11. Network devices should not be removed without DNSP consent.

5.2 Governance

However if, despite the significant concerns raised, the AEMC elects to proceed with this provision, Ergon Energy recommends that governance arrangements are established to maintain an appropriate balance in market power and thereby support the provision of a cost effective and secure service delivery to customers.

Recommendations

12. If a network device is removed due to space constraints DNSPs are entitled to access that meter's existing capabilities (such as load control, interval or power quality data), within a MC's meter at no cost (in consideration of the issues outlined above).
13. If recommendation 12 is not supported, a network device providing load control should not be able to be removed without a customer's informed consent that any loss of load control will also result in a loss of access to the applicable load control tariff associated with a service, and any related reduction in energy costs.
14. If a load control device is removed then a clear obligation should be placed on the MC to request a change in the applicable network tariff for the site and to provide final reads and other necessary information.

15. If the proposed provision is maintained, the NER supports the development of guidelines, or updating of the relevant jurisdictional documents (such as the Queensland Electricity Connection and Metering Manual), to outline procedures around network device removal due to space constraints, including but not limited to, stipulating the sufficient amount of space required for both an advanced meter and network device (to prevent inappropriate removals of network devices).
16. If it is found that a network device has been inappropriately removed (i.e. not accordance with the abovementioned procedures), it must be replaced at the MC's cost.
17. Further, DNSPs should also be given notice that a network device is being removed based on reasons of space constraint to provide the opportunity to examine whether or not the removal meets any guideline specifications in this regard.

In fact, Ergon Energy considers it inequitable that DNSPs must provide prior written notice to install a network device, while MCs do not need to reciprocate when removing one.⁵

5.3 Definition

Noting there is a comma missing in the definition after the word "measurement"; Ergon Energy supports the proposed definition of a network device.

6. Alterations to type 5 or 6 metering installation to make them capable of remote acquisition

Ergon Energy acknowledges and appreciates that the AEMC's recommendations in this regard appear to offer an important step that will support DNSPs to operate their networks in a more efficient manner, while also providing important safety capabilities. However, once again this support is qualified as the AEMC has not provided final drafting in order for Ergon Energy to accurately examine the impact of the proposed changes.

Further, Ergon Energy recommends the AEMC also provide DNSPs with the ability to install remote read capability to facilitate the development of network tariffs, as tariff development is a regulatory responsibility.

Specifically, DNSPs are required by the NER to develop Tariff Structure Statements (TSS) in-line with the Network Pricing Principles; which in summary means DNSPs are legally bound to transition towards cost reflective tariff options. To do so, DNSPs must be aware of what time demand peaks occur and the time they decline, so as to build and price tariffs accordingly. To perform this regulatory requirement both efficiently and effectively, when developing network tariffs DNSPs would benefit from undertaking analysis of statistically relevant samples of customer data in order to examine consumption patterns at the interval level. Such analysis would enable better development of effective tariff structures, through greater awareness of any changes in the peak.

⁵ Ibid, p23

Recommendation

18. DNSPs are able to undertake statistically relevant analysis of customer data on types 5 or 6 meters remotely, where doing so facilitates the efficient and effective achievement of a regulatory obligation.

7. Application of the framework to transmission connection points

Ergon Energy supports the issues highlighted in the ENA's submission.