



28 January 2016

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Electronic Lodgement – ERC 0197

Dear Ms Mayes

**Consultation Paper NER Amendment
Updating the electricity B2B framework
Submission**

We appreciate the opportunity to respond on the Consultation Paper National Electricity Amendment (Updating the electricity B2B framework) Rule 2015.

Both the Lumo/Red and COAG Energy Council (EC) Rule change proposals largely support the fundamentals of the AEMC drafted Rules change which was provide to COAG for their consideration of the revised B2B regime. AusNet Services also supports many of the aspects of the Rules changes drafted by AEMC, Lumo/Red and COAG EC.

However AusNet Services has issues with some aspects of the proposed regime. The most critical of these are:

➤ Structure and operating arrangements of the IEC

The structure and operating arrangements of the IEC as proposed in the Rule Change Requests are not optimum for ensuring B2B outcomes meet the requirement of stakeholders. AusNet Services suggests some changes to membership in these proposals would better represent the key B2B users whilst facilitating the contribution of all impacted parties.

We are also concerned that the current AEMO relationship with the IEC with respect to facilitation and financing is not conducive to the IEC fulfilling its accountabilities and responsibilities as assigned in the Rules. We have proposed that the Rules should better define the relative roles of AEMO and the IEC, and protect the IEC's ability to support stakeholder determined outcomes.

Refer Sections 1, 2 and 3

➤ Support for the December 2017 Metering Contestability Effective Date

Whilst the Rule change must provide a basis for the ongoing B2B regime, a key outcome must be clear B2B support for the establishment of the Metering Contestability regime in December 2017. If the necessary B2B processes are not in place industry process effectiveness will fall and adverse customer outcomes will result. The desired COAG expectations of customers gaining access to smart meter based supply options will be potentially tarnished by industry service failures.

AusNet Services assesses that the November 2015 AEMC Metering Contestability Rule change failed to establish the appropriate framework for the necessary B2B changes to be established and implemented by stakeholders to meet the Metering Contestability Effective Date of December 2017. AusNet Services propose that AEMC should establish mechanisms in the Rules to provide enhanced support for achieving these B2B outcomes.

Refer Section 4

AusNet Services also identify some other recommendations for change to better support the development and implementation of B2B Procedures:

- Rule change to support enhanced e-Hub platform to be in place for December 2017 Metering Contestability Effective Date. Refer Section 5
- B2B Participants to be accredited and certified. Refer Section 6
- Support for billing to be considered for national B2B. Refer Section 7.

Details of the AusNet Services positions and recommendations on these matters are provided in the attached Appendix.

Should you have any queries in relation to this submission please contact Peter Ellis on 03 9695 6629.

Sincerely,



Kelvin Gebert
Regulatory Frameworks Manager

Appendix A

AusNet Services considerations and recommendations with respect to the Consultation Paper National Electricity Amendment (Updating the electricity B2B framework) Rule 2015.

1. IEC Membership Structure

The AEMC and COAG Rules drafting, and the Lumo/Red drafting, proposed different IEC structures: ¹

Table 3.1 Comparison of membership structures

Red and Lumo proposal	COAG Energy Council proposal
AEMO representative (acting as chairperson)	AEMO member (acting as chairperson)
2 retailer representatives	1 retailer member
2 DNSP representatives	1 DNSP member
2 metering representatives	1 metering member
Up to 4 discretionary representatives ⁴⁷	Up to 1 third party B2B participant member
	2 independent members
	1 consumer member
	Up to 2 discretionary members
Total: 7 - 11 members	Total: 7- 10 members

AusNet Services propose an IEC membership which combines features of both these proposals:

¹ Note Red/Lumo has suggested name change to Retail Industry Panel. AusNet Services does not suggest that this is necessary and in some ways retaining the existing title/acronym may better aid transitional arrangements. If a change is proposed we suggest that "Committee" is better than "Panel" as it more effectively denotes an elected representative group, and that "interfacing" be included as this is the Committee's focus as compared to the Retail Market Consultative Forum.

AusNet Services proposal
1 Independent representative Chairman
Alternative: AEMO Chairman (Non voting)
AEMO representative
2 DNSP representatives
2 retailer representatives
1 consumer representative
1 metering representative
Up to two discretionary representatives
Total 8 -10 members

We have taken the following points into account:

- i. AEMO is NOT an impartial participant in the decision making associated with B2B. Some key decisions of the IEC are to balance potential market impacts, which are fundamental aspects of the AEMO's role, with potential customer/stakeholder impacts. Whilst AEMO's views regarding these aspects of a change are an important consideration, they should not dominate decision making. Further over the past few years AEMO has taken a strong consultancy role to policy makers sometimes with little or no industry/stakeholder input. Again this role can predispose AEMO to certain positions which should contribute to, but not override broader stakeholder assessment of B2B requirements. It is the AusNet Services' assessment that the best mechanism for ensuring that all views in the IEC are given the correct weight in decision making, is for the chair to be the Independent Representative.

An alternative which does not achieve this desired outcome, but does improve on the proposals in the Rule change requests, would be for AEMO to provide a Chairman from the Board who only has the meeting management role, and for the advocacy and voting role for AEMO to be taken by an AEMO executive. This separation of the two duties would provide a level of comfort that AEMO positions are not being given undue weight in decision making.

- ii. AusNet Services strongly support the Lumo/Red view that two Retailers and two distributor representatives should be included in the IEC. These members will likely continue to be nominated with involvement of their respective sector associations (ENA and ESAA) and hence have wide access to sector knowledge and experience. They are unlikely to be surpassed any time soon as the major users of B2B and it is to them that the major benefits of effective and efficient interfacing will fall.

The capability and expertise that retailers and Distributors bring will be especially valuable in the current context of rapid and comprehensive change.

- iii. Current independents have shown the wide range of benefits provided by detached, outside skills in brokering compromise positions, fresh and wider perspectives, adding complementary skills, managing matters in parallel with stakeholders when stakeholders are strongly engaged in detailed matters, etc.

We support the COAG EC view in this aspect although potentially two independents may be difficult to justify.

- iv. Allocation of the discretionary representative position by the IEC itself makes more sense that this being done by AEMO. The IEC has the outcomes accountability/responsibility and part of this is achieving balanced outcomes with all positions taken into account.
- v. Whilst consumers have minimum direct exposure to and impact from B2B, inclusion of consumer representative does ensure transparency of the IEC outcomes.
- vi. Service Providers have a key input to make with respect to establishment of costs of potential B2B options but ultimately the costs are met by the service requestors. Hence a single rep to ensure contact point for IEC into the Service Provider “industry” is sufficient.

2. IEC Budget and operation

The industry/stakeholders through their representatives on the IEC have obligations to act on proposals for B2B change. The AEMC and COAG have endorsed that it is appropriate for the IEC rather than AEMO to have this obligation. To carry out these obligations the IEC needs access to various resources. The costs of these resources are included as components of the B2B Costs as defined in the Rules. Apart from the costs of the B2B e-hub, for which AEMO have a separate obligation in the Rules, these B2B Costs are

- the IEC operational costs, and
- the “costs of development of the B2B Procedures”.

Without access to appropriate levels of funding for these two activities the IEC cannot meet its obligations. Whilst AEMO have an obligation to pay the B2B Costs, the establishment of the level of these costs (ie the level of resourcing allowed for) currently largely sits with AEMO, rather than with the IEC who has the obligation.

The submitted Rule Change Requests make no changes to the current Rules arrangements with respect to establishing the necessary IEC budget support for the IEC role.

AusNet Services recommend the following changes with respect to these costs:

- The funding for IEC operational costs is subject to a budget process defined in the Rules, however the final decision re the level of the budget rests with AEMO. We consider that the Rules should place an obligation on AEMO to “not unreasonably change the submitted IEC budget”.
- The funding for the development of the B2B Procedures is currently not subject to any “regulated” process. IEC and AEMO each have expectations and there is no process to make these views visible or to reconcile them. Whilst recognising the AEMO role in managing their operating budget, the current lack of capability for the IEC to get access to resources and/or finance on request without delay and undue scrutiny is unsatisfactory. Given the confirmation in this Rule change of the fundamental obligation of the IEC with respect to B2B outcomes, the Rule change should also provide a capability for the IEC to receive on request resources/actions from AEMO to meet its requirements. This could be in the form of a budget process

(similar to but more rigorous than that for IEC operational costs) or some obligation on AEMO to fund/resource any reasonable request from the IEC. This should be broad enough to not only ensure resource to support B2B Procedures changes but for assessment of B2B impacts of policy and regulatory change.

3. **Basis of IEC decisions – National Electricity Objective (NEO)**

The three Rules drafting versions (AEMC in their drafted Rules change which was provide to COAG for their consideration of the revised B2B regime, and the Rules Change Requests from COAG and Lumo/Red) have a different approach re the incorporation of the NEO into the basis of an IEC decision.

The AEMC drafting maintained the current approach that “IEC Recommendations must have regard to the NEO and, in doing so, take into account the B2B Factors” and must give effect to the B2B Principles“. ie the B2B Factors interpret the NEO in B2B relevant terms. COAG suggests “it would be contradictory under the NEL for an industry group, but not AEMO, to have a role in considering whether a proposal contributes to achieving the NEO”, and hence in their drafting AEMO would assess a IEC decision against the NEO and could reject it on the basis of not meeting the NEO. The Lumo/Red drafting, recognising the COAG concerns, directly incorporates the NEO wording as a B2B Factor to be considered by the IEC.

AusNet Services considers that the best body to assess the worthiness of a B2B Decision should represent the impacted parties ie the industry/stakeholders through the IEC. The current approach and wording (as drafted by the AEMC) supports this approach. If this approach raises a legitimate “legal” issue under the NEL, rather than just an “in principle” concern, then AusNet Services would support the Lumo/Red drafting if this overcomes the legal issue.

If due to legal issues the NEO assessment must sit with AEMO, then the risk of AEMO making an adverse assessment against the NEO at the end of the extensive IEC process must be minimised. In this case an obligation should be put in the Rules on the AEMO member of the IEC to provide a formal assessment, at appropriate points in the process of developing an IEC Recommendation, on whether the proposed change would in AEMO’s opinion meet the NEO based on the scope at that point in time.

4. **Support for the Metering Contestability regime outcomes.**

AusNet Services appreciates that a key outcome of this Rule change must be the establishment of a rigorous basis for the ongoing B2B framework which recognises the wider range of B2B users in the new Metering Contestability regime.

However an essential additional outcome must be specific and clear support in the Rules for the establishment of the necessary B2B processes and Procedures to enable the Metering Contestability regime for the December 2017 Effective Date.

4.1 **Fundamental industry process impacts**

If the necessary B2B processes are not in place to support the Metering Contestability impacted fundamental industry processes, the industries’ effectiveness will fall and adverse customer outcomes will result.

Industry through the AEMO pre-determination workshops and other considerations has established that there are a range of fundamental industry processes which will have significant impact from Metering Contestability including:

- Re/de-energisation process²
- New connections and site reconfigurations (eg 1ph to 3ph)
- Meter churn
- Retailer isolation for metering work
- Failed meter processes incl meter fault based customer outages
- Life Support

At the IEC Strategy Day workshop on 19 January a wide range of industry players (Distributors, Retailers, Service Providers and a consumer rep) all endorsed the need for standardised B2B to be in place for contestability Day1.

The COAG expectations of customers gaining access to smart meter based supply options will be tarnished by industry service failures if these industry processes and the necessary B2B transactions are not revised and implemented before Metering Contestability commences.

The November 2015 AEMC Metering Contestability Rule change did not establish the appropriate framework for the necessary B2B changes to be established and implemented by stakeholders to meet the Metering Contestability Effective Date of December 2017.

The Metering Contestability Rule change by not changing the current definition of B2B Communications to include the wider range of B2B users, did not recognise that most of the above identified processes will not be between the Distributor and the Retailer, but rather between the Metering Coordinator (and their appointed service providers) and the Distributor and other parties.

Further the Metering Contestability Rule change appears to be also somewhat restricting the capability of the existing IEC (and AEMO) to advance the necessary B2B. It would appear that AEMO could not move to endorse and publish a B2B Procedure involving Metering Coordinators (or service providers on behalf of MCs) drafted by the existing IEC, rather limiting this to the new IEC to be established in the SMP Rule change

On the basis of this restricted definition (and other related Rules restrictions), AEMO has proposed a very restricted range of B2B changes be included in the B2B Procedures to be published by 1 September 2016. AEMO has not proposed any work program on behalf of the IEC to establish the necessary more significant changes.

Further the AEMC Implementation Advice on the Shared Market Protocol submitted to COAG in October 2015, and the resulting COAG and Lumo/Red Rule Change Requests, has proposed a very “conservative” time schedule for the establishment of the bulk of the B2B changes required for the December 2017 Metering Contestability regime:

² Whilst remote re/de-energisation is a nominated Minimum Service Specification service, we consider that given this appears to be considered by retailers as a “base level” service, this will be a significant feature of the December 2017 regime and one with potentially substantial customer impacts.

- AEMO to develop new election procedures and operating manual for the IEC/Retail Industry Panel to provide for the new IEC framework (by 1 August 2016).
- AEMO to run an IEC election process to form the new IEC (by 1 October 2016).
- New IEC to develop amended B2B procedures in accordance with the new B2B framework (by 1 April 2017).
- AEMO to develop an accreditation and certification process for B2B e-hub participants (by 1 April 2017).

This time schedule does not establish the necessary B2B Procedures until the end of March 2017, significantly later than the 1 September 2016 date which was determined by the AEMC as the latest date by which the other non B2B Procedures for support of the Metering Contestability regime needed to be in place to enable the December 2017 Effective Date.

AusNet Services considers that the end of March 2017 is much too late for this significant component of the Metering Contestability regime to be finalised. This would not enable the B2B stakeholders to establish IT and operational readiness work programs with a clear understanding of the scope of the B2B changes. This late finalisation of Procedures will not allow sufficient time for IT detailed design, implementation and internal testing to be carried out before the necessary industry testing for the 1 December 2017 Effective Date.

AusNet Services recognises that the AEMC in various documents has to some extent understood the issues of a March 2017 date with respect to B2B procedure changes, and has strongly suggested that AEMO could instigate a process for commencing work on the necessary elements of the B2B regime to facilitate a date early than this. In the Consultation Paper for the current consultation the Commission have noted : “AEMO could begin informal discussions through a working group or industry forum, prior to the formation of the new IEC/Retail Industry Panel”.

Given AEMO's apparent concern with commencing any work for the necessary B2B changes due to the restrictions in the current Rules, AusNet Services recommends that AEMC strengthen the previously stated view that AEMO commence work early on the necessary B2B regime establishment and the process and Procedure development and drafting, by establishing in the Draft Determination version of the Rules:

- i. earlier dates for the finalisation of the new IEC Election Procedure and Operating Manual, and the holding of elections.

It is our view that the Election Procedure and Operating Manual could be drafted by AEMO in parallel with the Rules consultation process, and it could be released immediately the Final Determination on the Rules change is released. We suggest that the Rule change place an obligation on AEMO of no later than 10 business days from the Final Determination.

Further the stakeholder groups, pre-warned by the Rule consultation process, should be able to respond rapidly to the request for IEC member nominations and hence enable the election process for be finalised very quickly after the Election Procedure and Operating Manual are in place. We suggest that the Rule change place an obligation on AEMO commence the election process at the same date that the Election Procedure and Operating Manual are released ie no later than 10 business days from the Final Determination, and that AEMO

finalise the member election not later than 20 business days from the receipt of nominations.

Hence the new IEC would be in place by 1 August 2016 at the latest, as opposed to the 1 October 2016 date proposed by the AEMC, and included in the COAG and Lumo/Red Rule Change Requests.³

- ii. an earlier date for the new IEC to have in place the required B2B Procedures based on the proposed Rules based timetable above for the establishment of the new IEC. Instead of the current date of 1 April 2017, AusNet Services suggests that a date of 31 December 2016 could be established on the basis that the new IEC will be in place at least 2 months earlier than the current proposed time schedule, and that an allowance for Christmas shutdown is not required. Given the critical reliance that the IEC have on support resources and/or finance being provided by AEMO, we suggest that this obligation on the IEC be one of reasonable endeavours rather than absolute.
- iii. an obligation on AEMO to provide the support resources and/or finance as requested by the existing IEC, to enable the existing IEC to have in place the required B2B Procedures as it determines by the date established in the Rules for the new IEC to be in place.

AusNet Services recognises that:

- the period between the Final Determination when this proposed obligation would be formally imposed on AEMO, and the new IEC being in place is too short for the required B2B to be drafted by the IEC with the required AEMO resources. However we consider that placing this obligation on AEMO in the Draft Determination will provide the necessary direction and impetus to enable AEMO to move earlier, before the Final Determination, to provide the necessary support to the existing IEC's endeavours to have the necessary B2B Procedures drafted.
- There could be concerns that drafting by the existing IEC would NOT take into account the requirements of the broader range of stakeholders impacted by the new Metering Contestability regime. However the existing IEC does recognise the need to more inclusive and have commenced a process for considering the necessary B2B changes which includes service provider input.

Whilst AusNet Services cannot speak on behalf of the existing IEC, we believe that the IEC would be very receptive to commence work immediately with AEMO to establish a "transitional IEC" built around the existing IEC to manage this work effort on behalf of the wider stakeholder organisations/businesses.

It should be noted that before formal consultation on the B2B Procedures commences the new IEC would need to endorse the Procedures as drafted by the "transitional IEC".

³ We note that the IEC must endorse the earlier minimalist set of B2B Procedure changes by 1 August 2016. It is unclear whether the new IEC could endorse these Procedures commenced under the existing IEC. We are unsure whether this is an issue, but if so the new IEC cannot be in place until 2 August 2016.

AusNet Services has concerns that some parties will potentially not have their systems and operational approaches in place by December 2017, and hence that some of these routine processes will not be operational with potential impacts on their customers and/or on other participants. We would suggest that a 'readiness review' needs to be undertaken at an appropriate time(s) with outcomes released to industry. This would enable operational risks to be identified, and industry and/or bi-lateral actions put in place to minimise adverse impacts.

4.2 Support for advanced meter services

In Section 4.1 above AusNet Services has strongly recognised the essential B2B processes and Procedures which must be in place in December 2017 to support the changes to the fundamental industry interfaces driven by the Metering Contestability regime.

AusNet Services supports the AEMC view that it is also very desirable for B2B Procedures to support the new advanced meter services to be in place in December 2017. We are an ardent user of the advanced meter services from the AMI smart meters rolled out by AusNet Services under the Victorian AMI regime. We have strongly embraced the significant benefits that applications using these services offer to individual customers and more broadly to the AusNet Services network. We have operationalised a number of these applications and are continuing to develop new innovative ways of utilising these services.

We strongly endorse the Lumo/Red Rule Change Request which states:

The recommendations are designed to improve interoperability for parties communicating about the services available through advanced metering infrastructure. Having a shared form and method of communication means that parties would not be required to have multiple systems to interact with each other. This is likely to lower barriers to entry and facilitate new participants entering the market for services enabled by advanced meters. It may also lead to greater efficiencies for existing retailers and DNSPs that are required to communicate with multiple parties in the market.

Promoting efficient interactions between parties is likely to reduce their operating costs. These cost savings may be passed onto end users, including small customers, who may ultimately pay for the services provided in respect of their connection point.

Minimising barriers to entry for new participants provides an environment that is conducive to competition.

AusNet Services considers that providing B2B support for access to the advanced meter services, which we currently access from our own meters, from contestable Metering Coordinator meters will facilitate the Distributor negotiations with Metering Coordinators for access to these services to achieve continuity of benefits.⁴

⁴ AusNet Services note however that, whilst facilitating negotiations with Metering Coordinators re this access, Distributors will still be dependant for access to these services on the Metering Coordinators willingness to provide these services, and at a reasonable price.

B2B standardised processes and transactions for critical and/or volume driven interfaces allows:

- Rigorous auditable interfacing,
- Capability to handle large volumes through automation, and
- Consistent data content to support actioning,

and we consider that access to advanced meter services can be demonstrated to require interfacing with these features.

We consider that rather than being a barrier to innovation with smart meter services as has been suggested by some, standardised B2B support provides a base case fundamental platform from which service requestors and service providers can develop new approaches to services or new services.

However we recognise the significant body of work necessary by the IEC in developing the necessary B2B to support the fundamental industry process impacts of Metering Contestability as detailed in Section 4.1 of this submission above. We consider that it will be difficult for the IEC (with or without AEMO support) to produce this full range of B2B processes and Procedures in a timeframe to enable consultation and industry implementation for December 2017.

AusNet Services consider that the best outcome would be to push back the Metering Contestability Effective Date to a more suitable date in 2018. However we are aware of the strong AEMC support for the Metering Contestability regime to be operational as soon as possible.

AusNet Services hence is reluctantly recommending that the IEC be given the role in the Rule change of determining which of the Minimum Service Specification services or other smart meter advanced services should be nominated for development for the December 2017 Metering Contestability date and for which services the B2B Procedures could, without major stakeholder impact in the early days of the Metering Contestability regime, be delayed for development and potential implementation in the next available round of B2B changes.

AusNet Services recommends that the Rule change assign an obligation on the IEC to have the remainder of the Minimum Service Specification services support B2B in place by end of the third quarter of 2017. This date is based on:

- the IEC completing their work associated with the developing the changes to the fundamental industry interfaces driven by the Metering Contestability regime in mid 2016, and
- the associated Procedure changes finishing consultation in December 2016.

However before a date is set in the Final Determination, IEC and AEMO should produce in conjunction with stakeholders a detailed time schedule to set a practically achievable earliest date.

5. **E-Hub development**

The COAG Energy Council suggests that AEMC in their final SMP Rule change outline some transitional steps and provide their views on what is likely to be required.⁵ They propose that AEMO be required to update the B2B e-Hub to comply with new B2B procedures and that this should be done such that the e-Hub is available for the start of competitive metering (by 1 December 2017). They suggest that this would include AEMO carrying out integration testing of the B2B e-Hub with industry systems.

AusNet Services agree that the stakeholder interfacing with respect to processes impacted by Metering Contestability, and with processes to access smart meter services, will be enhanced by the higher speeds and enhanced capabilities proposed by AEMO for their new e-Hub platform.

We consider that the understanding of the capabilities and technical details of the platform is required by stakeholders as soon as possible, so that key development decisions can be made as part of their Metering Contestability project scoping.

AusNet Services hence recommend that the AEMC consider imposing obligations on AEMO with respect to the key aspects of the time schedule for specification and development of the enhanced e-Hub.

Given that the AEMC in the Metering Contestability Rule change have determined that 1 September 2016 is a desired date for the Procedures for setting the scope of stakeholder builds to be in place, it would appear reasonable for the definition of the new B2B e-hub platform to be in place at the same time.

6. **B2B Participants accreditation AND certification**

There is alignment between the AEMC, COAG and Lumo/Red Rules drafting with respect to “accreditation” (ie satisfy AEMO that they do and will comply with Procedures, have secure systems and meet fee payments).

However Lumo/Red have suggested that there is also a need for users of B2B Procedures through the e-Hub to be meet certain technical measures with respect to their B2B transaction capabilities. This would result in their system capabilities being granted “certification” for the B2B transactions they are required to use, or they have decide to use.

If B2B transactions are not generated consistent with details in the B2B Procedures and related technical standards, then the receiving party can be exposed to costs associated with deciphering the message and/or dealing with the impacts of poorly defined content. This is counter to the broad B2B philosophy of such costs not being passed to the message receiver. We note that use of accreditation is the standard in gas market B2B.

AusNet Services recommend that the SMP Rules support this approach.

7. **Support for Billing in National B2B**

The IEC has agreed that there is a prima facia case for the current state based Network billing B2B processes and transactions to move from various state based governance regimes to the consistent national governance regime provided by the IEC.

⁵ Refer the COAG EC Rules Change Request Section 4.9.

However the AEMO legal interpretation of the Rules given to the IEC, was that the definition of B2B Communications in the Rules does not allow billing to be the subject of B2B Communications because billing arrangements between the retailer and the distributor did not involve “communication relating to an end user or supply to an end user”.

Overcoming this impediment resulting from the definition of B2B Communications in the SMP Rule change would allow the IEC to progress moving the Jurisdictional based Procedures under the IEC, hence providing more rigorous and consistent accountability, and also allow potential billing transactions to be developed for billing for smart meter services if this is a requirement of the Metering Contestability regime.

AusNet Services recommends that the AEMC give consideration in the drafting of the required new definition of B2B Communications to overcome the legal issue raised by AEMO and allow the IEC to move forward to establish a more consistent governance regime for the industry cash flow critical B2B processes for network billing.

Qu. No.	AEMC question	AusNet Services response
Box 5.1 Proposed B2B arrangements		
1	Given the changes to the NER from the competition in metering and embedded networks final rules and the new services that can be offered using advanced meters, is there a need to update the current B2B framework?	<p>Yes. The B2B framework must be revised in recognition of the impacts of a number of the features of the Metering Contestability regime including:</p> <ul style="list-style-type: none"> ➤ a broader range of B2B users, ➤ a greater volume of some routine processes, and ➤ support for the commercial nature of service provision.
2	What are the most appropriate arrangements for IEC/Retail Industry Panel membership, including the arrangements for election/appointment of members and requisite qualifications of members?	<p>In Section 1 of the body of this submission AusNet Services suggests some variations to the arrangements detailed in the AEMC proposal to COAG , and the COAG EC and Lumo/Red Rule Change Requests.</p> <p>AusNet Services' notable positions are:</p> <ul style="list-style-type: none"> ➤ the expansion of Distributor and Retailer membership to two representatives each, ➤ support for the concept of Independent member(s) to be retained as per the current IEC membership model ➤ preference for an independent to be the Chair of the IEC, and if this is not supported, for AEMO voting membership of the IEC to be separate to their chairperson. <p>AusNet Services support the fundamentals of the voting and decision making provisions as largely consistently defined in the Rule Change Requests amended as necessary in line with the above structure changes.</p>

Qu. No.	AEMC question	AusNet Services response
3	<p>What are the appropriate arrangements for the making of B2B procedures, including the decision-making process, decision-making criteria and the split of roles between AEMO and the IEC/Retail Industry Panel?</p>	<p>AusNet Services support the broad concept of B2B decision making by the impacted stakeholders and consider that the Rule Change Requests drafting generally support this concept.</p> <p>However we consider that this concept should extend to the assessment of B2B Recommendations against the NEO, and hence consider that, unless there are overriding Rules based imperatives to consider, that AEMO should not be allocated this role as suggested in the COAG EC Rule Change Request.</p> <p>However if AEMO must be the arbitrator of the NEO assessment, the Rules should place obligations on AEMO to provide this assessment <u>during</u> the development of a B2B Recommendation, and not as a potential show stopper at the end of the IEC development process.</p>
4	<p>Are the proposed obligations on parties appropriate, including the accreditation requirements and Red and Lumo's proposed certification requirements?</p>	<p>AusNet Services endorses the need for both accreditation and system certification as identified in the Lumo/Red Rule Change Request.</p>

Qu. No.	AEMC question	AusNet Services response
5	<p>What would be the benefits of, or issues with, requiring third parties to become registered participants to use the B2B e-hub?</p>	<p>The AEMC Rules drafting provided to COAG EC and the two Rules Change Requests versions rely on third party users of the B2B e-Hub being deemed as registered participants as the basis of these parties having the Rules obligation re participant fees, dispute processes, and confidentiality imposed on them.</p> <p>However the COAG EC submission questioned whether these third parties should rather be covered by a registration category. They argued that this would enable a share of the B2B Costs to be imposed on these parties irrespective of their B2B e-hub use and also provide a better mechanism for current and any future regulatory requirements to be imposed.</p> <p>On the basis that registration increases market rigour and increases spread of B2B Costs, AusNet Services support this approach.</p>
Box 5.2 Impact of changes to B2B arrangements under recent rule changes		
1	<p>Given the proposed rules are based on the competition in metering draft rule, what changes should be made to the proposed rules as a result of the competition in metering and embedded networks final rules?</p>	<p>AusNet Services notes that as the AEMC Rules drafting provided to COAG EC, and the two Rules Change Requests versions, were based on the earlier draft version of the Metering Contestability Rule change which contained a broader definition of what a B2B Procedure could cover, the Rules drafting proposed supports the development by the IEC of the necessary B2B changes for Metering Contestability.</p> <p>However in the body of this submission, AusNet Services has raised our concerns (refer Section 4) that the final Metering Contestability Rule change restricted the capability of the industry through the IEC to establish the necessary B2B Procedure changes in a time frame which supports industry implementation for December 2017.</p> <p>In this submission we have suggested some Rules based measures that AEMC should take to assist the development and consultation on the necessary B2B changes to a more satisfactory time frame.</p>

Qu. No.	AEMC question	AusNet Services response
Box 5.3 Questions on implementation		
1	<p>If a rule is made, is a 1 December 2017 implementation date for the new B2B procedures and upgraded B2B e-hub achievable? If not, why not and what is an alternative date?</p>	<p>The Metering Contestability Rule change restricted the development and consultation of B2B changes by the existing IEC to a very restricted set of changes for the Rules nominated 1 August 2016 date.</p> <p>Hence the remaining B2B work associated with the Metering Contestability regime consists of:</p> <ul style="list-style-type: none"> • process development and B2B Procedures drafting for support of the routine processes impacted by the Metering Contestability regime eg meter churn support. This is the bulk of the B2B change to support these routine processes as this major exercise is not included in the current B2B work for the 1 August 2016 date. • definition, design and build of the enhanced B2B e-Hub platform • process development and B2B Procedures drafting for support of the Minimum Service Specification services or other smart meter services <p>AusNet Services considers that there are advantageous in all these support 'elements' for the Metering Contestability regime being in place for December 2017. However we concede that achieving this large body of B2B change in a timeframe which allows industry implementation for December 2017 would be very difficult.</p> <p>AusNet Services consider that the best outcome would be to push back the Metering Contestability Effective Date to a more suitable date in 2018. However we are aware of the strong AEMC support for the Metering Contestability regime to be operational as soon as possible.</p> <p>Hence in the body of this submission AusNet Services have argued that:</p> <ul style="list-style-type: none"> • enhanced B2B e-Hub platform should be technically defined very quickly and in place for December 2017. Refer Section • B2B Procedures for Metering Contestability impacted routine processes must be in place for December 2017 • the IEC should consider which of the B2B Procedures for smart meter services are

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		<p>absolutely required for December 2017 and that the others be delayed until the next available round of B2B changes. AusNet Services suggest that the Rules potentially should specify a date at the end of the third quarter of 2018 but that this should be verified by IEC/AEMO consideration of the necessary time schedule.</p>
2	<p>Which implementation tasks above may be at risk of not being met in the given timeframes and why? Would any of the timeframes need to be adjusted? Can any of these tasks be completed sooner, eg developing the election procedures and operating manual, or do some of them require more time? How would any changes impact other timeframes and the target deadline of 1 December 2017?</p>	<p>In Section 4.1 AusNet Services has raised concerns with respect to process development and B2B Procedures drafting for support of the routine processes impacted by the Metering Contestability regime eg meter churn support not being in place to enable implementation for December 2017.</p> <p>AusNet Services has detailed some recommended actions to accelerate the establishment of these B2B procedures.</p>
3	<p>Are any implementation steps missing?</p>	<p>AusNet Services considers that B2B implementation should be driven by clear, detailed, and broadly consulted and agreed time schedules, and managed in a rigorous manner to these time schedules by a proactive program management office.</p> <p>AusNet Services in Section 4.1 has detailed some recommended actions to accelerate the establishment of the B2B procedures including setting earlier dates for the necessary actions.</p>

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4	<p>How much time would participants expect to need to update their systems to comply with the new B2B procedures and use the upgraded B2B e-hub? When can participants commence this work, for example can work commence following publication of draft B2B procedures?</p>	<p>Industry participants will need a minimum of 12 months lead time to implement system and process changes, particularly with many vendors involved.</p> <p>AusNet Services does NOT support a time schedule which assumes that stakeholders are undertaking system upgrades on the basis of draft outcomes. If initial drafts issued for consultation are as a result of detailed analysis and stakeholder input and debate, then changes resulting from the first round of consultation will be low, and changes in the final Procedures minimal.</p> <p>However for the Metering Contestability changes the time schedule for developing the initial consultation drafts will not allow the time for the necessary amount of consideration to ensure this outcome. The level of change between the draft and the final Procedures is likely to be extensive.</p> <p>The risk of false starts and rework of development done on the basis of the draft Procedure is high.</p>
5	<p>Should any of the steps have reduced requirements to speed up implementation, such as an exemption from having to follow the rules consultation procedures? Which steps could be run concurrently with other steps? Are there any further options that could be considered to minimise implementation timeframes?</p>	<p>AusNet Services does not support introduction of exemptions from following consultation procedures, as the detail required in these B2B changes has significant potential impact throughout participant systems.</p> <p>Process and procedure development/drafting time is very short and is unlikely to give detailed and rigorous consideration to drafting details. Hence the two stages of Rules Consultation will be essential to producing an outcome which is as effective and efficient as possible, and rigorous in its drafting with the minimum of uncertainties.</p>