



28 January 2016

Ms Jenessa Rabone
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

By electronic lodgement

ERC0197 National Electricity Amendment (Updating the electricity B2B framework) Rule 2015 – Consultation Paper

Origin Energy (Origin) welcomes this opportunity to comment on the Australian Energy Market Commission's (AEMC) consultation paper on the rule proposals lodged in relation to the B2B framework.

We are broadly supportive of the rule change request proposed by Red Energy and Lumo Energy (Red and Lumo), in particular, the proposed composition of the Retail Industry Panel membership. While Origin agrees that there needs to be an expansion of the membership to reflect the changing market that it will serve, we consider it important to maintain strong representation from industry (distributors, retailers, meter providers and meter data providers) while the impact of the metering in competition rule change is understood and the market for new services develops. We believe the governance model proposed by Red Energy and Lumo Energy contains sufficient flexibility to support the appointment of stakeholders representing a wider group of industry participants.

Origin also supports the creation of a new accredited party (the B2B e-hub participant). This would place responsibilities on and grant rights to all parties interested in accessing B2B services.

Origin acknowledges the truncated timeframes associated with updating B2B procedures and building and testing a new B2B e-hub to support new services as set out in the minimum services specification (MSS) for advanced metering. While ambitious, the challenge of meeting a 1 December 2017 implementation date can be managed through concurrent streams of work, where dependencies are not critical between them. A delay in the implementation of the new electricity B2B framework will impact on the start date for metering competition.

We discuss further below our views on a number of matters contained in the draft determination and would welcome further discussion with the AEMC on this response. In the first instance, please contact David Calder on (03) 8665 7712.

Yours sincerely

A handwritten signature in blue ink, appearing to read "K. Robertson".

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Response to specific issues in the consultation paper

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?
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?
3. 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?
4. Are the proposed obligations on parties appropriate, including the accreditation requirement and Red and Lumo's proposed certification requirements?
5. What would be the benefits of, or issues with, requiring third parties to become registered participants to use the B2B e-hub?

Origin believes there is a need to update the current B2B framework to ensure it accommodates the needs of current and future accredited parties accessing and using the B2B e-hub.

Origin supports the composition of the Retail Industry Panel as set out by Red and Lumo Energy. This structure meets the need to broaden the base of membership, while recognising those parties most affected by changes to the B2B framework (in the medium term, this will comprise retailers, distributors and meter service providers primarily).

Again, Origin would support the process set out in Red and Lumo's proposed rule change with regard to making B2B procedures. For the retail and distributor representatives, Origin suggests that their respective industry bodies manage nominations (e.g. the Competitive Energy Association and the Energy Networks Association) in the longer term, but agrees with Red and Lumo that the initial Retail Industry Panel election procedures and operating manual should be developed by AEMO. This framework should be developed as quickly as possible in readiness for other material changes expected in late 2017.

Origin supports the proposed obligations on parties including the creation of the new accredited B2B e-hub participant role. We agree it is appropriate to expand the membership of the current IEC to reflect changing market dynamics, but with membership and use of B2B services comes responsibilities to the market operator and other users of B2B.

There are important benefits of registering participants in order for them to use the B2B e-hub. It will support the recovery of AEMO's costs and reflect (depending on the design of the fee structure), the relative use of services and transactions supported by the B2B e-hub. Origin considers that it is reasonable that all parties accessing the B2B e-hub/shared market protocol contribute to its cost and administration.

Impact of changes to the B2B arrangements under recent rule changes

1. 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?

With respect to the final competition in metering and related services rule change, Origin has not considered the full implications of B2B services that may be impacted, but anticipates the potential need for new B2B transactions to support services provided by network devices (for example). These services may not be related to the minimum services specification of an advanced meter; however there is the potential that distribution network service providers may wish to issue transactions to other B2B e-hub participants as part of administering services furnished via a network device. For example, it is conceivable that a distribution network service provider may partner with a retailer to market a direct load control product. This matter was also relevant to the draft competition in metering rule change.

In relation to the embedded network rule change, the proposed rule changes accommodate the admission of an embedded network manager (ENM) as a discretionary member of the Retail Industry Panel. Origin believes that the proposed flexibility of membership would allow an ENM to be appointed to the Retail Industry Panel if required. As such, the proposed rules (and in particular Red and Lumo's proposed membership structure) have the capacity to incorporate issues identified in the embedded network supply segment of the electricity industry.

Implementation

1. 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?
2. 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, e.g. 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?
3. Are any implementation steps missing?
4. How much time would participants expect to need to update their systems and 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?
5. 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?

Origin believes that a 1 December 2017 implementation date is achievable for new B2B procedures. With respect to an upgraded B2B e-hub, we are less certain that this date can be achieved as significant resources for development, testing and implementation need to be committed by AEMO and industry. However, we agree with the Commission's view on page 21 of the consultation paper

that development of the new version of the B2B e-hub focus on the minimum services specification and transactions required to accommodate these features as a priority for 1 December 2017.

The timeframes set out in the Red and Lumo and COAG Energy Council rule proposals seem reasonable. It is possible that the election procedures and operating manual could be developed earlier if certainty on structure and governance can be arrived in the near future.

In terms of the time required to update systems and comply with the new B2B procedures and B2B e-hub, Origin believe it would be preferable for industry to have more than 8 months to build and test systems to support amended B2B procedures. In our view, priority should be placed on development of the amended B2B procedures to maximise the time available to update systems in preparation for December 2017.

The level of resources that will be committed to and invested in systems and supporting processes will increase with greater certainty on the content of final procedures. In order to meet a December 2017 go-live date, this work will have to commence prior to the publication of the updated B2B procedures and work should commence soon on those elements for which requirements are known (for example, transactions to support the MSS).

Origin believes that the following streams of work could be run concurrently, assuming a sufficient level of AEMO and industry resourcing:

- (1) Retail Industry Panel election procedures and operating manual;
- (2) Development of amended B2B procedures and related work on the B2B e-hub; and
- (3) Accreditation and certification process for B2B e-hub participants.

An approach relying on the completion of these various steps in sequence will not support the targeted start date of December 2017.

The removal of consultation altogether is not preferred as important issues may not be identified and the costs and benefits of various approaches will not be judged adequately by AEMO and industry in the process of implementing the new B2B framework. Shortening consultation timeframes may not be preferable, but could assist with maintaining the target implementation date.