



Submission on the Implementation Advice on the Shared Market Protocol

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Australian Energy Market Commission

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

Ergon Energy Corporation Limited

PO Box 264

FORTITUDE VALLEY QLD 4006

Enquiries or further communications should be directed to:

Jenny Doyle

Group Manager Regulatory Affairs

Ergon Energy Corporation Limited

Email: jenny.doyle@ergon.com.au

Phone: (07) 3851 6416

Mobile: 0427 156 897

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 *Implementation Advice on the Shared Market Protocol* Consultation Paper (Consultation Paper).

Ergon Energy is generally supportive of the overall approach for the shared market protocol proposed in the Consultation Paper. Ergon Energy is a member of the Energy Networks Association (ENA), the peak national body for Australia's energy networks. The ENA, in collaboration with Ergon Energy and other distribution businesses, has prepared a comprehensive submission addressing the Consultation Paper. Ergon Energy is supportive of the comments contained in their submission.

In response to the AEMC's invitation to provide comments on the Consultation Paper, Ergon Energy has focused on questions identified in the Consultation Paper. Ergon Energy is available to discuss this submission or provide further detail regarding the issues raised, should the AEMC require.

Table of detailed comments

Question(s)	Ergon Energy Response
<i>Governance</i>	
<p>3.1 What are the advantages and disadvantages of the different governance models?</p> <p>Could the challenges around membership and voting for an industry led model be addressed? If so, how?</p> <p>Are there any other issues or factors relevant to considering an appropriate governance model?</p>	<p>Industry led – <i>advantages</i> – involves industry participants who have the knowledge and understanding of how the development and maintenance of the market protocol will impact on their business. The industry participants are in the best position to make technical and/or economic decisions as they will ultimately bear the associated costs for their decision. <i>Disadvantages</i> – the current Information Exchange Committee (IEC) does not fully represent all market participants and would require industry wide consultation on all matters as opposed to consultation with relevant stakeholders.</p> <p>AEMO led – <i>advantages</i> – there will be a consultative approach with industry stakeholders; a continuation of current functions relating to market practices; and the ability to adapt as requirements change. An AEMO led model avoids the requirement to expand on the current IEC in representing a full range of parties. <i>Disadvantages</i> – more power to a governing body that oversees a changing energy industry.</p> <p>Ergon Energy favours a governance model which provides adequate clarification on the intent of the interpretations and does not unduly disadvantage distribution entities as a consequence of misinterpretation. Furthermore, Ergon Energy supports a governance model which provides for balanced representative industry consultation.</p> <p>Ergon Energy believes voting rights would have to be appropriately weighted to ensure that the decisions are not made by either minority parties or major parties, and that any resultant processes or rules are established on an equitable basis.</p> <p>The governance model should have flexibility to adapt to a changing market and changes in participant requirements, but be stringent enough to protect the rights and obligations of the participants, and not hinder the information and consultation flows that currently exist. Ergon Energy also supports the additional factors outlined in the ENA submission.</p>

<p>Are there any other governance models that could be appropriate for the shared market protocol?</p>	<p>Alternative governance models could be as agreed between parties, establishing a set of standard protocols that suit the requirements of both parties.</p>
<p>3.2 Should implementation of a shared market protocol include the development of an objective or principles for governance? If yes, what objectives or principles should be included?</p> <p>If the governing body is AEMO, should there be any objectives or principles in addition to the NEO</p>	<p>Yes: the B2B procedures should be used as a guideline for a set of guiding principles.</p> <p>In addition to the objectives and principles outlined in the ENA submission, Ergon Energy believes the following principles should be included:</p> <ul style="list-style-type: none"> • provide a uniform approach to communications in participating jurisdictions; • detail operational and procedural matters and technical requirements that result in efficient, effective and reliable communications; • avoid unreasonable discrimination between market participants; and • protect the confidentiality of commercially sensitive information. <p>In addition to the key principles supported by the national electricity objective (NEO), as outlined in section 1.2 of the Consultation Paper, Ergon Energy believes the role of AEMO in accordance with the <i>National Electricity Law</i> (NEL) should be included if the governing body is AEMO.</p>
<p><i>Interactions with the minimum specification</i></p>	
<p>4.1 Should the shared market protocol be required to provide for (as a minimum) the services that are listed in the minimum specifications? Should the shared market protocol also include other common services that are not mandatory under the minimum specification?</p>	<p>Ergon Energy supports the ENA submission that the shared market protocol should include all the AEMO identified Primary Services.</p> <p>Ergon Energy also supports the ENA submission that the shared market protocol must include all identified secondary services listed in the AEMO advice to COAG.</p>
<p><i>Roles and responsibilities</i></p>	
<p>5.1 Is it appropriate that the metering coordinator be required to offer its services through the shared market protocol, unless otherwise agreed? Are there any risks in allowing third parties to access a shared market protocol platform?</p>	<p>Ergon Energy agrees this is appropriate.</p> <p>There are risks involved with data integrity, customer privacy, mass data gathering for alternate purposes, and inappropriate disconnection or load switching.</p>

<p>If so, would it be necessary to develop a separate authorisation process for users of the shared market protocol?</p> <p>Is AEMO the appropriate body to develop these requirements?</p>	<p>Ergon Energy agrees there should be a separate authorisation / accreditation process. The Metering coordinator should verify that the third party has the right to access the shared market protocol.</p> <p>Ergon Energy agrees that AEMO should develop these requirements with industry input.</p>
<p><i>Transition from B2B to the shared market protocol</i></p>	
<p>6.1 Is there a need for the current B2B e-hub to be maintained beyond the implementation of the shared market protocol? What factors would need to be considered when making this assessment?</p> <p>Could all the services that are currently provided through the current B2B e-hub be provided via the shared market protocol?</p> <p>Would there be an advantage in having a transition period during which both the B2B e-hub and the shared market protocol operate? How long should such a period be? Would the costs of operating both systems for this period be justified?</p> <p>Are there any significant implications should the shared market protocol not be operational in the same day that any changes from the expanding competition in metering and related services rule change take effect?</p>	<p>Yes. The current B2B e-hub should be maintained for the management of market transactions. The costs to businesses to make system changes would need to be considered to be sustainable and not result in higher electricity prices for customers.</p> <p>Without any knowledge of the capabilities of the shared market protocol electronic platform, it is difficult to determine whether all services provided by the B2B e-hub could be managed appropriately. The current B2B e-hub is fit for purpose relating to service order and customer information transactions. Internal processes and systems have been built around the B2B procedures and e-hub requirements. The shared market protocol is for services that will be offered by advanced metering infrastructure. Ergon Energy suggests that the AEMC consider the possibility of offering all services within the one platform. As the B2B e-hub has already been determined as not being able to process 'instant' services. Allowing it to take on the other services such as 'on demand' and 'scheduled' would lead to the creation of a platform to cater solely for 'instant' services, which Ergon Energy considers would need to be justified as an appropriate outcome. The time required to establish new system enhancements would need to be estimated. As a government owned corporation, the costs to Ergon Energy of implementing a new system and protocols would need to be justified via a cost benefit analysis and return on investment, with consideration to end use customer impacts. Ergon Energy supports the ENA submission that these details should be agreed and managed via the governance group with a well-considered (possibly staged) implementation plan.</p> <p>Ergon Energy suggests there would be major inconsistencies and inabilities in participants' obligations, for example - in the delivery of services, unless an appropriate transition period is allowed for. Furthermore, Ergon Energy suggests it would also be both reasonable and necessary to relax any obligations on participants during the transition period.</p>