

# Submission to the Australian Energy Market Commission

## Re: Draft National Electricity Amendment (Metrology) Rule 2006

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**UNITED ENERGY  
Distribution**

United Energy Distribution  
321 Ferntree Gully Road  
Mount Waverly Vic 3149

Phone: (03) 8544 9447  
Contact: Verity Watson

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## 1 Introduction

The Australian Energy Market Commission (AEMC) has sought comment on NEMMCO's proposed changes in regard to the harmonisation of Metrology Procedures and replacement of the derogations currently due to expire on 31 December 2006 under the National Electricity Rules (NER).

The Rule change proposal covers four main areas:

- The establishment of a single national Metrology Procedure for 2<sup>nd</sup> tier meters to replace the existing national (for meter types 1-4) and jurisdictional (for meter types 5-7) Metrology Procedures;
- Provide for the Joint Jurisdictional Regulators (JJR) recommendations to continue with the Local Network Service Provider (LNSP) as the party responsible for meter installations type 5-7 without the need to renew the derogation;
- To introduce straightforward recommendations from the JJR review eg NEMMCO management of the new national Metrology Procedure; and
- Editorial changes and correction of errors and outdated names.

United Energy Distribution (UED) appreciates the opportunity to comment on the AEMC's Draft Rule Determination for these Metrology Rules and while generally supporting the proposed amendments offers the following drafting comments for the consideration of the AEMC in Section 2 and suggests an amendment that contributes to good regulatory practice in Section 3.

## 2 Drafting Comments on the Draft Rules

### 7.2.3 Responsibility of the Local Network Service Provider (LNSP)

Clause (f) refers to an offer the LNSP has made under clause (d). However clause (d) refers to the Market Participant's request for an offer, the reference in (f) would be more appropriately linked to refer to the offer the LNSP has made in clause (e). UED recommend that the reference to clause (d) in clause (f) be amended to clause (e).

### 7.2.5 Role of the Responsible Person

Sub clause (b) (1) requires the Responsible Person (RP) to engage and enter into an agreement with a Metering Provider. Where the LNSP is the RP and also the Metering Provider, it is not possible to have a legal agreement with the same party. In the translation from the old Rules, the AEMC has not recognised that under old clause 7.2.3(a) it was only the Market Participant which elected not to request an offer from, or did not accept and offer from, the LNSP that was the subject of these obligations. UED suggest rewording this sub clause.

Sub clause (c) requires the Metering Provider to provide NEMMCO with details of the metering installation within 10 days of entering into an agreement with the RP. The timeframe to provide these metering installation details would be more appropriately linked to the successful commissioning of a metering installation once it is installed. For large customer sites, contracts may be changed to a new market participant on an annual basis and may include the metering for many sites, hence the agreement with the Metering Provider could precede the installation of metering equipment by some weeks or months making it impossible for the Metering Provider to be comply with this Rule.

### 7.3.4 Metering Installation Types and Accuracy

Clause (e) suggest that a Financially Responsible Market Participant (FRMP) can alter a type 5, 6 or 7 metering installation by adding remote communications. Depending on clause (f), the metering installation may or may not be reclassified. Where the metering installation is not reclassified, the LNSP would appear to remain the RP for the metering installation but another party of the FRMP's would have installed and presumably maintain the communications. This appears to be splitting responsibilities for the metering installation and the communications provision in a manner not supported by the Rules. We recommend the drafting in (e) be reviewed for the FRMP to make arrangements with the RP to make the metering installation capable of remote acquisition, part of these arrangements would need to include the ongoing responsibilities of all parties involved.

#### 7.11.1 Metering Data

In Sub clause 7.11.1 (d) (c) the reference to Rule 7.9.3 (a) should probably be 7.9.4(b) to be consistent with the sub clauses 7.11.1 (b) (4) and 7.11.1 (c) (3) above. In subclause 7.11.1 (d) it may also be useful to have consistent numeric subclause numbering as per the subclauses 7.11.1 (b) and 7.11.1 (c) rather than the two sets of alphanumeric.

#### 7.11.2 Outages and Malfunctions

Sub clause (b) has a reference to itself. The reference to paragraph (b) should be amended to read "paragraph (a)".

### 7.13 Evolving Technologies and Processes and Development of the Market

Sub clause (g) requires the Ministers of the participating jurisdictions to have completed a review of type 5 and 6 metering by 30 June 2009. UED have a number of concerns with this timing:

- The last JJR review took several years,
- NEMMCO have also advised that the JJR recommendations will not have been fully implemented until end of 2008,
- The first tier metering obligations are unlikely to be incorporated into approved Rules and Metrology Procedures until at least end of 2007, and
- Victoria is likely to be in the midst of an accelerated advanced interval meter roll out.

Taking all these things into account, the changes made over the preceding 1-2 years are unlikely to have been implemented for long enough at the commencement of the Ministers review to make the timing opportune.

#### 7.14.1 Requirements for the Metrology Procedure

We note in NEMMCO's submission and the Draft Rule the opportunity to create a variation of a type 4 metering installation with data standards that may not need to meet the Chapter 3 requirements. AEMC noted that NEMMCO called this a time 4 small metering installation for use with low volume customers in the mass market. We note the general reluctance by the AEMC to provide this type of metering with a name, yet obligations are being placed on NEMMCO to define the volume limits (7.14.1 (4) (i)) and the Metrology Procedure (11.6.1 (e)). The AEMC Draft Rule Determination also considers that this variant of type 4 metering may have forward estimates for settlements purpose which may make it like a type 5 Metrology Procedure requirement. Given that most of the volume limits for other metering installations are hard wired into the Rules in Schedule 7.2.3 we find it curious that this has been left floating and will not be subject to AEMC Rules consultation. The key parameters of the meter type in the Rules link to the relevant Metrology Procedure and also provide the link to the meter classification naming convention in Market Settlement and Transfer Solution (MSATS) which then starts to establish the process by which a customer with that metering installation may transfer. In addition Business to Business (B2B) procedures utilise the meter types within the purpose and application of these procedures. Not providing a clear label/name for this meter type may lead to different conventions within each of these procedures.

#### 7.14.2 Jurisdictional Metrology Material in Metrology Procedure

The concept of a review date for the review of jurisdictional metrology material has been incorporated. Where the Ministers of the Ministerial Council on Energy (MCE) have not made a decision for the jurisdictional metrology material to be continued, the material expires on the end date, potentially leaving businesses who relied upon the material in breach of the Metrology Procedure or at a loss as to what the specific requirement may be. In the absence of a national default position, this approach provides little certainty for a business as to what the procedural metrology requirements are beyond the end date. UED consider a better approach would be to let the status quo in the jurisdiction prevail in the absence of a national default position ie where jurisdictional tables are used.

#### 7.14.3 Additional Matters

UED are unclear why the Metrology Procedure should be able to specify in greater detail any aspects of meter accuracy, data logger standards etc. UED consider that the Metrology Procedure is not the appropriate vehicle to extend the Rules and policy matters.

### 3 Clear Exemption or No Action Process is Required

In Victoria, participants currently have the opportunity to request no action letters from the jurisdictional Regulator/Metrology Co-ordinator for any minor breaches or concerns

regarding the Metering/Metrology environment. UED recognise that the AEMC has assigned this regulatory process which prevails in the current environment as an out of scope item in this round of consultation and not for consideration. UED suggest that the Rule changes should provide for the continuance of at least the current processes which we consider good regulatory practice for the following reasons:

- Clause 7.14.2 which requires a sunset date on specific jurisdictional metrology material may leave a business in a position where a no action letter or exemption process is required if there is no national default position or the national default position is still undergoing consultation and approval processes.
- NEMMCO was assigned the obligation to develop the Rule and metrology changes necessary to implement the JJR recommendations. This is a massive undertaking and a huge documentation exercise to bring all Metrology Procedures together and to work through all first tier obligations. In this undertaking and review of 100's of pages of documentation it may be relatively easy for something to be missed. If this were the case, a no action approach would fill the void with the processes required of the market until the Rules consultation processes could catch up.
- Given NEMMCO's technical expertise and existing accreditation and monitoring processes for Metering Providers it appears they would be suitable for this extension to their existing compliance monitoring role. Yet NEMMCO's conservative nature may prevent this approach if it is not made explicit in the Rules in a similar fashion to 7.11 (ba).