



11 December 2014

Mr Richard Owens
Senior Director
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submit Electronically

Enabling metering technology reforms: Consultation on implementation timetable

Dear Richard

United Energy (UE) appreciates the opportunity to respond to the Australian Energy Market Commission's (AEMC) Consultation Paper on the proposed implementation timetable for the 'Expanding Competition in Metering and Related Services'.

The AEMC has sought feedback from stakeholders on two points:

- Timeframe required to deliver the changes for metering competition, including those arising from the shared market protocol and the minimum functionality and services specifications; and
- Timeframe for network business to comply with the new AER ring fencing guideline.

UE has actively participated in the development of a draft implementation plan with the IEC and supports both the IEC and ENA submissions.

Once the final build packs for the metering competition release are available UE expects that the design, build test phase would require approximately 12 months.

In Victoria smart meters are expected to generate benefits for customers including benefits from improved network services and demand reduction or deferred augmentation. Any changes in the ring fencing arrangements need to be in the long term interests of consumers and should be finalised before networks commit to IT design/expenditure in the metering competition build phase.

UE welcome the opportunity to have further discussions with the AEMC on the draft implementation plan and the dependencies. UE consider that it is important for all stakeholders to work towards a robust and realistic program plan

Metering Competition Release

The metering competition arrangements are one of a number of Power of Choice (POC) initiatives which are progressing through a development and implementation cycle:

- rule change development, consultation and finalisation;
- procedure development (or procedure creation), consultation and finalisation;
- changes to schema and creation of build packs which specify the detailed interface requirements; and
- the internal design, build and test, followed by defect fixing and release management.

While there may be able to be some level of overlap of these tasks, extensive overlap potentially adds to costs and the risk of rework if internal projects have moved forward based on interpretations or assumptions that prove incorrect. The procedures impacted by the rules need to be at Final Determination to allow the industry build packs to be finalised and agreed across industry. Once the final build packs for the metering competition release are available UE expects that the design, build, internal test, industry test and go-live would require 12 months.

UE note that the customer access to information and the demand side participation information to AEMO rules are progressing and will involve procedure development and IT implementation over the next year or so.

However, the other elements of the POC are larger rule changes and involve more complex IT delivery and changes to schema, new registration etc. and could be grouped into releases.

The Energy Market Reform Working Group is also working on changes to amend the customer protection framework for smart metering and to enable use of Supply Capacity Control (SCC) and Direct Load Control (DLC). Both AEMC and EMRWG will be amending the National Energy Retail Rules (NERR) around the same time. It would be useful to understand the timing of the final determinations and the effective dates of each of these processes. Given the size of the changes in the National Electricity Rules (NER) and NERR and that there are multiple rule changes going through impacting the same chapters, there is benefit in having a consolidated set of rules to act as the single authoritative source to be able to build too.

A number of the rule changes will result in new data fields or aseXML schema. Examples included the Embedded Network Manager (ENM), the Metering Coordinator (MC), SCC and DLC, and Demand Response Aggregator. These new requirements involve a schema release and would lead to a more efficient delivery if they could be grouped. UE consider that the Multiple Trading Relationship and the Demand Response Mechanism are rules which are running slightly behind the metering competition suite of rules and hence would be best forming a second industry release as opposed to delaying metering competition.

A logical grouping for a coordinated industry release involves metering competition, shared market protocol, minimum meter functionality and service levels, embedded network manager and the smart metering customer protections rules (NECF2). UE understand that the AEMC will be essentially rewriting NER Chapter 7 and that the metering rules will also impact a number of other Chapter's. Given the complexity of this metering competition rule and the need to ensure that the resultant rules are clear, there

is benefit in finalising this rule first before the changes are finalised for the Embedded Network Manager and the Shared Market Protocol governance rules are made.

UE consider that the inclusion of the ENM and MC into the CATS Procedures should be done together to avoid opening up the procedures and schemas multiple times and to enable more efficient internal testing and industry testing. It would add complexity and risk if these changes amended the same procedures multiple times with different delivery dates.

The size of these changes and the number of stakeholders and new entrants would greatly benefit from a strong independent program governance which covers all stakeholders including AEMC, EMRWG, AEMO, retailers, distributors, metering service providers and new entrants. This type of implementation with multiple rule makers, policy makers, followed by substantive procedure development and implementation, including accreditation and certification of new parties is similar to the complexity of introducing FRC with extra stakeholders. Also noting that FRC was introduced at different times in each jurisdiction which enabled a more focussed delivery as opposed to the big bang delivery expected this time.

There is benefit in establishing the program governance now to enable a more detailed and ongoing review of the program plan and to further develop the thinking and shared understanding of the draft plan. UE recognise that the new meter, minimum meter functionality and service levels and the level of detail and fit into Rules vs procedures is still unclear across stakeholders. It will be useful to continually reassess the program plan throughout the program as more information and certainty comes to light. Currently the views on the scope and business impacts are subject to interpretation. Ongoing review of the plan is required to ensure the dependencies are correct so that the critical path can be identified and appropriately managed.

It is important that the commencement date enables parties to be accredited in the new services/transactions and to be able to interact across the market efficiently and most importantly seamlessly to customers. AEMC could adopt this approach to enable a commencement date based on industry meeting certain agreed success criteria. Aspects could include completion of industry testing with no major defects, participants seeking accreditation are able to transact and have been provided accreditation etc.

Ring fencing

At the AEMC October 2014 workshop there was a view that where a Victorian distributor provided metering services that were unregulated the distribution business would need to be ring fenced from the Metering Coordinator, Metering Provider and Metering Data Provider. The Victorian smart meter roll out was mandated in order to achieve benefits for customers including benefits in the retailer and distributor services and offerings. UE is keen to use the network data from meters in order to improve the management and compliance of the network and to utilise the data and meter functions for demand response arrangements with the goal of deferring network expenditure etc.

UE note that the AER ring fencing work has been on hold for some time and may now not be finalised until late 2016. Any changes to ring fencing arrangements need to address an 'actual problem' with the current arrangements and be in the long term interests of consumers in relation to the efficient, safe and reliable

operation of the network. Onerous ring fencing arrangements should not create barriers and additional costs to networks to use the network data to improve network services for the benefits of all consumers.

Any changes in the ring fencing arrangements need to be in the long term interests of consumers and should be finalised before networks commit to IT design/expenditure in the metering competition build phase.

Should you have any questions in relation to this submission please do not hesitate to contact me on (03) 8846 9856.

Yours sincerely

Verity Watson
Manager Regulatory Strategy