



30 May 2014

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

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**NATIONAL ELECTRICITY AMENDMENT (EXPANDING COMPETITION IN METERING
AND RELATED SERVICES) RULE 2014
Consultation Paper**

Alinta Energy Retail Sales Pty Ltd (**Alinta Energy**) welcomes the opportunity to comment on the *“National Electricity Amendment (Expanding Competition in Metering and Related Services) Rule 2014”* Consultation Paper (**Consultation Paper**).

Alinta Energy is both a generator and retailer of electricity and gas in Western Australia and the National Energy Market (**NEM**). It has over 2500MW of generation facilities and in excess of 750,000 retail customers, including around 140,000 customers in Victoria and South Australia.

The rule change request (**Rule Change Request**) put forward by the COAG Energy Council (**CEC**) (formerly the Standing Council on Energy and Resources) seeks to enable competition in the provision of metering and metering related services for residential and small business consumers in the NEM. Existing arrangements in the NEM, including ownership of metering equipment and the assignment of network business as the Responsible Person, lend metering and metering related services to a natural monopoly. Alinta Energy at a conceptual level supports the promotion of competition in metering and metering related services and acknowledges that competition delivers the most benefit to consumers, however notes the suitability and effectiveness of any proposed changes will ultimately depend on the operational and procedural detail in implementing the changes, which will determine the practical effect on the market.

Retailers require low cost, efficient measures to be in place to obtain accurate metering data in a timely manner to perform their role in the market. Substantial changes to the existing framework as proposed by the Rule Change Request must consider both the implementation and ongoing costs and responsibilities of all market participants (including new market participants) and the effect on current market systems and procedures with respect to complexity.

The Australian Energy Market Commission (**AEMC**) acknowledges that the arrangements for metering in the NEM should be simple and practicable from a consumer perspective in order to facilitate investments that drive increased investments to deliver the objective of the Rule Change Request.¹ As changes to the existing framework will essentially involve including an additional layer of regulation to an already complex regulatory framework, Alinta Energy considers that the following matters should be contemplated by the AEMC in assessing the Rule Change Request:

- The objective and cost of jurisdictional divergences from the national framework. Only when there is a demonstrable need or market failure should such divergences be permitted.
- Restrictions on who can perform the “Metering Coordinator” role and the adequacy of ring fencing arrangements based on general effectiveness and experience in other markets. A moratorium on regulated distribution businesses (and related bodies corporate) may be more appropriate given their existing level of access to information that could offer a competitive advantage. A competitively neutral environment should be the starting point for introduction of contestability.
- Authorisation of “Metering Coordinators” must consider the financial viability of the entities and the cost of the assessment process, which should not be borne by other Registered Participants. The role of Metering Coordinator should be classified as a Registered Participant under the National Electricity Rules.
- The management and responsibility of the consumer relationship given multiple trading relationships, and responsibilities of each party particularly with respect to financial obligations of the customer and complaints/dispute resolution.
- Consent and information provision requirements at both a consumer level and between market participants (including Metering Coordinators).
- A “standard contract” for Metering Coordinators governing interactions with retailers is required in order to provide retailers, particularly second tiers with equal access to data and performance of the services provided by Metering Coordinators. This will ensure a level playing field and assist in clarifying service standards for consumers. The same is likely to be necessary for regulated distribution businesses to ensure seamless interactions at a consumer level.
- Dispute resolution processes and responsibilities, for example when a Metering Coordinator installs a new metering installation either incorrectly or that doesn’t support a consumer’s retail product selection (technical or capability issues).
- Privacy implications, including consumer consent, related to the permitted collection, use and disclosure of information held by Metering Coordinators and data transfer arrangements and obligations. A consumer’s right and level of privacy protection should be consistent and should apply to all providers of energy services (retailing, metering and distribution).
- Community and communication education programs that explain market changes.

¹ Australian Energy Market Commission, *National Electricity Amendment (Expanding Competition in Metering and Related Services) Rule 2014* Consultation Paper, 17 April 2014, page 5.

- Infrastructure ownership considerations, arguably a consumer after paying an exit fee owns the infrastructure. Consumers should have the option of owning the meter.
- Cost and responsibility of infrastructure replacement programs in transitioning from a regulated asset base.
- Arrangements for access to meter information and services when a meter is “owned” by a Metering Coordinator that no longer has responsibility for a particular premises.
- The benefits of adding additional complexity to consumer retail bills by requiring retailers separate metering charges on bills.
- The impact of the Rule Change Request on standing and deemed arrangements and with respect to “move-ins”. The default position should mandate the Metering Coordinator is the retailer (which may be assigned) until a consumer elects otherwise.

If a consumer elects to contract with a Metering Coordinator individually, retailers should not be expected or required to manage or facilitate that relationship. It is important that relationships between energy service providers are seen as seamless and consistent and do not require significant further investment from a consumer when they change their basic product and service preferences. Customer access to consumer protections should be consistent, requiring all service providers have similar, if not the same, obligations. A lack of clarity and responsibility risks undermining the credibility of the consumer protection framework, as consumers will find that they have no recourse against their ‘agents’ when things go wrong and they will find that their retailers cannot solve third party problems. In addressing the matters raised in this submission and assessing the Rule Change Request the AEMC should conduct a comprehensive analysis of whether the benefits of allowing third parties to become Metering Coordinators independently of retailers outweigh the potential cost implications of the proposed changes, including increased market and consumer complexities.

Should you have any questions or wish to discuss our submission further, please contact Lauren Zambotti on (02) 9372 2667 or via email: lauren.zambotti@alintaenergy.com.au.

Yours sincerely



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