

21 May 2015

Mr John Pierce
Chairman
Australian Energy Market Commission

Lodged electronically

**Re: Expanding competition in metering and related services, Draft Rule Determination,
26 March 2015, Reference ERC0169/RRC0002**

Dear Mr Pierce

The IEC is pleased to provide comments on the Draft Rule Determination on expanding competition in metering and related services published on 26 March 2015.

We previously commented on the consultation by the AEMC regarding implementation, indicating that appropriate time must be scheduled to allow the industry to develop necessary B2B and B2M procedures and for participants to implement changes to their own systems and processes. The Gantt chart and timetable proposed by the IEC was supported by many in the industry.

The draft determination noted the industry and IEC comments but discounted the additional time required for implementation, stating that:

- The AEMC was concerned with delaying the implementation of metering competition;
- participants would be able to comment on the required implementation time in their response;
- participant responses to the Draft Determination would have the benefit of better information on implementation issues; and
- the AEMC may hold a forum on legal drafting and implementation issues.

The information provided in the Draft Determination does not alter the IEC's concerns regarding implementation times indicated by the Gantt chart provided to the Commission.

The IEC also notes that the assumed timing of some important aspects of the Power of Choice changes that were used as the basis of the IEC's Gantt chart have slipped. These decisions include:

- the smart meter services to be included in the SMP processes (and a level of guidance re the expectations of service outcomes);
- the concept and approach of AEMO's SMP "platform" to enable service delivery;
- the Rules change for the Embedded Network framework; and
- the NERR Rules change for NECF 2 (smart meter customer protections).

These delays have added further challenges to achieving timely and efficient procedure development as they require changes to the same procedures as meter contestability.

The recent AEMO forum on implementing the Power of Choice changes confirmed that meeting the current timetable included in the Draft Determination will be extremely difficult. The IEC is concerned that an accelerated programme risks increasing the costs to industry and poor outcomes. Our letter to AEMO commenting on their process is attached.

IEC therefore:

- supports an AEMC forum on implementation issues to allow full industry comment and to improve the proposed timetable;
- thinks that the AEMC could consider staged implementation of the Rule changes based on industry and AEMO advice on timings (for example it is possible that the NERR changes could be implemented immediately to support immediate competition in metering services);
- that, given the complexity and depth of changes, the AEMC should schedule forums at key milestones to review the progress of the implementation; and
- that an independent program manager and office, supported by secretariat, is required to ensure the development of the procedures is managed efficiently.

Yours sincerely,

Peter Carruthers
Chair, IEC

Attachment: IEC comments on competition in metering programme.

21 May 2015

Mr Andrew Mann
Chair, RMCF
Australian Energy Market Operator

Sent electronically to: RMCF@aemo.com.au

Re: Power of Choice changes, proposed process for industry preparation.

Dear Mr Mann,

The IEC wishes to raise a number of issues that it considers critical to the efficient and effective implementation of Power of Choice across all participants. These are in response to the Power of Choice scheduling workshop held on 13 May 2015. While the IEC was not formally invited to the workshop, many of our members attended and provided comments on the day.

We have taken the output from the workshop and compared this to our own industry day which was held last November to address a concern that the work that would result from the various Power of Choice initiatives was not being planned in a way that would inform the Rule change processes and potentially lead to considerable cost arising from double handling and the like. A key document that resulted from our workshop was a Gantt chart that laid out the developments required to implement Power of choice in a logical and timely fashion. This was provided to AEMO and the AEMC during their consultation process and was supported by many in the industry.

A key message from our industry day was that appropriate time must be scheduled to allow the industry to develop necessary B2B and B2M procedures and for participants to implement changes to their own systems and processes.

The industry meeting developed its Gantt chart using two important principles for efficient development of procedures:

- only opening a procedure once to prevent inefficient rework and double consultation; and
- all procedure changes should be in place before AEMO and participants commit to build system changes.

This is in direct contrast to the schedule tabled last week. We strongly believe the accelerated approach tabled last week will lead to significant cost and ultimately solutions that do not effectively or efficiently provide benefit to the end consumer as required by the NEO.

We are also concerned with the approach tabled last week particularly the proposed approach with limited industry input.

The IEC believes that:

- the industry is best placed to understand and determine the changes necessary to all AEMO managed procedures and their own internal processes and systems;

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- the requirements should therefore be established by current industry groups and the AEMC forums, supplemented as necessary by additional meetings and stakeholders to ensure inclusive processes;
 - the IEC carry out its defined role in the B2B change process with industry providing the essential subject matter expert resource but the other processes will also need close management;
 - The complex set of changes will require the appointment of an independent programme manager and project office, such as proposed by the Retail Markets Frameworks WG. This will include coordinated changes to jurisdictional approaches and instruments and the major build and co-ordinated testing by participants; and
 - Given the complexity and depth of change AEMO and the AEMC should schedule forums at key milestones to review implementation progress and implementation time-frames to ensure the changes support the NEO.

The IEC therefore recommends that AEMO immediately convene relevant industry groups to determine the requirements for changes for Power of Choice. The outcomes of this meeting could provide the necessary information for an AEMC forum on implementation issues prior to the Final Determination on the Metering Competition Rule change.

Yours sincerely

Peter Carruthers
Chair, IEC

Copied to: AEMC