

Updating the electricity B2B framework

Final rule determination

The AEMC has released a final rule determination on updating the electricity business-to-business (B2B) framework, which provides for a standard form of communications between businesses for certain services related to small customer meters.

The final rule determination

The changes set out in the final rule determination are intended to facilitate communications between a wider range of parties providing and using services related to small customer meters. This is necessary following the commencement of the competition in metering final rule on 1 December 2017, which will result in a wider range of services being available through customer meters and a wider range of parties being interested in those services.

The final rule determination was made in response to two rule change requests received from the Council of Australian Governments (COAG) Energy Council and from Red Energy and Lumo Energy. These rule change requests were consolidated into a single rule change process as similar issues were raised.

Overview of the final rule

Information Exchange Committee (IEC)

The IEC membership would include:

- an Australian Energy Market Operator (AEMO) member (an AEMO director who is the chairperson of the IEC);
- one distribution network service provider (DNSP) member (elected by DNSPs);
- one retailer member (elected by retailers and local retailers);
- one metering member (elected by metering coordinators, metering providers and metering data providers);
- one third party B2B participant member (elected by third party B2B participants);
- one consumer member (appointed by AEMO); and
- at least two, and up to four, discretionary members (appointed by AEMO).

Making B2B procedures

The final rule amends the decision-making process for the IEC to develop and recommend changes to B2B procedures. It also clarifies AEMO's role in the decision-making process.

- At a minimum, the B2B procedures must provide for B2B communications that support the services in the metering minimum services specification. Communications to support other services may be included in accordance with the B2B procedure change process.
- The IEC must consider the national electricity objective, a new set of B2B factors and the B2B principles when considering a proposed change to B2B procedures. As a result, the IEC will need to consider whether a change would facilitate innovation or lower barriers to entry in the market for services available through a customer's meter.
- The final rule specifies that AEMO may only veto an IEC recommendation to change the B2B procedures when the IEC recommendation is inconsistent with market settlements and transfer solutions (MSATS) procedures.

The final rule provides new governance arrangements and updates the framework for B2B communications.

The B2B e-hub

- AEMO is responsible for providing and operating a B2B e-hub – an electronic communications platform.
- The B2B e-hub must have the capability to facilitate B2B communications in accordance with the B2B procedures and ‘free form’ messages. It must also meet any performance requirements specified in B2B procedures.

Using the B2B e-hub

- Prior to using the B2B e-hub, parties must be accredited with AEMO. This may include appropriate IT, security and credit support requirements.

Cost recovery

- Costs associated with the development of B2B procedures, establishment and operation of the IEC, the AEMO member of the IEC, and services provided by AEMO to facilitate B2B communications (including operation of the B2B e-hub) are to be paid by AEMO and may be recouped through participant fees.

Expected benefits

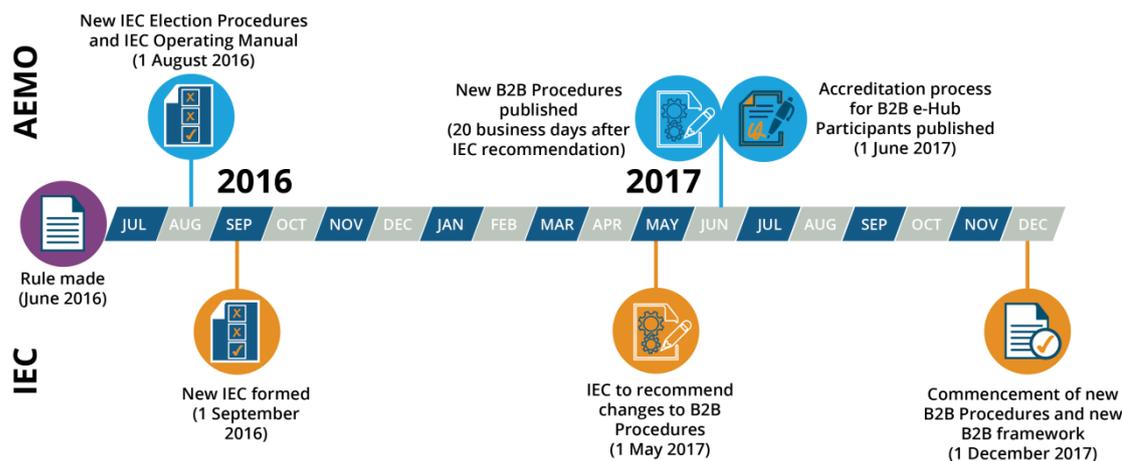
The final rule is expected to enhance the efficiencies and benefits of the competition in metering rule change and other Power of Choice reforms by facilitating communications between the businesses offering and accessing services related to a customer meters.

A shared communication method is likely to improve interoperability as participants will only need to develop one set of processes in order to interact with other participants in the market. This should reduce barriers to entry for new participants providing new services that are enabled by advanced meters. A shared communication method is also likely to support innovation in new services and reduce the costs of providing those services.

Updating the membership of the IEC to better reflect the variety of parties that will be interested in services related to small customer meters is expected to facilitate informed decision-making about B2B procedures. The new membership provides for an IEC with both diverse membership and flexibility to enable it to reflect changing market conditions over time.

Implementation

The final rule makes amendments to Chapters 7, 8, 10 and 11 of the National Electricity Rules on 30 June 2016 and makes further amendments on 1 December 2017 to Chapters 2, 7, 8 and 10 of the National Electricity Rules. This is consistent with the implementation timeframes for the final rules on Expanding competition in metering and related services and Embedded networks. Aligning all of these reforms is expected to maximise their benefits to consumers. The transitional arrangements in the final rule are set out below.



For information contact:

AEMC Director, **Meredith Mayes** (02) 8296 7849
 AEMC Senior Adviser, **Jenessa Rabone** (02) 8296 7860

Media: Communication Manager, Prudence Anderson 0404 821 935 or (02) 8296 7817