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27 July, 2007

Dr John Tamblyn
Chairman
Australian Energy Market Commission
Level 16, 1 Margaret Street
Sydney NSW 2000

Email: submissions@aemc.gov.au

Dear Dr Tamblyn

Amendments to the National Electricity Rules to Integrate First Tier Metrology

Thank you for the opportunity to comment on the proposals to make a series of Rule changes regarding the metering arrangements in the National Electricity Market as set out in NEMMCO's submission dated 30 April 2007.

CitiPower and Powercor Australia (**Powercor**) are Victorian electricity distributors who are registered by NEMMCO as Network Service Providers and will be directly affected by the outcomes arising from this proposal.

CitiPower and Powercor support the general intention of the proposed Rule changes provided that the associated jurisdictional regulations are withdrawn to ensure there is not duplication of regulatory obligations. However, there are a number of concerns about the details which are set out in the attached table for your consideration.

Please do not hesitate to give me a call on (03) 9683 42982 or email to rherrmann@powercor.com.au if you require any further information in relation to this matter.

Yours sincerely

Rolf Herrmann
Manager regulation

<p style="text-align: center;">Proposed Changes to the National Electricity Rules First Tier Metering Installation Requirements</p>	<p style="text-align: center;">CitiPower and Powercor Comments</p>
<p>7.2.2 Responsibility of the Market Participant</p> <p>(a) <u>Subject to clause 7.2.4, a</u>A Market Participant may elect to be the responsible person for:</p> <p>(1) a type 1, 2, 3 or 4 metering installation; except for a joint metering installation where:</p> <p>(1) an agreement has been reached for another Market Participant; or</p> <p>(2) NEMMCO has nominated another Market Participant,</p> <p>to be the responsible person in accordance with clause 7.2.4, or</p> <p><u>(2) another type of metering installation in accordance with the metrology procedure for first tier loads.</u></p>	<p>There is no reason for clause 7.2.2 to be subject to clause 7.2.4, because clause 7.2.4 should not alter the primary responsibilities prescribed in 7.2.2.</p> <p>It would be more appropriate for clause 7.2.4 to be subject to clause 7.2.2.</p> <p>The addition of subclause (2) leaves it up to the metrology procedure to prescribe the responsibility without any limitation. This seems to be inconsistent with the usual Rules and Metrology Procedure hierarchy. This could also lead to the situation where responsibilities are different for first and second tier metering.</p> <p>This clause has been included to accommodate limited circumstances where the Market Participant can be responsible for type 5 and 6 metering installations for first tier loads. CitiPower and Powercor are not aware of any circumstances in their distribution areas where the Market Participant responsible for first tier loads is reliant on these current jurisdictional arrangements.</p> <p>Consider:-</p> <ul style="list-style-type: none"> • deleting the subclause (2); and • providing a grandfathering provision for any type 5 or 6 metering installations installed under jurisdictional arrangements before a certain date where the responsible person is not the LNSP.

<p align="center">Proposed Changes to the National Electricity Rules First Tier Metering Installation Requirements</p>	<p align="center">CitiPower and Powercor Comments</p>
<p>(b) A <i>Market Participant</i> is the <i>responsible person</i> for a type 1, 2, 3 or 4 <i>metering installation</i>, <u>or in accordance with the metrology procedure for first tier loads</u> if:</p> <ol style="list-style-type: none"> (1) the <i>Market Participant</i> elects not to request an offer from, or does not accept the offer of, the <i>Local Network Service Provider</i> for the provision of a <i>metering installation</i> under clause 7.2.3; or (2) an agreement under clause 7.2.3 is terminated due to a breach by the <i>Market Participant</i>. 	<p>Clause 7.2.2(b) clarifies the responsibilities for type 1, 2, 3 and 4 metering installations under certain circumstances. The additional words “or in accordance with the metrology procedure for first tier loads” should be deleted as they refer to other metering types 5 or 6.</p> <p>An additional clause (c) should be included, to provide for the grandfathering of existing type 5 or 6 metering installations for first tier loads where the responsible person is not the LNSP, along the following lines:-</p> <p align="center">“Where a Market Participant is the responsible person for type 5 or 6 metering installation installed for first tier loads that complied with the applicable jurisdictional requirements at the 1 January 2008, the Market Participant may elect to remain the responsible person for type 5 and 6 metering installations installed prior to that date.”</p>
<p>7.2.3 Responsibility of the Local Network Service Provider</p> <p>(a) <u>Subject to clause 7.2.4, the</u> The <i>Local Network Service Provider</i> is the <i>responsible person</i> for:</p> <ol style="list-style-type: none"> (1) any type 1, 2, 3 or 4 <i>metering installation</i> connected to, or proposed to be connected to, the <i>Local Network Service Provider’s network</i> where the <i>Market Participant</i> has accepted the <i>Local Network Service Provider’s offer</i> in accordance with paragraphs (b) and (c); and (2) any type 5, 6 or 7 <i>metering installations</i> connected to, or proposed to be connected to, the <i>Local Network Service Provider’s network</i> in accordance with paragraphs (dca) to (ih). 	<p>There is no reason for this clause to be subject to clause 7.2.4. because clause 7.2.4 should not alter the responsibilities prescribed in 7.2.3.</p> <p>It would be more appropriate for clause 7.2.4 to be subject to clause 7.2.3.</p>

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<p>Types 1 - 4 metering installations</p> <p>(b) <i>A Market Participant may request in writing an offer from the Local Network Service Provider to act as the responsible person where a type 1, 2, 3 or 4 metering installation is, or is to be, installed <u>or, where allowed in the metrology procedure for first tier loads.</u></i></p>	
<p>Types 5 -7 metering installations</p> <p><u>(ca) The Local Network Service Provider may provide Market Participants with a standard set of terms and conditions on which it will agree to act as the responsible person for type 5, 6 or 7 metering installation.</u></p> <p><u>(d) Where the Local Network Service Provider has not provided the Market Participant with a standard set of terms and conditions on which it will agree to act as the responsible person for type 5, 6 or 7 metering installation under paragraph (ca), the Market Participant must request an offer from the Local Network Service Provider to act as the responsible person where:</u></p> <p style="padding-left: 40px;">(1) <u>a type 5, 6 or 7 metering installation is, or is to be installed; and</u></p> <p style="padding-left: 40px;">(2) <u>the Market Participant cannot be the responsible person for that metering installation.</u></p> <p>(d) — A Market Participant must request an offer from the Local Network Service Provider to act as the responsible person where a type 5, 6 or 7 metering installation is, or is to be, installed.</p>	
<p><u>(i) Notwithstanding sub-clauses (d) to (h) above, the metrology procedure may require that the responsible person for a type 5 or type 6 metering installation for a first tier load be determined in the same manner as provided in sub-clauses (b) and (c).</u></p>	<p>This clause creates a significant uncertainty about the arrangements that are to prevail in relation to the selection of the responsible person and should be deleted. The issue is dealt with under clause 7.2.2</p>

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<p><u>All metering installations</u></p> <p>(j) <u>Subject to clause 7.2.5(d), where the <i>Market Participant</i> cannot be the <i>responsible person</i> for a <i>metering installation</i>, the <i>Local Network Service Provider</i> must not unreasonably withhold its consent to a <i>Market Participant's</i> request to install a <i>metering installation</i> of a type that is different from that already installed, or that provides facilities in addition to that which the <i>Local Network Service Provider</i> otherwise would install, in accordance with the <i>metrology procedure</i>.</u></p>	<p>The wording infers that the Market Participant would undertake the installation of the “different” metering installation. The following drafting is suggested:</p> <p align="center">“Subject to clause 7.2.5(d), where the <i>Market Participant</i> cannot be the <i>responsible person</i> for a <i>metering installation</i>, the <i>Local Network Service Provider</i> must not unreasonably refuse withhold its consent to a <i>Market Participant's</i> request <u>for the <i>Local Network Service Provider</i> to install a <i>metering installation</i></u> of a type that is different from that already installed, or that provides facilities in addition to that which the <i>Local Network Service Provider</i> otherwise would install, in accordance with the <i>metrology procedure</i>.”</p>
<p>7.2.4 Joint metering installations</p> <p>(a) Where more than one <i>Market Participant</i> wishes to use a <i>metering installation</i> at a particular <i>connection point</i> for the purpose of satisfying its obligations, then each of them may separately enter into the agreements referred to in clause 7.2.2 or 7.2.3 or some or all of them may jointly enter into those agreements for the use of a shared <i>metering installation</i>.</p> <p>(b) Where more than one <i>Market Participant</i> uses a <i>metering installation</i> which is provided, installed and maintained by a person other than the <i>Local Network Service Provider</i>, they must agree and notify NEMMCO as to which of them is the <i>responsible person</i> for that <i>metering installation</i>.</p> <p>(c) In the absence of such agreement, NEMMCO may nominate one of the <i>Market Participants</i> to be the <i>responsible person</i> for that <i>metering installation</i>.</p>	<p>To ensure no inconsistencies arise this clause should be made subject to clauses 7.2.2 and 7.2.3 which prescribe the responsibilities of the Market Participant and Local Network Service Provider.</p>

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<p>7.3.2 Connection and metering point</p> <p>(a) The <i>responsible person</i> must ensure that:</p> <p>(1) the <i>revenue metering point</i> is located as close as practicable to the <i>connection point</i>; and</p> <p>(2) any <i>instrument transformers</i> required for a <i>check metering installation</i> are located in a position which achieves a mathematical correlation with the <i>revenue metering data</i>.</p> <p>(b) The <i>Market Participant</i>, the <i>Local Network Service Provider</i> and <i>NEMMCO</i> must use their best endeavours to agree to adjust the <i>metering data</i> which is recorded in the <i>metering database</i> to allow for <u>material electrical energy physical</u> losses between the <i>metering point</i> and the relevant <i>connection point</i> where a <i>meter</i> is used to measure the flow of electricity in a power conductor.</p>	
<p><u>(ba) The <i>responsible person</i> must determine if the <i>electrical energy losses</i> between the <i>metering point</i> and the relevant <i>connection point</i> are material and must review this determination upon request by a <i>Market Participant</i>.</u></p>	
<p><u>(bb) Where the <i>responsible person</i> determines under paragraph (ba) that the <i>electrical energy losses</i> between the <i>metering point</i> and the relevant <i>connection point</i> are material, the <i>responsible person</i> must ensure that <i>electrical energy losses</i> between the <i>metering point</i> and the relevant <i>connection point</i> are accounted for.</u></p>	
<p><u>(bc) For the purposes of clauses 7.3.2 (b), (ba) and (bb), <i>electrical energy losses</i> between the <i>metering point</i> and the <i>connection point</i> are material if the <i>responsible person</i> estimates that the annual volume of these losses will exceed 50% of the <i>energy volume</i> attributable to the maximum permissible error of the <i>metering installation</i>.</u></p>	<p>CitiPower and Powercor are concerned that the materiality threshold is too low and the provision may unintentionally encompass a large number of small customers where the assessment is not practical and where the losses are currently included in the distribution loss factors.</p> <p>For example, an underground service commonly has a connection point in the service pit located on the property boundary. The cabling from the service pit to the metering point forms part of the customer’s electrical installation and the losses in this cabling are traditionally included in the DLF calculation. Given that the maximum allowable</p>

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	<p>error for type 5 metering installations is 1.5%, this would mean that where losses in the service line exceed 0.75%, the adjustment contemplated by clause 7.3.2(bb) would be required.</p> <p>Whilst this approach may have some merit for large customers it fails to consider the practicality of the evaluation for smaller customers and does not consider the actual losses. For example, for a residential customer consuming 5MWh per annum would require losses of less than 40 KWh per annum to be taken into account. Given that these relatively small losses are already taken into account through the distribution loss factors the improvements gained seem minimal.</p> <p>The clause should be deleted leaving the determination of “material” up to the discretion of the responsible person or a different materiality threshold be defined that takes into account the size of the load and the magnitude of the losses to avoid a costly and impractical outcome.</p>

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<p>7.7 <u>Entitlement to Metering</u> Rights of Access to Data</p> <p>(a) <u>The only persons entitled to receive metering data, NMI standing data or data from the metering register for a metering installation are:</u></p> <ul style="list-style-type: none"> (1) <u>Registered Participants with a financial interest in the metering installation or the energy measured by that metering installation, and as provided for in the Market Settlement and Transfer Solution Procedures, B2B Procedures and meter churn guidelines;</u> (2) <u>the Metering Provider(s) with an agreement to service the metering installation, in which case access is restricted to allow authorised work only;</u> (3) <u>Metering Providers in accordance with meter churn guidelines developed under clause 7.3.4 (j);</u> (4) <u>the Network Service Provider(s) associated with the connection point;</u> (5) <u>NEMMCO and its authorised agents;</u> (6) <u>The AER or Jurisdictional Regulator upon request to NEMMCO;</u> (7) <u>An Ombudsman in accordance with clauses 7.7(d), (e) and (f); and</u> (8) <u>A financially responsible Market Participant's customer upon request to the financially responsible Market Participant with a financial interest in the metering installation or the energy measured by that metering installation.</u> 	<p>In clause 7.7(a)(7) the word “is” should be replaced with “in”.</p>
<p>7.9.1 Metering databases</p> <p>(g) <u>In respect of a type 5, type 6 or type 7 metering installation, the metering installation database must contain metering data that is:</u></p> <ul style="list-style-type: none"> (1) <u>held online for 13 months in accessible format; and</u> (2) <u>held for a further period of 5 years and 11 months in archive in a form that is accessible independently of the format in which the data is stored.</u> 	<p>The term <i>metering installation database</i> is expressed in italics indicating that it is a defined term, however no definition is provided. Unless it is intended to provide a definition the italics should be removed from the word “database”.</p>

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<p>7.9.4 Data validation, and substitution and estimation</p> <p>(a) <i>NEMMCO</i> is responsible for the validation and substitution of <i>metering data for type 1, type 2, type 3 and type 4 metering installations</i>, which must be undertaken in accordance with the procedures developed by NEMMCO under clause 7.9.4(b) metrology procedures.</p> <p><u>(ab) The responsible person is responsible for the validation, substitution and estimation of metering data for type 5, type 6 and type 7 metering installations, which must be undertaken in accordance with the Metrology Procedure.</u></p> <p><u>(b) [Deleted]</u></p> <p>(b) NEMMCO must develop procedures for settlements ready data in accordance with the Rules consultation procedures on the following matters:</p> <p>(1) data validation and substitution;</p> <p>(2) data estimation for the purposes of rule 7.11; and</p> <p>(3) in relation to matters specified in the metrology procedure in accordance with clause 7.9.3, the method:</p> <p>(i) by which accumulated metering data is to be converted into trading interval data; and</p> <p>(ii) of managing the first tier energy data that is necessary to enable this conversion to take place.</p>	<p>The words “metrology procedure” refers to a defined term and should be italicised, without capital letters.</p>
<p>7.11.2 Outages and Metering installation malfunctions</p> <p><u>(a) In respect of a connection point with a metering installation type 1, 2 or 3, if a malfunction occurs to the metering installation, repairs must be made to it as soon as practicable and in any event within 2 business days of detection or such time as detection should have reasonably occurred, unless an exemption is obtained from NEMMCO.</u></p>	

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<p><u>(ac) If a Local Network Service Provider, financially responsible Market Participant, or Metering Provider discovers that a seal protecting metering equipment has been broken, it must notify the responsible person within 5 business days.</u></p>	<p>The term “business days’ is defined and should be italicised.</p>
<p><u>(ae) The costs of replacing broken seals are to be borne:</u></p> <p><u>(1) by the relevant Registered Participant if the seal was broken by its customer;</u></p> <p><u>(2) by the Registered Participant if the seal was broken by the Registered Participant; or</u></p> <p><u>(3) otherwise by the responsible person.</u></p>	<p>The reference to relevant Registered Participant in subclause 1 is ambiguous because the term Registered Participant covers both the Market Participant and the DNSP.</p> <p>The reference to “Registered Participant” in subclause (1) should be changed to “Market Participant”.</p>
<p>7.12 Meter Time Settings</p> <p>(a) <u>AThe responsible person must ensure that all metering installation and data logger clocks are to be referenced to Australian Eastern Standard Time and maintained to a standard of accuracy in accordance with the load through the metering point in accordance with schedule 7.2.</u></p>	
<p><u>(ba) The responsible person must ensure that the metering installation database clock is maintained within ±1 second of Australian Eastern Standard Time for type 5, type 6 or type 7 metering installations.</u></p> <p>(c) [Deleted]</p>	<p>The term <i>metering installation database</i> is expressed in italics indicating that it is a defined term, however no definition is provided. Unless it is intended to provide a definition the italics should be removed from the word “database”.</p>
<p>7.14.1 Requirements of the metrology procedure</p> <p><u>(7) procedures for the preparation of settlements ready data in accordance with the Rules consultation procedures on the following matters:</u></p> <p><u>(i) data validation and substitution in accordance with rule 7.9.4;</u></p> <p><u>(ii) data estimation for the purposes of rule 7.11; and</u></p> <p><u>(iii) in relation to matters specified in rule 7.9.3, the method:</u></p> <p><u>(A) by which accumulated metering data is to be converted into trading interval data; and</u></p>	<p>The reference to clause 7.11 in clause 7.14.1(c)(7) should be 7.11.1. As drafted the reference would pick up 7.11.2 which is not relevant.</p>

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<p style="text-align: center;"><u>(B) of managing the first-tier <i>energy data</i> that is necessary to enable this conversion to take place.</u></p>	
<p>S7.2.3 Accuracy requirements for metering installations</p> <p>Table S7.2.3.1 -Overall Accuracy Requirements of Metering Installation Components (Item 1)</p> <p>Item 5: A type 7 <i>metering installation</i> applies to the condition where it has been determined by NEMMCO that a <i>metering installation</i> does not require a <i>meter</i> to measure the flow of electricity in a power conductor and accordingly there is a requirement to determine by other means the <i>energy data</i> that is deemed to flow in the power conductor. This condition will only be allowed for a market load that is supplied with electricity and has a load pattern which is the same as or similar to one of the following arrangements<u>connection points where it is determined that:</u></p> <ul style="list-style-type: none"> (a) <u>The load pattern is predictable and for the purposes of market settlement can be reasonably calculated by a relevant method set out in the <i>metrology procedure</i></u>street, traffic, park, community, security lighting; and (b) <u>It would not be cost effective to meter the <i>connection point</i> taking into account</u>traffic parking meters, community watering systems; <ul style="list-style-type: none"> <u>(i) the magnitude of the load; and</u> <u>(ii) the connection arrangements.</u> (c) special telephone service requirements;<u>[Deleted]</u> (d) devices requiring minuscule loads;<u>[Deleted]</u> <p>The <i>metrology procedure</i> must include each market load<u>arrangements that has been classified as a</u>for type 7 <i>metering installations</i> <u>that have been classified as market loads.</u></p> <p>The initial use of a type 7 classification does not remove the requirement for these second tier loads<u>connection points</u> to be measured using a meter<u>metered</u> at some future time.</p>	<p>In subclause (a) of item 5 the term “metrology procedure” is misspelled</p>