



Updating the electricity B2B framework

Consolidated rule change requests to update the B2B framework

The Australian Energy Market Commission (AEMC) has begun consultation on two rule change requests that are proposing changes to the business-to-business (B2B) communications framework in the National Electricity Rules (NER). Submissions are requested by 28 January 2016.

Overview

The AEMC has received two separate rule change requests proposing amendments to the NER in relation to the B2B framework for communications – from Red Energy and Lumo Energy and from the Council of Australian Governments (COAG) Energy Council.

The rule change requests have been received following the AEMC's advice on implementing a shared market protocol, which was released on 8 October 2015.

The rule proponents aim to maximise efficiencies and the benefits for consumers from other market reforms, such as the new competitive metering framework. They are seeking updates to the B2B framework to provide for the new services that will be available through advanced meters and the wider range of parties that may be interested in providing or accessing those services.

On 17 December 2015, the AEMC consolidated the two rule change requests as they relate to the same issues.

Shared market protocol advice

The AEMC's advice on implementing a shared market protocol was developed as part of the suite of market reforms following the Power of Choice review. One of the areas of reform is improving demand side participation and helping consumers to make more informed decisions about how they use electricity. Enabling technologies, such as advanced meters, and communication standards have been an important part of this work.

The shared market protocol advice provided detailed recommendations on how the B2B framework could be updated. Broadly it recommended this be done by:

- updating the membership of the Information Exchange Committee (IEC), an industry group that is currently responsible for developing B2B procedures, to provide for the wider range of parties that will have an interest in B2B procedures;
- updating other aspects of the governance arrangements for B2B procedures, such as the nomination and election process for IEC members and the decision-making process of the IEC;
- expanding and updating the content requirements for B2B procedures to provide for new B2B communications to support advanced metering services;
- introducing a new accredited party role (B2B e-hub participant) and requiring that any party wishing to use the B2B e-hub, the IT platform currently used for B2B communications, would need to be accredited by AEMO in that role;
- requiring AEMO to redevelop the B2B e-hub to support any changes to the B2B procedures; and
- updating the cost recovery provisions.

Details of the consolidated rule change requests

While there are similarities between the rule change requests, Red Energy and Lumo Energy have proposed different solutions to the COAG Energy Council on several key issues. The main differences between the two rule change requests are as follows:

- The proposed membership for the industry group responsible for developing B2B procedures. As a consequence of different memberships, other aspects such as nomination, election and qualifications of members also differ.
- The decision-making process for B2B procedures, including the matters that must be considered by the industry group and the role of AEMO in the decision-making process.
- Red Energy and Lumo Energy have proposed that parties using the B2B e-hub should be required to certify their own systems.
- COAG Energy Council has asked the AEMC to consider whether third parties using the B2B e-hub should become registered participants.

Issues for consultation

The AEMC has released a consultation paper to facilitate stakeholder comments on issues raised by the consolidated rule change requests.

To facilitate assessment of the consolidated rule change requests, the AEMC is seeking stakeholder comments on any aspect of the consolidated rule change requests or consultation paper, including the B2B arrangements proposed by each of the rule proponents.

In addition, the AEMC is seeking feedback on the following issues:

- The rule proponents have proposed changes to Chapter 7 of the NER. However, Chapter 7 has been amended by two recent rule determinations – the expanding competition in metering and related services final rule and the embedded networks final rule. The consultation paper seeks feedback on whether any of these changes are relevant to an updated B2B framework.
- There appears to be strong industry support for an updated B2B framework to be in place for the commencement of the competition in metering rule change on 1 December 2017. As this timeframe would be challenging (if a rule is made), the consultation paper seeks feedback on the proposed implementation steps and timeframes suggested by the rule proponents.

The consultation paper should be read in conjunction with the rule change requests and proposed rules from Red Energy and Lumo Energy and the COAG Energy Council, which are available on the AEMC website.

Submissions are due by 28 January 2016.

For information contact:

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

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

17 December 2015