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28 January 2016

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Dear Mr Pierce

ERC0197 - NATIONAL ELECTRICITY AMENDMENT (UPDATING THE ELECTRICITY B2B FRAMEWORK) RULE 2015 – CONSULTATION PAPER.

Ergon Energy Corporation Limited (Ergon Energy), in its capacity as a Distribution Network Service Provider (DNSP) in Queensland, welcomes the opportunity to provide comment to the Australian Energy Market Commission (AEMC) on its *National Electricity Amendment (Updating the electricity B2B framework) Rule 2015 – Consultation Paper*.

Ergon Energy supports review of the existing B2B Procedures and Information Exchange Committee (IEC) governance arrangements. Specifically, Ergon Energy considers that broader stakeholder representation on the IEC would facilitate better and more informed future governance arrangements. We also consider it vital that the B2B Procedures are upgraded to integrate the capabilities required to deliver advance metering services, and that the new arrangements have been comprehensively tested and are in place prior to the 1 December 2017 commencement date for the competition in metering and related services rule change. With this in mind, Ergon Energy has serious concerns that under the proposed arrangements, the B2B upgrade will not be completed in sufficient time to support the commencement of metering competition, placing the implementation of that major reform at risk. These issues are detailed in our submission.

Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact either myself on (07) 3851 6416 or Trudy Fraser on (07) 3851 6787.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jenny Doyle', with a stylized flourish at the end.

Jenny Doyle
Group Manager Regulatory Affairs

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Enc: Ergon Energy's submission



**Submission on the
*National Electricity
Amendment (Updating the
electricity B2B
framework) Rule 2015*
- *Consultation Paper***

28 January 2016

**Submission on the *National Electricity
Amendment (Updating the electricity B2B
framework) Rule 2015 – Consultation Paper***

Ergon Energy

28 January 2016

This submission, which is available for publication, is made by:

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Introduction

Ergon Energy Corporation Limited (Ergon Energy) in its capacity as a Distribution Network Service Provider (DNSP) in Queensland welcomes the opportunity to provide comment to the Australian Energy Market Commission (AEMC) on its *National Electricity Amendment (Updating the electricity B2B framework) Rule 2015 – Consultation Paper (Consultation Paper)*.

As a key industry decision making body, it is imperative that membership of the Information Exchange Committee (IEC) evolves in-line with market changes, in order to maintain appropriate representation of industry participants on issues of market significance. Ergon Energy therefore supports the review of existing IEC governance arrangements.

Ergon Energy also supports the need for amendment to the existing B2B Procedures to properly take account of advanced metering services to be provided as part of the competition in metering and related services rule change. However, Ergon Energy is concerned that the timing of the proposed process may place the efficient and effective commencement of the competition in metering and related services rule change at risk.

Ergon Energy's more detailed comments on each of these issues are provided below.

Ergon Energy is available to discuss this submission or provide further detail regarding the issues raised, should the AEMC require. In regards to the AEMC's specific questions in the *Consultation Paper*, as a member of the Energy Networks Association (ENA) the peak national body for Australia's energy networks, Ergon Energy has contributed to and is fully supportive of the issues raised in the ENA's submission.

B2B Delivery Timeframe

As indicated above, Ergon Energy strongly agrees that the existing B2B Procedures require amendment to appropriately take account of advanced metering services to be provided as part of the competition in metering and related services rule change. However, Ergon Energy notes that in order to support the commencement of that rule change, the revised procedures would need to be finalised by the end of this year. This is vital to ensure sufficient time is allowed for thorough and rigorous testing of the new B2B Procedures and any subsequent changes which associated testing demonstrates are required.

Accordingly, Ergon Energy is concerned that delaying this work until proposed changes to the IEC governance framework have been made, significantly places this timing at risk. Consequently, Ergon Energy recommends that work on the required changes to the B2B Procedures be commenced as a priority by the current IEC. While Ergon Energy agrees it would be preferable if the new IEC were in place to lead the new B2B design, under the AEMC's proposed schedule this is simply not possible if the 1 December 2017 commencement of metering competition is to occur with effective and efficient B2B systems in place. Specifically, the AEMC is not due to issue a Final Determination on the B2B framework until May 2016, with IEC election / operating procedures to be developed post

this milestone. As a result it is likely that the new IEC will not be in place until early 2017, leaving insufficient B2B design (estimated to be 4-6 months) and build time (estimated to be 12-18 months).

Ergon Energy therefore reiterates our recommendation above for the AEMC to enable the existing IEC to lead work on the new B2B Procedures. Additionally, we support the ENA's assertion that in undertaking this work, the IEC be required to operate with transparent and comprehensive engagement, through open meetings and workshops to engage all interested parties.

IEC Governance

Ergon Energy agrees that broader stakeholder representation on the IEC would facilitate better and more informed future governance arrangements. Specifically, we consider this will help ensure decisions made by the IEC appropriately reflect the cost and impact on each representative's industry sector. Furthermore, Ergon Energy considers it equally important the IEC members have the necessary expertise to make fully informed decisions across the breadth of participants' businesses, any relevant jurisdictional requirements, and in recognition of the impact of unique market characteristics such as those which apply to Ergon Energy's distribution area. In the absence of such expertise there is a genuine risk that decisions will be made that result in inefficient outcomes for customers. To ensure appropriate representation and to avoid this risk, Ergon Energy recommends that DNSPs and retailers each have two representatives on the IEC.

Ergon Energy also supports an independent Chair of the IEC and continuation of the current decision approval framework. If the Australian Energy Market Operator (AEMO) were to become Chair and / or be provided with further capability to reject IEC decisions, as proposed by the COAG Energy Council, the IEC would effectively cease to become an industry body. Effectively these provisions would enable AEMO to both direct IEC decisions and where not satisfied with an outcome, to also reject decisions of the IEC. This would result in industry having little influence over practical implementation of detailed systems that apply to their own businesses. While Ergon Energy notes it is appropriate for policy and industry frameworks to be determined by state and / or national bodies, we consider it equally appropriate for the practical implementation of these frameworks to be led by industry. Restricting the ability for industry participants to lead and contribute to the implementation of frameworks impacting their businesses is likely to result in inefficient outcomes.

IEC Name

Ergon Energy recommends retaining the existing name of the IEC. Specifically Ergon Energy considers that the proposal by Red Energy and Lumo Energy for the IEC to be renamed as the Retail Industry Panel gives connotations the group should predominantly reflect retail industry views, which we note is not the intent of the IEC. Furthermore, there is a risk that this could embed over time and influence new and discretionary members not as versed in the IEC's role as traditional market participants.