



ACTIVESTREAM

21 May 2015

Mr John Pierce
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Lodged online: www.aemc.com.au

Dear Mr Pierce,

RE: Draft Rule Determination: National Electricity Amendment (Expanding Competition in Metering and Related Services) (Reference: ERC0169)

Active Stream Pty Ltd (**Active Stream**) appreciates the opportunity to provide a submission to the Australian Energy Market Commission (**AEMC**) in response to its Draft Rule Determination on Expanding Competition in Metering and Related Services (the **Draft Determination**) in the National Electricity Market (NEM).

Active Stream is an accredited Meter Provider and Meter Data Provider, offering digital metering devices and data services to energy retailers, distributors, and other businesses across the NEM. Our digital metering solutions enable businesses to fully realise the benefits of advanced metering technology to deliver their services more efficiently and offer innovative products which better meet the needs of current and future energy consumers.

Active Stream broadly supports the rule change and considers that it will strengthen the deployment of digital meters across the NEM, encourage innovation in products and services enabled by digital meters, and deliver greater benefits and overall choice to consumers.

Specifically, Active Stream supports the AEMC's decision to mandate that all new and replacement meters deliver the Minimum Service Specifications (MSS) from the commencement of this rule.

We note that there are some concerned parties in the market that do not believe the MSS is sufficient to meet full market needs. We believe adding further requirements to the MSS above those agreed by industry would result in greater, unnecessary costs to consumers. Active Stream notes that participants will have the ability to commercially negotiate for additional services.

Active Stream also supports the creation of the new Metering Coordinator (MC) role which will replace the existing Responsible Person (RP) role. Our understanding is that all existing RP functions will transfer to the MC from 1 July 2017 and that the MC will take on some additional functions associated with the operation of digital meters and access to digital meter services. Active Stream also understands that the MC

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role will be fully contestable to all parties that meet the accreditation requirements set by the Australian Energy Market Operator (AEMO).

Although we do not have any issues with these new functions, we are unsure of how the MC would operate and interact with its contractual parties and what liabilities would transfer from distribution businesses to the MC (for example with respect to general connection services such as access rights to the premise, the ability to interrupt supply under prescribed circumstances, or undertake remote connection and disconnection services).

We would appreciate if the AEMC could provide clarity on these issues in its final determination.

Active Stream also supports national ring-fencing of distribution businesses, where they wish to participate in contestable metering market relating to the roles of MDP, MP and/or MC. Further we believe that the AEMC should provide further direction and guidance to enable the Australian Energy Regulator to develop and enforce the appropriate¹ ring-fencing arrangements for regulated monopoly businesses.

Active Stream also considers that there are some outstanding policy and operational issues which the AEMC must address. These include the:

- provision of network devices where a distribution business cannot reach commercial agreement with an MC for access to network security and demand management services.

Active Stream acknowledges that load control is critical to the stability of distribution networks. Our business and technological choices have been shaped by the need to offer a range of services through our meters, including advanced load control to distribution businesses.

We firmly believe that MCs, through commercial negotiation, can provide distribution businesses continued access to demand management and other network services, under fair, equitable but competitive terms. Therefore, in our view, the ability for distribution businesses to retain existing (or install new) meters as a network device is unnecessary and enables preferential treatment not available to other participants seeking access to services.

Should the AEMC reaffirm network devices in the final rule, it will only serve to substantially distort an MC's 'good faith' negotiations with distribution businesses and promote anti-competitive behaviours. Retention of network devices would also not align with the principles of a competitive market.

Active Stream considers that there is sufficient commercial and reputational drivers under the 'access to MC services' provisions such that an MC who unfairly discriminates (via price terms or restricts access to particular meter data) against market party seeking access, including distribution businesses, risks being removed by the Financially Responsible Market Participant (FRMP) responsible for the connection point. Therefore this risk will feature prominently in the operating objective of all MCs and ensure a fair but competitive MC market.

¹ Legal, physical, and financial separation between regulated businesses and their commercial arms.



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- certainty that no additional derogations will be applied in Victoria and that the Victorian transitional arrangements do not extend to new connections.

Although Active Stream understands the AEMC's rationale for extending the Victorian derogation, we do not support any further delays post 1 July 2017. The derogation (for existing Advanced Metering Infrastructure devices) was always designed to be a temporary arrangement and were only extended to implement the Power of Choice recommendations.

Active Stream also believes that there is no reason why the new connections market in Victoria cannot move to contestability now. We encourage the AEMC to revise their determination to enable competition in new connections immediately.

- certainty on the implementation timetable, including on system development and testing.

Active Stream has significant concerns with the proposed timelines associated with the implementation of the rule change. The AEMC must in their final determination, provide both clarity and certainty on the timetable for implementation.

- clarity on which areas of the rule should be set into the procedural rules (managed by the Australian Energy Market Operator (AEMO) to give effect to the rule change, and greater certainty on implementation timeline.

Active Stream also has serious concerns with the proposed timelines associated with the development of the procedural rules. We consider that given the level of detail that has been directed into the procedural rules, it is imperative that the AEMC provide further guidance to AEMO and Industry to ensure that suitable consultation is undertaken and that the overall intent of the metering rule change is accurately reflected.

Active Stream welcomes the opportunity to participate in a further legal drafting workshop to ensure that the details and the intent of this rule change is fully captured in the National Electricity Rules, National Energy Retail Rules and operational procedural rules.

We also suggest that if there is sufficient interest, that the AEMC undertake a separate industry event to work through the operations, interactions and liabilities of the MC.

If you would like further details or clarification on our views, please contact Dan Mascarenhas on (03) 8633 7874 or DMascarenhas@activestream.com.au.

Yours sincerely,

Glenn Page
General Manager, Operations

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