



13 February 2015

Ms Meredith Mayes
AEMC Director
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

United Energy
6 Nexus Court
Mulgrave VIC3170
PO Box 449
Mt Waverley VIC 3149
T 03 8846 9900
F 03 8846 9999
www.ue.com.au

Electronic lodgement – EMO0029

Dear Meredith

RE Consultation Paper – Implementation advice on the Shared Market Protocol

United Energy (UE) appreciates the opportunity to respond to the AEMC on the Consultation Paper – Implementation advice on the Shared Market Protocol (SMP). UE looks forward to further participation in the debate on the governance framework for the SMP and the implementation arrangements and the development of transactions to facilitate new services.

UE has provided detailed responses to each of the AEMC questions, in summary:

- UE favours continuation of the industry led model, with appropriate amendment of the Information Exchange Committee (IEC) membership to reflect balanced membership of the parties impacted. This allows commercial businesses to drive the transactional needs for the new products and services desired by consumers.
- Any representative governance committee and any voting power needs to be balanced according to the overall value and impact of the market segments. No one party should be able to dominate the decision making and voting processes or enforce their interests above all other users of the SMP in an evolving competitive market.
- An industry group should be tasked with developing the governance committee structure by a certain date and considering whether certainty of the structure is required in the National Electricity Rules (NER).
- It is important that compliance with the SMP (which may be limited to certain services), obligation to offer on fair and reasonable terms, confidentiality and security, and suitable dispute processes are appropriately dealt with in the new governance framework and SMP arrangements.
- The current IEC principles should be reviewed to cater for a broader scope of transaction users. The revised principles and objectives should remain with the National Electricity Objective (NEO).
- There should be an additional principle which covers the recognition and compliance with jurisdictional and safety regulations. This will ensure that jurisdictional technical and consumer protections also need to be appropriately considered.
- If AEMO were the sole governing body, then AEMO proposed recommendations, options considered and rationale for proposed approach should be clearly articulated to the interested parties/consultative forum so that decision making is transparent.
- UE recommend that all primary services should be documented and all Metering Coordinator's (MC) should have the capability to offer these services in accordance with the system performance levels and service levels. Given that load management is being utilised for a reasonable volume of customers in Victoria there needs to be consideration of this being part of

the mandated services. The development and implementation of the SMP is a prerequisite for the commencement of metering competition.

- The MC must ensure that the meter, the communication infrastructure and the back end systems/gateway capability are able to meet the minimum services specification and the system performance and service levels for both the primary services and for the reasonable evolution of services in the longer term.
- The MC may provide services to a number of parties, there should be a requirement in the NER that the offer to provide is fair and reasonable.
- The MC should be required to offer its services in the SMP format unless otherwise agreed. This approach will allow efficient and reliable communications whilst allowing flexibility to vary away from the standards.
- The centralised management of a SMP should not prevent the use of industry standards/infrastructure and should facilitate the transition of the new service from a bi-lateral model to the SMP at a later date should this be required. There should be a positive obligation on AEMO to facilitate this approach.
- AEMO registers all parties who gain access to the B2B (Business to Business) e-hub, a similar type of process will be expected on the new infrastructure that caters for more timely transactions. A similar approach may be required by the MC for its gateway to allow a third party access to certain services and certain NMs. The transition of the centralised hub infrastructure and the transition of the B2B procedures to the SMP is best managed via the governance group with a well considered implementation plan which may be staged.
- All SMP procedures should be in place so any new MCs only need to build to new requirements and avoid the rework that current parties will need to undertake. The SMP (and B2B Procedures) will need to cater for all required/mandated services and all meter types on day 1, including full test plans to ensure parties are capable to transact. Where a counter party to a transaction has not yet updated their systems then there may be benefit in AEMO having some sort of translator. This should be left to industry to assess the implementation options and the most appropriate cost/risk approach to be taken.

Should you have any comments in relation to this response please do not hesitate to contact me on (03) 8846 9856.

Yours sincerely

Verity Watson
Manager Regulatory Strategy

Consultation Paper

Implementation advice on the Shared Market Protocol



Subject	Question No:	Question	UE response
<p>Governance: Paper considers industry governance (a la IEC) or AEMO governance</p>	<p>1</p>	<p>What are the advantages and disadvantages of the different governance models?</p>	<p>There is no compelling reason to move away from the industry governed approach and no reason why existing transactions cannot be amended and the few new transactions created as occurred for a minimum Vic AMI approach. (A case needs to be made to move from existing transactions). This allows commercial businesses to drive the transactional needs for the new products and services desired by consumers. UE favours continuation of the industry led model, with appropriate amendment of the IEC membership to reflect balanced membership of the parties impacted.</p> <p>The existing B2B arrangements largely cater for the new services given that VIC Advanced Metering Infrastructure (AMI) is already utilizing the B2B for remote services. The existing arrangements have allowed the impacted industry participants to make the decision on what needs to be documented and implemented and what is efficient in the B2B process. New transactions such as one way notifications are evidence of this. There is no compelling reason to move away from the industry governed approach and no reason why existing transactions cannot be amended and the few new transactions created as occurred for a minimum Vic AMI approach. (A case needs to be made to move from existing transactions). This allows commercial businesses to drive the transactional needs for the new</p>

Consultation Paper

Implementation advice on the Shared Market Protocol



Subject	Question No:	Question	UE response
			<p>products and services desired by consumers.</p> <p>Any representative governance committee and any voting power needs to be balanced according to the overall value and impact of the market segments. The committee is making decisions on how outcomes are enabled and whether there is a need for a standardised transaction, the market or policy/regulation is determining what the outcome ought to be. No one party should be able to dominate the decision making and voting processes or enforce their interests above all other users of the SMP in an evolving competitive market.</p> <p>An industry group should be tasked with working this through by a certain date and considering whether certainty of the structure is required in the NER.</p> <p>Whilst the governance committee may be limited to representative parties there should be consideration that all interested and impacted parties should have an opportunity to participate in the development process at some level whether this be with industry experts at the working group or in an effective consultative committee eg Gas Retail Consultative Forum (GRCF). It is important that the parties impacted by the service and those wishing to utilise the service will better facilitate the development of the services.</p> <p>Given that there are many interested distributors, retailers, third parties and consumer groups who may be interested in decision outcomes, meetings should be open and all decision</p>

Consultation Paper

Implementation advice on the Shared Market Protocol



Subject	Question No:	Question	UE response
			<p>making should be undertaken at the meeting for transparency.</p> <p>By ensuring that new third parties have an opportunity to propose and justify new transactions and facilitate the development of the B2B, this may assist to reduce the need to be in a governance committee.</p>
	3	<p>Are there any other issues or factors relevant to considering an appropriate governance model?</p>	<p>A register of interested parties should be created to ensure that all retailers, distributors, interested energy information service provider, demand response providers, safety regulators etc may be notified of and provided copies of all key consultation documents as transactions are developed.</p> <p>This same register of interested parties should be provided all governance committee meeting papers and agendas.</p> <p>The minimum services specification, the AEMO advise on the shared market protocol and the changes to the NER are all being progressed and stakeholders are yet to see a draft of the revised NER framework which will encompass the new roles and governance arrangements. It is important that compliance with the SMP (which may be limited to certain services), obligation to offer on fair and reasonable terms, confidentiality and security, and suitable dispute processes are appropriately dealt with in the new governance framework and SMP arrangements.</p> <p>The governance model should be documented and effectively</p>

Consultation Paper

Implementation advice on the Shared Market Protocol



Subject	Question No:	Question	UE response
			<p>communicated to stakeholders, this should include the industry change process and the basis or clarity of determining if the transaction should be included in the SMP, escalation process to resolve disputes etc.</p>
	4	<p>Are there any other governance models that could be appropriate for the shared market protocol?</p>	<p>An amended IEC group or AEMO are the most practical options.</p> <p>Another alternative is for industry to establish their own governance and real time hub and determine their own direction. This was discounted in favour of the IEC about a decade ago and may not be practical given the considerations for further centralisation of data occurring in a number of policy areas.</p>
	5	<p>Should implementation of a shared market protocol include the development of an objective or principles for governance?</p>	<p>The current IEC principles should be reviewed to cater for a broader scope of transaction users. The revised principles and objectives should remain with the NEO.</p> <p>The B2B objective states that the benefits to all parties should outweigh the detriments to all parties as a whole. It is important to keep this front of mind that parties that are not a party to the transaction can also be impacted creating adverse impacts for others.</p> <p>The B2B principles are also important that the focus is on the transaction to reach a market/commercial outcome or to meet regulatory requirements, it is a tool and needs to be efficient and reliable. It is just as relevant to keep the principles of</p>

Consultation Paper

Implementation advice on the Shared Market Protocol



Subject	Question No:	Question	UE response
			<p>protecting confidential and commercially sensitive information and avoiding unreasonable discrimination. Ultimately there are costs in providing the transaction and for some parties there will be more cost or more benefit than for other parties. Essentially one market segment is incurring costs for the benefit of another market segment with the aim to ensure a net benefit for consumers overall.</p> <p>These principles remain important moving forward. There should be an additional principle which covers the recognition and compliance with jurisdictional and safety regulations. This will ensure that jurisdictional technical and consumer protections also need to be appropriately considered.</p> <p>It is important to recognize if the MC has the role of gatekeeper they will require customer and site details, contract terms and conditions and will need to maintain the services for potentially multiple service providers at the premise. An alternative model is for the MC to process any and all transactions sent with the obligation on the submitter to ensure that they have the proper right to submit the transaction.</p> <p>Again the principles of avoiding unreasonable discrimination and maintaining confidentiality are applicable to the new role and its dealings with third parties and will need to be assessed against the MC/initiator roles.</p>

Consultation Paper

Implementation advice on the Shared Market Protocol



Subject	Question No:	Question	UE response
<p>Objectives and principles:</p> <p>Paper notes current IEC B2B principles would be inadequate and AEMO governance model generally is limited to NEO</p>	6	If yes, what objectives or principles should be included?	Refer to response above.
	7	If the governing body is AEMO, should there be any objectives or principles in addition to the NEO?	<p>UE favour an industry decision making framework as more reflective of the commercial decisions and innovations in the evolving competitive market.</p> <p>In either governance models, AEMO makes the ultimate decision and should proactively lead the upgrade and enhancement to facilitate B2B transactions for improved services where they are required.</p> <p>Any party may put forward a change to the Shared Market Protocol and AEMO must review the change and progress it or provide reasons why the change is not accepted. No change should be rejected unless it is agreed at the ERCF (electricity retail consultative forum).</p> <p>The governance committee should be an open forum for retailers, distributors, MCs, DRAs, new energy service providers, consumers etc.</p> <p>AEMO proposed recommendations, options considered and rationale for proposed approach should be clearly articulated to the interested parties/consultative forum so that decision making is transparent.</p> <p>Working groups should be open and have clear agendas and</p>

Consultation Paper

Implementation advice on the Shared Market Protocol



Subject	Question No:	Question	UE response
	8	Should the shared market protocol be required to provide for (as a minimum) the services that are listed in the minimum specification?	<p>document version control that would facilitate the interested parties to attend the relevant discussions.</p> <p>Yes, the SMP must include at a minimum the primary services in the minimum services specification.</p> <p>The MC must ensure that the meter, the communication infrastructure and the back end systems/gateway capability are able to meet the minimum services specification and the system performance and service levels for both the primary services and for the reasonable evolution of services in the longer term. It is inefficient to create a framework where the long term infrastructure rolled out is unable to meet the reasonable expectation of services evolution and communication or transactional capacity etc.</p>
Minimum Specification: Paper doesn't resolve interaction with metering rule change	9	Should the shared market protocol also include other common services that are not mandatory under the minimum specification?	<p>The metering competition model being proposed is a mix of retail mandated roll out of smart meters and retailer led customer opt in to smart meters. The AEMO minimum functionality of smart meters proposes that where the roll out is mandated that primary and secondary services could be made available by the MC, however where the roll out is competitive that the primary services could be mandated and the secondary services should not be mandated.</p> <p>The COAG request suggested that mandated roll outs should have to provide access to all functionality in the meters. Given this, a significant portion of smart meters would be rolled out under a retail mandated roll out (new and</p>

Consultation Paper

Implementation advice on the Shared Market Protocol



Subject	Question No:	Question	UE response
			<p>replacement) or the Vic distributor mandated roll out and hence the SMP should facilitate standardised transactional access to the common services.</p> <p>Ultimately the market may work more efficiently if there is a standardised transaction which is available to be used for most common services. UE understand from the information forums that the MC will be obliged to offer the primary services and meet the required service levels. UE consider that the secondary services need careful evaluation as load management using a timeswitch in the meter and the setting of the time switch has been a long established practice in Victoria. Customers expect that these arrangements will continue regardless of whether the retailer chooses to roll out a meter or whether the meter is part of a mandated replacement requirement. UE recommend that all primary services should be documented and all MC's should have the capability to offer these services in accordance with the system performance levels and service levels. Given that load management is being utilised for a reasonable volume of customers in Victoria there needs to be consideration of this being part of the mandated services. Load limiting and binding are also being utilised to a lesser degree. The development and implementation of the SMP is a prerequisite for the commencement of metering competition.</p> <p>The MC may provide services to a number of parties, there</p>

Consultation Paper

Implementation advice on the Shared Market Protocol



Subject	Question No:	Question	UE response
	10	Is it appropriate that the metering coordinator be required to offer its services through the shared market protocol, unless otherwise agreed?	<p>should be a requirement in the NER that the offer to provide is fair and reasonable.</p> <p>Yes.</p> <p>Where a service is documented in the SMP and the MC is required to offer its services, third parties can be assured a consistent level of service and transactional capability across MC's in order to develop a product offering to customers.</p> <p>If both parties are able to agree to a varied level of service or some transitional arrangements then this should not be prevented. Where there is no agreement to a variation the SMP is the default transaction standard. This approach will allow efficient and reliable communications whilst allowing flexibility to vary away from the standards.</p> <p>Where the SMP has an effective date for a new service this should not automatically require the commercial arrangements that have been entered into prior to that date for the same/similar service to be considered non-compliant. The two parties are able to decide when and if they transition to the SMP standard.</p> <p>Where a new service which is not in the SMP has been agreed, there should be a requirement on AEMO to facilitate data dictionary additions, aseXML additions and the transaction should be allowed to flow via the new AEMO real time gateway. The centralised management of a SMP should</p>

Consultation Paper

Implementation advice on the Shared Market Protocol



Subject	Question No:	Question	UE response
			not prevent the use of industry standards/infrastructure and should facilitate the transition of the service from a bi-lateral model to the SMP at a later date should this be required.
Roles and responsibilities	11	<p>Are there any risks in allowing third parties to access a shared market protocol platform?</p> <p>If so, would it be necessary to develop a separate authorisation process for users of the shared market protocol?</p> <p>Is AEMO the appropriate body to develop these requirements?</p>	<p>Yes</p> <p>There is no need for AEMO or AER to start authorizing third parties in a similar manner to the authorization of retailers. As noted in the paper, AEMO does register all parties who use the B2B ehub, so there is a sign up process to gain access and terms/conditions that need to be met. This type of process will be expected on the new infrastructure that caters for more timely transactions.</p> <p>The MC gateway or portal may also need to adopt a similar process to allow a third party access to certain services and certain NMIs. The third party should not be able to utilize that service on other NMIs for which they are not contracted or request transactions for which they are not the appropriate party (eg de-energisation) or to use services that inappropriately de-energise customers from supply (eg setting a supply capacity control limit to zero).</p> <p>Just as the access arrangements were agreed for the current set of B2B transactions, the same will need to be agreed for the new services, new roles and for the new energy services providers.</p>
	12	Is there a need for the current B2B e-hub to be	The AEMC and NER should not deal with this matter, this

Consultation Paper

Implementation advice on the Shared Market Protocol



Subject	Question No:	Question	UE response
		maintained beyond the implementation of the shared market protocol? What factors would need to be considered when making this assessment?	<p>should be left to implementation and transition discussions between AEMO, retailers, distributors and the other parties registered on the e-hub.</p> <p>A transition could be provided where services for new smart meters were only on the new hub, Vic AMI swapped to the new hub so that improved benefits could be sought for Victorian customers by a certain date. Where transactions are in flight, they should probably be completed under the old standards and new transactions after a certain date are on the new standard and new infrastructure. The governance body may need to consider a staged implementation approach as part of consultation.</p> <p>The NER should not lock in the implementation or transition date. The transition should be managed to ensure that all parties are ready to operate the primary services and any other services being utilized without impacting customers. All MCs will need to be able to meet the new services requirements and may need to be able to transact in both the old and new arrangements. There will need to be a managed industry testing program and readiness level for parties to transact using the new arrangements. The industry agreed success criteria should be met and a Go decision made that ensures the transition is seamless for customers and if anything results in more timely service.</p>
Transition	13	Could all the services that are currently provided	The B2B e-hub is a transaction delivery mechanism whilst the

Consultation Paper

Implementation advice on the Shared Market Protocol



Subject	Question No:	Question	UE response
		through the current B2B e-hub be provided via the shared market protocol?	SMP is not. The correct question is whether the transactions currently delivered via the B2B e-hub could be delivered by the proposed new, faster mechanism that AEMO is proposing for the new smart meter related transactions. The questions of whether the technology can be made to do this and whether this is economically sensible approach should be subject to a business case which is best determined by an industry working group evaluating implementation options. Any change to the current delivery mechanism would need to be subject to the net cost benefits tests to ensure the approach would be in favour of consumers.
	14	Would there be an advantage in having a transition period during which both the B2B e-hub and the shared market protocol operate? How long should such a period be? Would the costs of operating both systems for this period be justified?	The transition of the centralised hub infrastructure and the transition of the B2B procedures to the SMP is best managed via the governance group with a well considered implementation plan which may be staged. This should be considered through the business case suggested in our response to 13.
	15	Are there any significant implications should the shared market protocol not be operational on the same day that any changes from the expanding competition in metering and related services rule change take effect?	All SMP procedures should be in place so any new MCs only need to build to new requirements and avoid the rework that current parties will need to undertake. The SMP (and B2B Procedures) will need to cater for all required/mandated services and all meter types on day 1, including full test plans to ensure parties are capable to transact. Where a counter party to a transaction has not yet updated their systems then there may be benefit in AEMO having some sort of translator.

Consultation Paper

Implementation advice on the Shared Market Protocol



Subject	Question No:	Question	UE response
			This should be left to industry to assess the implementation options and the most appropriate cost/risk approach to be taken.