

19 May 2016

Ms Meredith Mayes  
Director  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW1235

By direct lodgement

CC: Jenessa Rabone

Dear Ms Mayes

***Re: Draft Rule Determination, National Electricity Amendment (updating the electricity B2B framework) Rule 2016***

The Information Exchange Committee (IEC) welcomes the opportunity to comment on the AEMC's draft rule change to update the governance and other arrangements for electricity business-to-business (B2B) Procedures on communications for services related to small customer meters.

For the purposes of this submission, the IEC makes no comment on the proposed governance arrangements but rather directs its comments to matters specific to development and implementation of B2B Procedures, systems and processes by the new IEC that support the competition in metering, embedded networks and meter churn processes rule changes.

**B2B Procedures V2.3 Consultation Pack**

Following the AEMC's release of the Draft Determination, and as advised on 29 April 2016 at the AEMC B2B Procedure Framework forum, the IEC decided on 13 April 2016 to not proceed with V2.3 Consultation Pack. The IEC's decision was based on the AEMC's clear advice in its draft rule determination that the B2B Procedures as in force immediately prior to the commencement of the draft rule (version 2.2) would continue to be in force until B2B Procedures are made reflecting the final rule change.<sup>1</sup>

**Successful implementation**

The IEC considers that successful implementation of B2B comprises:

- An orderly market start on 1 December 2017 where service outcomes to consumers are not compromised by moving to a competitive metering regime.
- Implementation of efficient and effective processes and systems that enables industry to deliver high-quality consumer outcomes.

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<sup>1</sup> AEMC, Draft Rule Determination, National Electricity Amendment (updating the electricity B2B framework) Rule 2016, pages 89-90, 92, 94-95.

- A B2B framework for competition in metering services that can evolve over time from 1 December 2017.

The IEC believes that an orderly market start requires:

1. Changes delivered to existing B2B Processes to support routine/non-competitive services essential for supporting consumers, including:
  - a. Meter exchanges
  - b. New connections, additions and alterations
  - c. Meter data and meter reading
  - d. Meter configuration change
  - e. Re-energisation and de-energisation
  - f. Retailer interruption notice.
2. A critical mass of participants (large and small retailers, metering service providers, distributors) being able to support the above processes.

The B2B framework for competition in metering services and related rule changes, whilst ideally available for 1 December 2017 should be able to evolve providing a “smart” development approach is adopted (e.g. including backwards compatibility). This approach needs to be developed through detailed project management and principles set by the new IEC in its role as the governing body for B2B.

### **Implementation timeframes**

The IEC is conscious of the challenging timeframes for implementation, being a 1 December 2017 commencement date. The IEC notes that various participants will have differing requirements for implementation of the new B2B Procedures. We refer the AEMC to the submissions made by individual participants on their specific requirements. However, it is widely accepted and also acknowledged by the AEMC, 12 months for implementation is generally accepted as an appropriate timeframe to implement reforms of this magnitude and complexity, which does not commence until the B2B Procedures final determination has been made.

If the new IEC delivers the B2B Procedures final determination on 1 May 2017 as allowed for in the draft determination, then the current IEC is concerned there is insufficient time for market implementation and compromised consumer outcomes are likely. Any date beyond 1 December 2016 for delivery of the B2B Procedures Final Determination runs the risk of insufficient implementation time and compromised consumer outcomes at market start.

The IEC has been advised by the project manager that it may be possible to deliver B2B Procedures earlier than May 2017, however an earlier date cannot be set with confidence until the accountable body (ie the new IEC) has been established and has taken responsibility for the program.

In the meantime, the current IEC considers the key strategy is for the highest possible priority to be accorded to the next level of detailed work to define the B2B Procedures required for an orderly market start. The current IEC has sought to do that, and encourages the Transitional IEC with AEMO’s support also to do that. This work is critical path, it can be undertaken immediately and can feed into the new IEC for decision-making once established.

## **Review and streamlining of B2B transaction sets**

The IEC is concerned that the limited timeframe will result in a reduced scope in order to meet the set deadlines. In the case of B2B Procedures, this would result in delivering the most critical transactions whilst the remaining transactions would be delivered later, if they are delivered all. The greatest risk to industry efficiency and effectiveness is that the remaining transactions not delivered still require operational support from the commencement.<sup>2</sup> Industry will therefore be operating in the absence of standard market processes, which ultimately results in workarounds of varying complexity and cost. This is not in the long term interests of consumers, who will bear the costs of the inefficiencies created.

Further, at the second stage of market implementation, industry faces a difficult decision of not only implementing further changes but also has to consider unbundling the workarounds put in place in the first stage at additional cost. Reducing the initial scope of the B2B transaction sets to a level that does not support all go-live requirements ultimately leads industry to greater cost, lack of standard processes, poor consumer outcomes and for the market as a whole a risk of these interim processes never being rectified.

## **Conclusion**

This submission highlights a range of implementation matters for the AEMC to consider as it finalises its final rule change. These matters directly impact on the ability for industry to efficiently implement B2B Procedures, systems and processes by 1 December 2017 without compromising customer service outcomes. The IEC stands ready to assist the AEMC with further details on these matters, or other matters related to practical operations of the IEC.

Yours sincerely,



**Peter Carruthers**

Chair

**Information Exchange Committee**

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<sup>2</sup> The IEC is concerned that a cost effective and efficient alternative method of communication is not practicable given the likely high volumes of transactions that are expected to occur when metering competition commences. Without an automated solution the IEC is concerned that there will be significant delays in processing transactions (such as installation of new meters) and that customers will not achieve their expected service outcomes or benefits in a timely manner.