



12 December 2014

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

Lodged electronically: www.aemc.gov.au

Dear Mr Pierce,

Re: Enabling metering technology reforms: Consultation on implementation timetable

AGL Energy welcomes the opportunity to respond to the Australian Energy Market Commission's (the Commission) proposed implementation timetable for the Expanding Competition in Metering and Related Services Rule Change (Metering Competition) Consultation Paper (the Consultation Paper).

AGL operates retail and merchant energy businesses, power generation assets and an upstream gas portfolio. We provide electricity and gas to 3.8 million customers, have a generation fleet of almost 11 Gigawatts, including the largest privately owned renewable generation fleet in Australia. We are therefore vitally interested in the efficient operation of the National Electricity Market.

AGL strongly supports the proposed metering competition reforms. AGL has been active in assisting the Commission to develop key areas in these reforms. We are therefore keen that these reforms are implemented efficiently and effectively.

This response covers the overall Power of Choice work package, highlighting the expected timing for industry to implement all proposed Rules and Procedures in systems and processes to ensure an efficient implementation of the overall programme. We believe attempting to optimise a subset of the programme will result in an inefficient outcome.

An industry view facilitated by the Information Exchange Committee

The Information Exchange Committee (IEC)¹, Australian Energy Market Operator (AEMO), and interested stakeholders have worked together to develop an industry view of the required changes for the Power of Choice work package, including the Metering Competition rule change.

This industry view was discussed at an IEC-facilitated workshop on 10 November 2014, where the IEC and AEMO invited the Commission, the Australian Energy Regulator, jurisdictions and any interested stakeholders to attend a session discussing the overarching Power of Choice and its impacts on the retail market procedures, systems and processes.

¹ The Information Exchange Committee is established under the National Electricity Rules to manage procedures between industry participants. Its members are elected from the industry. The IEC became concerned that the various strands of the Power of Choice reforms were uncoordinated during November 2013 and expressed this concern to the AEMC and the jurisdictions. The IEC have continued to voice this concern and therefore convened the industry meeting to attempt some coordination between the strands.



The outcome of the workshop was an agreement to develop an overall plan to coordinate the work streams, prevent unnecessary delays and inefficient use of industry resources.

A subgroup commenced working on the project plan and presented a draft project implementation plan (the draft plan) at the last IEC meeting on 8 December. The draft plan is based on industry experience of past implementations and releases of a similar nature.

While the IEC (and industry) have yet to formally consider the draft plan it has been provided to the AEMC by the IEC as part of an industry response to to inform this consultation. AGL does not propose to separately provide this draft plan to the AEMC but will refer to it in our submission.

AGL considers that the AEMC, AEMO and the industry need to resolve the issues in the draft plan and use it to manage the Power of Change reforms from now on. This will ensure that AEMC decisions are fully informed of the time and effort required to complete the reforms.

Customer experience

One consistent concern raised at the recent workshop was the need for a coordinated approach to implementation that is managed by a dedicated, independent project management team to ensure readiness of all affected participants, including AEMO.

Metering and meter data is integral to the market and is fundamental to the settlement of the National Electricity Market (NEM). The operation of the wholesale and retail markets is dependent on this data which provides the platform for network and customer billing.

AGL notes that the implementation of the Power of Choice work program must be aware of potential customer impacts. By following a consistent and comprehensive plan the AEMC can ensure that all aspects are considered to provide a seamless customer experience in particular for customer transfers, meter data and customer billing.

AGL view of the timeframes provided by the AEMC and the IEC

AGL was involved in the development of the draft plan and considers that the timeframes shown are a reasonable estimate given many decisions are yet to be finalised. It is expected that the times will be refined as more information is provided by the AEMC.

We also expect that as more information is made available, the industry and AEMO will be able to refine the overall plan and seek time efficiencies. Overlapping development processes and grouping of tasks is expected to shorten the overall time required, but this cannot be done with the information currently available to AGL.

AGL notes, however, that the timeline in the consultation paper already attempts some shortening of times, as shown by notes 1-3 and the overlap between finalising the rules and commencement of procedure development in the chart in that paper.

While each of these may be valid, it is prudent to allow some contingency time for the project in case one or more of the assumed efficiencies is not possible. It would be prudent to determine the parameters for each part of the change process (worst case, best case and most likely timeframes) and use that to determine an overall contingency allowance for the project. This probabilistic critical path approach has be shown to provide better project outcomes than static approaches for complex projects.

Should you wish to discuss the details of this submission, please contact me by email to acricks@agl.com.au or by phone on (03) 8633 6026.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Alex Cruickshank".

Alex Cruickshank
Manager Metering Regulation and Market Interactions
AGL Energy