

8 October 2015

Mr John Pierce
Chairman
Australian Energy Market Commission,
Level 6, 201 Elizabeth Street
SYDNEY, NSW 2000

AEMC directions paper: meter replacement policies

Dear Mr Pierce

The ENA welcomes the opportunity to comment upon the AEMC directions paper on meter replacement policies.

The AEMC directions paper relates to the rule change request from ERM Power to alter meter replacement processes and follows an earlier AEMC consultation paper in May 2015.

The rule change proposal and AEMC consultation paper considered process and timing complexities relating to the transfer of customers between retailers which may result in changing out the customer's meter ('meter churn'). The ERM Power proposal involved replicating all parties (as 'incumbent' and 'prospective') to achieve early change out of meters prior to retail transfer.

The ENA supports the conclusion by the AEMC that "*the introduction of prospective roles as proposed by ERM Power would likely be overly complex and disproportionate to the problem identified ... [and] introduction of prospective roles may cause uncertainty in the allocation of rights and obligations for all parties at a connection point.*"¹

The directions paper outlines the AEMC's modified proposal that the NER be amended to:

- » clarify that an incoming retailer **cannot** require a metering installation to be changed at a connection point until the retail transfer is complete;
- » provide that during the retail transfer period an **incoming retailer can nominate** parties such as the **Meter Provider and Meter Data Provider** to undertake certain roles at a connection point, and **that such nominated parties cannot commence these roles until the day the retail transfer is completed;** and
- » clarify that **commercial arrangements can be entered into between incoming and incumbent parties** at a connection point, so that the **incumbent parties can churn the meter on behalf of the incoming parties during the retail transfer period**².

As outlined in its previous submission, the ENA regarded it as a key requirement that the framework for meter replacement processes should ensure that all parties are in a position to perform their roles and responsibilities within the regulatory framework.

¹ AEMC, Meter replacement processes: information sheet, [10 September 2015], p. ii

² *ibid.*, p. i

The solution proposed by ERM Power involved a level of complexity and uncertainty in roles, responsibilities, obligations, service delivery, compliance and penalties that would not contribute to better outcomes for customers, particularly for small customers. With the metering contestability rule change process still underway and fundamental design issues yet to be resolved in that process, the introduction of additional role complexity in servicing small customers would increase the likelihood of poor operational and market outcomes for consumers.

Additionally, it is noted that the AEMO Meter Churn Procedures which came into effect on 1 September 2015 align roles and responsibilities for service obligations directly to the relevant party at each point in time. These procedures provide the clearest and most effective incentive for the efficient transfer of equipment, as it is in the interest of the 'new' retailer to have its meter in place as soon as possible to support new service delivery.

ENA's view

As a result, ENA **endorses** the AEMC's proposed alternative solution to improve the meter replacement process.

Further, ENA **supports** the proposal by the AEMC that the draft determination for the meter replacement rule change should await finalisation of the metering contestability rule change to ensure that drafting and procedural considerations for these closely related processes are able to be implemented together. ENA also notes and supports the intention of the AEMC to seek to coordinate these processes with the embedded networks rule change and the introduction of the Shared Market Protocol.

However, ENA feels that the project timelines, as outlined in Figure 7.1 in the Directions Paper, will be very challenging to achieve.

ENA has noted within our submission to the additional consultation on metering contestability that the scale and complexity of processes underway needs to be considered realistically in the implementation scheduling. For example, the proposal to release a final rule in the metering contestability rule change without prior consultation on the complete rule and its drafting, in order to meet an artificial deadline, is likely to result in unforeseen consequences which may undermine the outcomes for consumers.

ENA recommends that the AEMC adopt a realistic and prudent approach to estimating the implementation timetable such that stakeholder engagement on complex interrelated issues is not unnecessarily compromised.

If further information is required on this submission, please contact Susan Streeter at ssreeter@ena.asn.au or phone 0439 177 032.

Yours sincerely



John Bradley
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