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16 January 2017

Ms Karen Olesnicky
Acting Chief Executive Officer
Australian Energy Market Operator
GPO Box 2008
MELBOURNE VIC 3000

Dear Ms Olesnicky

Power of Choice Procedure Changes – Work Package 2: Second Stage of Consultation

Ergon Energy Corporation Limited (Ergon Energy) in its capacity as a Distribution Network Service Provider in Queensland welcomes the opportunity to provide comment to the Australian Energy Market Operator (AEMO) on its *Power of Choice - AEMO Procedure Changes (Work Package 2)* second stage of consultation.

Ergon Energy's response is enclosed in the *Participant Response Template*. Of particular note in our response is our concern about the absence of a *force majeure* provision within the *Exemption Procedure – Metering Installation Malfunction.* In the absence of such flexibility Ergon Energy considers the procedure will create a cumbersome and costly meter repair process during periods of natural disaster.

Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact either myself on (07) 3851 6416 or Trudy Fraser on (07) 3851 6787.

Yours sincerely

Jenny Doyle
General Manager Regulation and Pricing

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Enc: Ergon Energy's submission

METERING COMPETITION
EMBEDDED NETWORKS
METER REPLACEMENT PROCESSES

POC PROCEDURES CONSULTATION (PACKAGE 2)

SECOND STAGE PARTICIPANT RESPONSE TEMPLATE

***Participant**: Ergon Energy - Network*

***Completion Date**: 16 January 2017*

1. Glossary and Framework

Please delete any rows where there are no participant comments

Clause	Heading	Participant Comments
3	Glossary	The term: EENSP: Exempt Embedded Network Service Provider For clarity, this should include a reference to the fact this is (for all intents and purposes) the same role as an Embedded Network Operator, as noted in the *Guide to Embedded Networks*, and shown below: **3.4. Embedded Network Operator** Embedded Network Operator is a term that is being used by the AER, it is not a term that AEMO uses, however for all intents and purposes the Embedded Network Operator will be an EENSP.

2. Default & Deregistration Procedure (MP, MDP, ENM, MC)

Please delete any rows where there are no participant comments

Clause	Heading	Participant Comments
3.2	Review of Capability for Ongoing Compliance	In regards to: 3.2.2 Past Conduct AEMO may review the past conduct of the relevant MP,MDP,ENM or MC, including as specified in (a)-(e). Ergon Energy recommends that (c), includes: (c) the level of any previous warning issued to the relevant MP, MDP, ENM or MC, and how this warning was responed to. - as the participant's response to any previous warning should be a consideration of 'Past Conduct'; when reviewing capability for on-going compliance.
3.3	Determination of Type of Breach	Throughout section 3.3 there are references to the severity of a breach being determined by its impact on "Participants ability to peform their services, conduct their business operations, or fulfil their regulatory obligations". Ergon Energy recommends this should include references to 'End Use Customers' in addition to 'Participants' "ability to perform their services …" so as to incorporate potential breaches by Embedded Network Managers (ENM).

5.1	MP, MDP or ENM	5.1.1 (c) Ergon Energy considers that End Use Customers should also be notified of any material breach outcome against an ENM.

3. Exemption Procedure (Metering Installation Malfunctions)

Please delete any rows where there are no participant comments

Clause	Heading	Participant Comments
2.5	Grant of Exemption	In regards to AEMO's feedback on our request for a *force majure* exemption clause, copied here for ease of reference: *AEMO does not understand the relevance of events of force majeure. An act of God, for example, will not necessarily lead to a metering installation malfunction unless the metering installation itself exhibits one or more of the outcomes specified in the definition.* *Hence, unless every metering installation in an area exhibited a characteristic that met the definition of a 'metering installation malfunction', AEMO does not foresee the need for a 'blanket' application.* *Section 2.4(c) is flexible enough to give AEMO discretion to take into consideration the impact that of natural disaster on the MC's ability to meet the rectification timeframes in NER clause 7.8.10(a).* The purpose of the 'blanket' exemption is not to cover every NMI in an area impacted by natural disaster (both those that may require repair or those that do not) but to cover the *region* in order to support a structured response to disaster recovery. This is because the procedure requires an individual exemption to be lodged for <u>every</u> NMI that cannot be repaired within the

		required timeframe. As such, in natural distaster situations, where many thousands of meters could be (and have been) damaged, the procedure will require thousands of individual exemption requests to be filled out and submitted to AEMO, where these meters cannot be repaired within the required timeframes. This per NMI requirement is not avoided by 2.4 (c), as the definition of *metering installation malfunction (*and *metering installation)*, and its application in the procedure, is singular, meaning that any NMI that malfunctions will require an exemption application (if it cannot be repaired within the necessary timeframe). Ergon Energy considers this to be an impractical process that will drive considerable costs, including for AEMO which must process the applications. Rather, AEMO could provide the flexibility to issue a 'blanket' exemption over areas impacted by a natural distaster. This would enable MCs to provide AEMO with one report post event that outlines the number of impacted NMIs and time taken to rectify.

4. MSATS Procedures: National Metering Identifier

Please delete any rows where there are no participant comments

No comment.

5. Qualification Procedure

Please delete any rows where there are no participant comments

No comment.

6. Service Level Procedure – Embedded Network Manager

Please delete any rows where there are no participant comments

No comment.

7. Unmetered Load Guideline

Please delete any rows where there are no participant comments

No comment.

Other Issues Related to Consultation Subject Matter

Document	Clause	Heading	Participant Comments
Guide to Embedded Networks	3.1	Overview	The first sentence after points (a) and (b) appears to be incompete.