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Australian Energy Market Operator
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Sent by email

Re: Power of Choice Procedure Changes (Package 2)

Dear Sir/Madam,

Ergon Energy Queensland Pty Ltd ("Ergon Retail") welcomes the opportunity to provide this submission to the Australian Energy Market Operator (AEMO) on its Power of Choice Procedure Changes (Package 2). This submission is made in Ergon Retail's capacity as a Market Participant.

Ergon Retail is a proud Queensland business that provides electricity to more than 700,000 regional homes and businesses. Ergon's retail business is part of the Energy Queensland Limited group which is Australia's largest energy business.

Ergon Retail has provided detailed responses to individual elements within Work Package 2 (Attachment 1). In particular, Ergon Retail has provided more detailed feedback relating to the following new procedures and guidelines:

1. Default and Deregistration Procedure - the need for additional clarity detailing how AEMO will assess what represents a 'non-material', 'significant', or a 'material' breach. Ergon Retail considers that AEMO should develop an assessment framework which will enable a transparent and consistent approach to categorising breaches. In addition Ergon contends that consideration should be given to requiring any participant in breach to communicate this information with their contracted parties.
2. Exemption Procedure (metering installation malfunctions) - in the instance of force majeure events (such as cyclones, severe storms or bushfires) where a large number of NMIs may be impacted, one application should be able to seek an exemption for multiple NMIs.
3. Exemption Guideline (small customer metering installation) - enablement for a single exemption application to apply to multiple NMIs in geographical areas where the requirement to install compliant meters is problematic due to either insufficient telecommunications signals or where the cost to extend a telecommunications network is prohibitively expensive.

   Ergon Retail contends that AEMO should consider how best the Exemption Procedure (metering installation malfunctions) and Exemption Guideline (small customer metering installation) can be effectively applied in instances where multiple customers are involved.

If you have any questions regarding this submission please contact Michelle Norris on (07) 3851 6222 or alternatively Gareth Morrah on (07) 3851 6823.

Yours sincerely

Mark Williamson
A/ Executive General Manager, Retail
Ergon Energy Queensland

METERING COMPETITION
EMBEDDED NETWORKS
METER REPLACEMENT PROCESSES

PROCEDURE CONSULTATION

SECOND STAGE PARTICIPANT RESPONSE TEMPLATE

***Participant**: Ergon Energy Queensland (retail)*

***Completion Date**: 15 November 2016*

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1. Glossary and Framework

Ergon Energy Queensland has no comments on the draft Glossary and Framework Procedures.

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

Ergon Energy Queensland provides the following comments:

Clause	Heading	Participant Comments
1	Introduction	*General comment – would prefer that acronymns are not used in headings e.g. subsections with in sections 6 and 8 where the headings only use 'MP', 'MDP', 'ENM' and 'MC'. Preference that these are spelled out in full in headings*
3	DETERMINATION OF TYPE OF BREACH	EEQ seeks additional clarity with regard to how AEMO or their representative would assess what represents a 'non-material', 'significant', or 'material' breach. EEQ suggests that AEMO develop an assessment framework which could be provided to participants which would demonstrate how AEMO determined the level of breach. These criteria could include the following elements: • Number and classification of customers impacted • Impact on customers – e.g. 'inconvenience' through to 'financial', billing impacts etc • Impact on other market participants • Impact on market – e.g. reputational damage, market confidence, settlements impact

3.1	Immaterial Breach	As noted in section 3 response (above) EEQ considers that AEMO should specify the assessment framework that will be applied in order to ensure consistency between decisions.
3.2	Significant Breach	As noted in section 3 response (above) EEQ considers that AEMO should specify the assessment framework that will be applied in order to ensure consistency between decisions.
3.3	Material Breach	As noted in section 3 response (above) EEQ considers that AEMO should specify the assessment framework that will be applied in order to ensure consistency between decisions. At the end of 3.3(a) and between (i) and (ii) insert an 'and' / 'or' Section (d) – as with previous comments *an act that AEMO reasonably considers to be unethical* is highly subjective and open to individual interpretation unless a framework is applied.
4	ISSUE OF BREACH NOTICE	There should be a mechanism for AEMO (or AEMO to require the participant that is in breach) to notify any contracted parties. *For example* if the MC is in breach, the MC (or AEMO) should contact any retailer or large customer to which it is contracted. This is particularly the case for instances of material breach where contracted parties may be required to look for an alterative if the MC is deregistered.
5	REVIEW OF CAPABILITY FOR ONGOING COMPLIANCE	For uniformity, please use business days, or if the '7 days' is referring to calendar days, please specify.
5.1	Remediation Plan	EEQ considers that the '7 days' should be used to

		(i) Contact contracted parties who will most likely be required to cooperate with the participant that is in breach to remediate the issues; and (ii) Develop the remediation plan and associated timeframes and submit to AEMO as outlined in Section 5.1. In simple cases the remediation plan may well be 'one page' and be able to be resolved quickly, but in other cases, the participant in breach may require the '7 days' to develop an appropriate plan. AEMO should undertake its assessment of the market participants' capability for ongoing compliance based on the remedation plan.
6.1	Material Breach	Material breaches in the sector of considerable concern for all market participants and have the potential for significant market impacts particularly if it is a crucial role of MC/MP/MDP where deregistration is being considered. This is particularly the case in regions where there are not multiple players present (such as in regional areas). The potential for one participant to be deregistered could have a significant bearing on the ability for other market participants (such as retailers) to fulfil their obligations. AEMO should consider the current status of the relevant participant segment in the market before it deregisters a critical player where there may not be a viable alternative to take up these activities. These matters should be considered before AEMO decides its actions under section 6.1.1. Issuance of a material breach to any participant must be done in full consultation with contracted parties (if not the broader sector) so that customer impacts and broader sectoral costs / reputational damage are

		mitigated as far as possible.
6.1.1	MP, MDP, or ENM	Please add an 'or' between dot points (a) and (b), and (b) and (c). Point (d) describes the instances where there may be a 'blended' approach to suspension / operating under constraints described by points (b) and (c).
6.1.2	MC	Noting that commercial negotiations to appoint an MC can take some time, deregistration of an MC for a retailer is likely to pose a significant risk to manage. It will be important for AEMO to deregister only in consultation with contracted parties. The consequences of deregistration may be as significant as a ROLR event but without a default retailer in place.
6.2.3	Escalation	If AEMO is escalating its actions on a market participant, contracted parties must be made aware of these actions so that appropriate mitigations are put in place in a timely manner. Either the market participant receiving the notifications must be made to notify contracted parties (which could be required as part of the remediation process or breach notice) or AEMO must notify the contract parties. Any non-material breaches may also provide important lessons more broadly in the sector which in the early stages of the post PoC implementation will be important so that the market becomes more established .
8	CONSEQUENCES OF AEMO ACTION	As per concerns outlined in the previous sections, EEQ is of the view that contracted parties to any remediation requirements / breach notification / potential deregistration must be made aware of these actions so that any downstream or broader market impacts can be evaluated and mitigated as far as possible. This will be critical in geographical areas where there are a very limited number

		of participants operating in the market / offering services such as MC / MDP / MP where any withdrawl of a participant could have significant impacts. As also noted in EEQ's response, we believe there is value in AEMO implementing an assessment framework to ensure consistency between its decisions. EEQ is also interested to understand whether there is any ability for a market participant to 'challenge' the notice conditions imposed by AEMO or suggest an alternative approach to those suggested by AEMO.
8.1	MP, MDP or ENM	8.1 (c) heading – change 'affect' to 'affected'
8.2	MC	Please refer to previous discussions within this procedure which outline the time that it takes a FRMP to appoint an MC. Note also the concerns that in some geographical locations, alternative MC options may be very limited (or non-existant), particularly in early stages of market development. Deregistration of MCs, particularly where there are significant numbers of customers involved must be carefully considered and discussed with contracted parties prior to deregistration.
9	VOLUNTARY DEREGISTRATION	This section does not allow for voluntary deregistration for an MC, MP or MDP. It is feasible that through market acquisition / mergers that these market participants may require deregistration. EEQ is of the view that it is important to consider the voluntary deregistration of these parties in addition to ENMs. In relation to any voluntary deregistration process (for ENMs, MC, MDP and MP roles), it will be important for AEMO to require conditions on the deregistration process to ensure that obligations of these participants are managed /

		transitioned so that customers are not adversely impacted. These points are eluded to in the 'application' section (section 9.1) for voluntary deregistration of the ENM but should be more broadly applicable to other market participants.
9.1	Application	Refer to previous comments

3. Exemption Procedure (Metering Installation Malfunctions)

Ergon Energy Queensland provides the following comments:

Clause	Heading	Participant Comments
1.1	Purpose and Scope	*EEQ considers that this document could benefit from an additional context to clarify that a metering installation malfunction does not include notification to AEMO where there is a failure of a telecommunications network.*
2.1	Applicant	Faulty Type 5/6 metering installations cannot be replaced by a DNSP MC under the new Rules. The new requirements specifiy that the FRMP must be notified and the FRMP will select a new MC to replace the metering installation. The procedure as drafted states that the new MC cannot apply for an exemption, only the current MC. EEQ considers that holding the current MC accountable for the faulty installation with no control of the rectification plan, process or timing is inconsistent with the intent of this procedure. The procedure should instead require the prospective or new MC to apply to AEMO for the exemption and be held accountable for completion and compliance.
2.4	Matters taken into Consideration	EEQ considers there is value for MCs to include an additional point which AEMO takes into consideration in deciding whether to approve an application for exemption. Suggest this additional point is included between existing points (b) and (c) as follows:

		Where a force majeure event (e.g. cyclone, severe storm, bushfire) has occurred, provide details of the geographical area and number of NMIs which the MC believes are impacted. The MC is to provide additional details of the NMIs and associated timeframes as the geographical region becomes accessible. By including a statement of this nature, the MC is providing AEMO with advanced notification that a large number of NMIs will potentially be malfunctioning and that substituted data will be provided for settlement purposes.
2.5	Grant of Exemption	In granting the exemption after a force majeur, AEMO should take into consideration the extent of the area impacted and the categories of feeders (e.g. urban / short rural / long rural which it is proposing the actions, described in point (c).
2.9	Expiry of Exemption	AEMO should consider any declaration of a natural disaster (or a non-natural disaster declaration of a similar level of severity) by Australian state or federal governments in deciding the expiry of the exemption. Under conditions where a force majeure has occurred there may be significant local issues to consider which impact the ability of an MC / MP to rectify malfunctioning meter/s in a geographical location.
3	RECTIFICATION PLAN	Based on the practicalities of identifying the problem with the meter and arranging with a customer for an outage / remediation (or replacement) of the meter, this may be challenging to accommodate in an initial rectification plan. As such the rectification plan may necessarily need to be considered to be indicative timing.
3.1	Timing	See previous comments

3.2	Contents	See previous comments

4. MSATS Procedures: National Metering Identifier

Ergon Energy Queensland provides the following comments:

Clause	Heading	Participant Comments
2	ALLOCATION AND ISSUE OF NMIS	Ergon retail suggests that the "Allocate NMI Process" should not mandated where a NMI has been allocated outside of the B2B framework. This would alleviate the need for a retailer to raise a redundant service request where a registered electrical contractor provides the allocated NMI to a retailer on any supporting documentation

5. Qualification Procedure

Ergon Energy Queensland provides the following comments:

Clause	Heading	Participant Comments
2.2	Pre-Reading	The B2B Procedures listed as documents in the table may need to be reviewed following release / finalisation of the procedures.

6. Service Level Procedure – Embedded Network Manager

Ergon Energy Queensland has no comments on the draft Service Level Procedure – Embedded Network Manager .

7. Unmetered Load Guideline

Ergon Energy Queensland has no comments on the draft Unmetered Load Guideline.

8. Other Issues Related to Consultation Subject Matter

EEQ provides the following comments on the current draft Exemption (small customer metering installation) Guideline:

Document	Clause	Heading	Participant Comments
Exemption Guideline	2.1	Basis for exemption	This section of the guideline must include some context to enable information to be provided to AEMO which will satisfy them in the

Document	Clause	Heading	Participant Comments
			circumstances where it is prohibitively expensive to build or extend a telecommunications network to a customer in a specified geographic location, that a 4a meter exemption can be granted. In its final rule determination, the AEMC was clear that there will be instances in remote locations where there is no telecommunications network to facilitate remote acquisition of data. The AEMC noted that *"as it may be prohibitively expensive for a Metering Coordinator to build a telecommunications nework to provide remote acquisition (or pay a telecommunications operator to extend its network), Metering Coordinators will be able to apply to AEMO for an exemption to the requirement to install a type 4 meter that meets the minimum service specification"*. Futher, the AEMC stated that *"the final rule does not require a metering installation that is connected to a current transformer to be capable of providing remote disconnection and reconnection services. The costs of providing remote disconnection and reconnection services where there is a metering installation connected via a current transformer outweigh the market benefits"*. Although this is not specified in the rules themselves under 7.8.4 (a-c) it is also not precluded. The final determination essentially provide the policy context for the rule as made, and EEQ considers there was clear intent in the final documents that this was the intent of the AEMC. The guideline also does not allow for a period of time which would enable the MC to investigate / attempt to establish a connection to a telecommunicaitons network prior to the submission of an exemption. In

Document	Clause	Heading	Participant Comments
			the instances where remoteness is a factor in the establishment of a connection, travel time / distance will also be a factor impacting on the time to attempt to establish a connection.
	2.2	Expiry	The guideline states that an exemption will expire .. *"3 months following the date on which a telecommunications network first provides coverage in the vicinity of the relevant metering installation"*. It is unclear how a MC will become aware of changes in the availability of a telecommunications in the different geographical locations in which it operates. This may be expecially be the case in regional locations where the geographic vastness of an area will make it challenging to monitor. The clause could be redrafted to consider that *within 3 months of becoming aware of a telecommunications network providing coverage, the MC should* ***review*** *the status of the metering installation and either provide connection to the customer or submit a new exemption application.* EEQ considers this is a more practical approach to this issue.
	3.2	Form of application	It is also unclear what information AEMO will require from MCs in order to satisfy their requirements to approve an exemption. In some instances publicly available coverage maps may indicate that there is telecommunications coverage in an area but in practice, specific locations in these areas may not have coverage. EEQ asks that AEMO provide examples of evidence that may be required to determine telecommunications coverage in specific locations.

Document	Clause	Heading	Participant Comments
	3.3	Timing of application	Suggest the following amendment to (b) Within *10* business days of becoming the current MC for the metering installation in the case of an unplanned installation. From a practical perspective in regional areas, 2 business days may be insufficient to attend to geographically distant / remote locations or sites of large customers (e.g. mining) where there may be access requirements.
	3.4	AEMO's determination	Insert the following: (e) If AEMO grants an exemption, it will commence on the date that AEMO received the application. This approach has been proposed by AEMO in its *Exemption Procedure – metering installation malfunctions* and means that MC's are not subject to being in breach for any period of time for a successful exemption application. The same approach should be used in this exemption guideline.