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20 July 2016

Mr Matt Zema
Managing Director and Chief Executive Officer
Australian Energy Market Operator
GPO Box 2008
MELBOURNE VIC 3000

Dear Mr Zema

Power of Choice Procedure Changes - Package 1 Draft Report and Determination

Ergon Energy Corporation Limited in its capacity as a Distribution Network Service Provider (DNSP) in Queensland, and Ergon Energy Queensland Ltd (combined referred to as Ergon Energy) welcome the opportunity to provide comment to the Australian Energy Market Operator (AEMO) on its Draft Report and Determination regarding the first package of AEMO Procedures relating to the expanding competition in metering and related services, embedded networks and meter replacement processes rule changes.

In response to this consultation, please find enclosed a completed Participant Response Template. Further, Ergon Energy has highlighted below a number of other key issues for AEMO's consideration.

Metrology Procedure: Part A
4.4 "x" values Calculation and Use

In accordance with clause 7.8.3 of the National Electricity Rules (NER), which is scheduled to commence on 1 December 2017, any new and replacement metering installation for a small customer must have Type 4 metering, subject to the provisions of clause 7.8.4, which stipulates when a Type 4A metering installation is required. This has an impact on the application of clause 4.4 in draft Metrology Procedure: Part A.

The value of 'x' in clause 4.4 is stated as the threshold for Type 5 meter installations in Queensland; that being 0MWh / annum. Effectively, this "x" value means that Type 5 meters cannot be installed in Queensland. However, while the "x" value in draft Metrology Procedure: Part A clause 4.4 refers to Type 5 installations only, S7.4.3 of the NER also refers to 'x' as the volume limit per annum per connection point for a Type 4A metering installations. As such, if the value of "x" as stipulated in the draft Metrology Procedure: Part A is applied in Queensland as currently defined, then Type 4A meters could not be installed as they would be required to have a 0MWh / annum volume of electricity flowing through the connection point.

As such Ergon Energy notes that the Metrology Procedure: Part A will need to be updated to reflect the jurisdictional thresholds as they are determined by relevant Ministers.

Metrology Procedure: Part A
4.5 "y" values Calculation and Use
Following on from the above comments in regards to 4.4, Ergon Energy seeks confirmation from AEMO on the appropriate treatment of Large Queensland Non-Market Customers >100MWh to <750MWh. Specifically, there does not appear to be an obligation on Ergon Energy to install new and replacement meters as Type 4 in line with NER 7.8.3, unless consumption moves >750MWh or <100MWh.

Metrology Procedure: Part A
10. Installation of Meters(s)
Ergon Energy is concerned that the current drafting of clause 10 is unclear. A literal reading of this clause would indicate that that this requirement only applies to Queensland (being the jurisdiction specified in the table). However, Ergon Energy does not consider this is the intent.

Upon review of the identical requirement for Type 5 and 6 meters, specified in the current version of the Metrology Procedure: Part A, it appears to Ergon Energy that the intent in the new draft may be that for all jurisdictions other than Queensland, the requirement is as specified in subclause (d); and for Queensland, the requirement is that the MC must ensure that when each meter of a Type 4 or 4A meter is installed, it is checked such that it complies with the relevant Electricity Connection and Metering Manual (ECMM), which each Local Network Service Provider (LNSP) must publish and update from time to time.

If it is in fact the intent that an MC in Queensland must ensure that when each meter of a Type 4 or 4A meter is installed, it is checked such that it complies with the relevant ECMM, Ergon Energy suggests that clause 10 be amended, to make this clear. Further, as the Queensland ECMM applies to all meters in Queensland, Ergon Energy recommends this requirement in clause 10 for compliance with the ECMM extend beyond Type 4 and 4A meters, to include *all* meters. We consider the following drafting would clarify the intent of clause 10 and would also ensure that *all* meters installed in Queensland would be required to comply with the relevant ECMM:

10. Installation of Meters(s)
The MC must ensure that when each meter of a type 4 or 4A metering installation is installed, it is checked such that it has the optical port, communications port and visual display located so that the optical port, communications port, or visual display can be readily accessed for Meter Reading. However, this requirement only applies to a Jurisdiction as specified in the following table:

Jurisdiction	Variation in accordance with Jurisdictional policy
Queensland	Complies with the Queensland Electricity Connection and Metering Manual, which each LNSP must publish and update from time to time.

It is also a requirement that a MC in Queensland ensure that when each meter of a Type other than a Type 4 or 4A is installed, it complies with the Queensland Electricity Connection and Metering Manual, which each LNSP must publish and update from time to time.

Metrology Procedure: Part A
12.1.1 Deemed Network Devices
Ergon Energy has approximately 450,000 meters that provide load control specifically in support of the application of a Network Tariff. We are concerned clause 12.1.1 is ambiguous, and may be interpreted in a manner such that any meter which is "supporting the application of a network tariff" will not be deemed to be a "network device". Such an interpretation would be inconsistent with clause 7.8.6 of the NER and the definition of a Network Device; which enable DNSPs to utilise network devices to "monitor, operate or control the network for the purposes of providing network services, which may include switching devices, measurement equipment and control equipment".

Ergon Energy recommends that 12.1.1 be clarified to ensure it is interpreted in accordance with the NER.

Metrology Procedure: Part A
14.1 Criteria for determining Emergency Condition
While Ergon Energy notes that AEMO does not intend to restrict LNSPs and Metering Coordinators (MCs) from agreeing on a definition of 'emergency condition' in their service agreements, we consider it would be preferable for AEMO to define 'emergency condition' as without such clarity, there will likely be ambiguity, a lack of accountability and different service standards existing throughout the market. For example, as different MCs will likely operate within the same region, LNSPs may end up having different definitions of 'emergency conditions'' with different MCs. This could lead to circumstances where emergency conditions are declared for certain customers, whilst other customers with a different MC have a different level of service provided. This would create confusion for customers, and LSNPs in their response to emergency situations wherein they would be required to identify which premises are impacted by an agreed emergency condition and those which are not.

Notwithstanding the above, in regards to the proposed criteria that LNSPs and MCs must consider when defining 'emergency conditions' within service agreements; Ergon Energy considers that the criteria does not accurately reflect 'emergency conditions' in practice, as clause 14.1(a) could be interpreted to encompass planned interruptions. If AEMO intends for this criteria to be used as a basis for defining 'emergency conditions', the

criteria should be amended to reflect unplanned / unforeseen supply disruptions only, and not applied to planned interruptions that are otherwise captured by National Energy Customer Framework notification procedures.

As such, Ergon Energy recommends emergency condition criteria 14.1(a) is changed from "disruption to power supply…", to: "unplanned interruption to the general power supply to one or more sites, regardless of duration".

Metrology Procedure: Part A
Response to Emergency Events
To mitigate the operational difficulties emergency conditions will bring to the market under the new market arrangements, Ergon Energy also recommends that Metrology Procedure: Part A ensures DNSPs and MCs have processes in place in relation to their supply obligations after emergency events (e.g. flood, cyclone etc.). We recommend that the procedure require DNSPs and MCs to agree on the restoration and customer re-energisation process after an emergency event, including replacement and repair of affected metering installations. Such a requirement is vital to efficient restoration after widespread outages, particularly in regional areas. For example, supply restoration can only be achieved where the LNSP is available to re-energise the site *and* the MC has installed metering in-line with the restoration work.

MSATS Procedures: CATS Procedure Principles and Obligations
General
AEMO has proposed a blanket reduction of the objection logging period from 5 days to 1 day. Ergon Energy does not support that proposal for the following reasons:

- Ergon Energy is not aware that there has been a cost benefit analysis of the proposed change;
- The proposal it is outside of scope of the Power of Choice procedure changes and we would not classify this as an error correction or non-contentious change;
- The change has the potential to lead to the widespread use of auto objections by participants;
- The assessment criteria for considering the proposal was too narrow i.e. the number of objections on day 2-5 may be small relative to the overall number of objections (8%). However, the implication of unwinding the Change Request because an objection was not lodged in time may be substantive;
- The 8% of transactions that would otherwise have been objected to in the 2-5 days window will result in rework for participants on both sides of the transaction;
- This rework would likely require extra resources;
- We understand that for some smaller participants that transactions are reviewed manually for potential objections;
- We assume that the 8% of all objections would be a sizeable volume of transactions; and
- The effective date of the transaction would not be changed as a result of the reduced objection logging period.

MSATS Procedures: CATS Procedure Principles and Obligations
4.5 (c) Jurisdiction Codes

Ergon Energy notes that in 2015 we worked with AEMO to create a jurisdiction code for our isolated networks; so as to enable the use of MSATS for our non-grid connected customers. Ergon Energy acknowledges this code may not need to appear in this procedure, although we wish to highlight that we seek for this code to continue to apply.

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

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Enc: Ergon Energy's submission