INFORMATION EXCHANGE COMMITTEE MEETING

FOR DECISION

SUBJECT: PROPOSED NEXT STEPS ON COINCIDENT SERVICE ORDER OPTIONS

AGENDA ITEM: 7

1. PURPOSE

To determine the next steps to progress options to manage coincident service orders when using remote metering services for de-energisations and re-energisations.

2. SUMMARY

On behalf of the B2B-WG, AEMO conducted a pre-consultation process commencing on 24 August that closed on 10 September 2021. This pre-consultation discussion paper was developed collaboratively with B2B WG members and includes several options and a series of questions to affected market participants. A final version of this discussion paper is provided as Attachment 1. The discussion paper is designed to test a series of assumptions held by the B2B-WG to determine the relevance of each option to the development of the final solution/s to managing coincident service orders for de-energisations and re-energisations.

AEMO has collated and reviewed the responses on behalf of industry to manage any potential confidentiality or commercially sensitive matters. AEMO provides this recommendation for the next steps to resolving the issue of coincident service orders when using remote services. This proposal has been reviewed by the B2B-WG.

3. BACKGROUND

At the May 2021 meeting, the IEC did not accept the B2B-WG's recommendation to commence consultation on a proposed solution using Notified Parties (NP) to manage coincident service orders.

At this meeting, the IEC tasked the B2B-WG with undertaking further analysis and development of additional options to manage coincident service orders which would:

- Deliver a more complete solution for consumers (which prevents / further reduces consumers being left off supply), compared with the NP Service Order (SO) solution that was presented
- Look at how to resolve issues relating to coincident service orders by considering broader solutions outside of B2B, including MSATS and rule changes

The IEC also asked that the B2B-WG keep in mind the following considerations:

- (if possible) distributors are not to bear (all) costs
- Implementation timeframes within the next 18 months would exclude any requirements for AEMO system or major participant system changes
- AEMO B2B system or MSATS configuration change(s) may be an alternative and should be investigated if an option

- Whether phasing of the introduction of changes e.g. by jurisdiction may have an impact on the completeness, complexity or cost of the proposed solution(s)
- Recommend any jurisdictional discussions may need to occur.

Following further discussions, the B2B-WG did not yield a proposal for the next steps. To progress the B2B-WG's understanding of the issue, AEMO, on behalf of the B2B-WG, surveyed industry to explore options to address managing coincident service orders when using remote services and test key assumptions held by members of the B2B-WG.

At the August 2021 meeting, AEMO updated the IEC of the progress of the survey.

4. ISSUES

In order to explain and clarify the scenarios under which coincident SOs relating to remote de-energisation and re-energisations can occur, a discussion paper was developed which sought to enable participants that are not as familiar with the issues to engage in a less structured way prior to formal consultation on the preferred solution.

AEMO received 18 submissions to the discussion paper and analysed the responses (de-identified summary of responses provided in Attachment 2). Due to the continuance of sectoral divide in the submissions, AEMO is submitting this recommendation.

Key assumptions were tested, it was clear in feedback that retailers wish to move towards using remote service orders for de-energisation and re-energisation where possible. Physical de-energisation requests by retailers will reduce to insignificant levels in the future as smart meters are rolled out, but would not disappear entirely.

General comments of note from the submissions are:

- There was no clear preference from participants as to the preferred option.
- The application of the key principle that "customers interests take priority" by all service providers should be the primary focus of any solution chosen.
- There is a reliance on all three participant types undertaking the expected actions and/or using information available to them to mitigate downstream impacts.
- There are identified examples of a coinciding service order off-supply situation occurring, using two re-energisation service order solution (option 1b) . As such, a submission suggested the AER be engaged by the IEC to flag this contentious issue as early as possible, in order to provide transparency on this matter and potential customer detriment.
- As a result of Reducing Customer Switching Timings commencing 1 October 2021, at least one NSW DNSP is asking that retailers complete the NPN field on all re-energisation requests, as soon as it is practical, so to help avoid a poor customer experience.
- AEMO is not aware of any other options that fully meet the objective of preventing the customer having no supply.
- AEMO acknowledges that industry will require a strong testing regime to implement either of the options.

The discussion paper provided (see Attachment 1) a series of options for how to best manage coincident service orders when using remote services as summarised in Table 1 below.

Table 1 – Options for managing coincident service orders when using remote services

Option	Description
1a	Single service order Notified Party proposal
1b	Two-service order proposal
2a	New permission rules - retailers to check for inflight SO requests before requesting a service
2b	Retailers rely on a non-regulated service provider to alert them to the presence of two SOs for move-in / move-out scenarios
2c	SO alert
3a	Phone call to DNSP (LNSP) by a non-regulated MPB prior to attending site
3b	Phone call or email to DNSP (LNSP) by a non-regulated MPB to withdraw pending physical de-energisation
3c	Reducing the number of business days to update MSATS NMI status and meter status fields

Options 2a, 2b, 2c, 3a and 3b were identified as providing limited or no support to resolving the coincident service order logic as they were:

- Inefficient.
- Cost prohibitive.
- Slow to implement.
- Over-engineered.

The change identified in Option 3c was supported by 9 submissions, however, was not seen as a solution to manage coincident service orders when using remote services.

Two proposed options emerged as preferrable from a mixture of participant submissions:

1. Option 1a: The mandatory provision of Notified Parties for de-energisation and re-energisation service orders sent by retailers and the use of notified parties within coincident service order logic by distributors and contestable metering providers.
2. Option 1b: The provision of two de-energisation and re-energisation service orders sent by retailers, one to the distributor and one to the contestable metering provider to enable each party to perform coincident service order logic.

Both of these options however do not fully meet the objective of preventing the customer having no supply. However, the Notified Party option offers an acceptable level of risk and trade off when considering the balance of cost, implementation timeframes, and existing framework. Pros and cons were identified in the submissions, these are summarised in the following Table 2.

Table 2 – Pros and Cons for Options 1a and 1b

Issue	**Coincident Service Order Logic with Notified Parties** (Option 1a)		**Two Service Orders** (Option 1b)	
	Pro	Con	Pro	Con
Gap identified for maintaining customers on supply		Occurs when the disconnection was completed or could not be cancelled prior to the notified party transaction being received by the service provider. All parties (retailers and service providers) have indicated that they will need a reconnection service order in this scenario.		Occurs when a distributor has low business practice compliance with the coincident service order logic. Distributors will need to revisit and strengthen their business practices for handling of coincident service orders and consistency of responses to service order requests.
Pre-existing	A number of retailers, metering parties and a distributor identified that they have already enabled the use of notified party in the coincident service logic.	A majority of distributors have not adopted this approach.	A small number of retailers have already begun sending duplicate service orders to the distributor and metering provider.	A number of retailers, metering parties and distributors have not established this process.

Issue	**Coincident Service Order Logic with Notified Parties** (Option 1a)		**Two Service Orders** (Option 1b)	
	Pro	Con	Pro	Con
Cost	A number of parties identified that costs were not significant when they introduced this logic as part of their Power of Choice changes but would become sunk costs if this option is not utilised.	For those that have not enabled the use of notified party in the coincident service logic, costs ranged from low to high ($500k+) and significant effort to change.	Costs are actively managed by the retailer to enable customer outcomes. Some distributors identified that it would not require changes.	For those that have enabled the use of notified party in the coincident service logic, cost to change to another method of handling the issue ranged from low to high ($500k+). Requesting two service orders would incur two service order charges increasing the cost to customer. Some parties identified regardless of whether they had a de-energisation, a re-energisation request still triggers a site visit to ensure supply is available which amounts to wasted site visits. Automation would need to be built to avoid wasted visits.

Issue	**Coincident Service Order Logic with Notified Parties** (Option 1a)		**Two Service Orders** (Option 1b)	
	Pro	Con	Pro	Con
Time to implement	For those that have enabled the use of notified party in the coincident service logic, it is already in use for retailers sending notified parties	For those who have not enabled the use of notified party in the coincident service logic, implementation timeframe was mostly mid-2023, with a smaller number identifying late 2022. It was also suggested that, if introduced, it should be adopted by each jurisdiction in the lead up to their introduction of the use of remote services rather than when the procedures become effective, so the cost burden is applied appropriate.	For those who can handle duplicate service orders, it is available to be used at their discretion.	This would need to be adopted across 35+ retailers and would be dependent on when they could make the necessary system changes.

Issue	**Coincident Service Order Logic with Notified Parties** (Option 1a)		**Two Service Orders** (Option 1b)	
	Pro	Con	Pro	Con
Service Order Volumes	It is generally acknowledged that over time retailers will move towards using remote services as the primary mechanism, however, physical service order requests will continue to be requested in some circumstances. This means the coincident service order logic across two parties will be required indefinitely.	Distributors will be dealing with a smaller service order volume and applying the notified party coincident service order logic less frequently.	Minimal at the moment.	This option will double the volume of B2B de-energisation and re-energisation transactions when a smart meter is installed, dilutes what is and is not a real request for a re-energisation, and will increase wasted resourcing.
Compliance reporting	Current compliance reporting parameters can be applied.	N/A	N/A	AER compliance reporting would potentially be inaccurate as retailers would need to identify the true transaction and remove the redundant transaction.

Issue	**Coincident Service Order Logic with Notified Parties** (Option 1a)		**Two Service Orders** (Option 1b)	
	Pro	Con	Pro	Con
Complexity		Some participants identified this as significantly complex given the structure of their operating systems.		Responses from the duplicate service orders would need to change to identify when the response is due to the de-energisation not being performed by the recipient rather than the service order not being completed due to power on. This means the change also occurs for any participant that needs to respond to a service order, not just retailers.
Feasibility	Views were split		Views were split	

Overall, the options can be summarised as follows in Table 3:

Table 3 – Options 1a and 1b summarised

Issue	**Coincident Service Order Logic with Notified Parties** (Option 1a)	**Two Service Orders** (Option 1b)	**Comment**
Cost	√		Borne by all parties. Total quantum may not be different as costs have occurred through previous establishment of the change or will be incurred establishing in the change
Delivery time	√	√	Time will be required to finalise consultation material, complete the formal consultation, and timethen for Participants to implement required solutions.
Work/costs required by distributors		√	Required for both solutions, noting the IEC requested, at the last review of this issue, that '(if possible) distributors are not to bear (all) costs'.
Implementation of solution across industry	√		Coincident Service Order Logic with Notified Parties (Option 1a) has higher existing penetration across industry. Two Service Orders (Option 1b) is currently used by some retailers but is a small proportion of the retailers.
Level of change and complexity	√		Two Service Orders (Option 1b) has higher levels of change and complexity required across a broad proportion of industry. Coincident Service Order Logic with Notified Parties (Option 1a) will have high levels of change and complexity for a smaller proportion of industry.

Based on the information provided on the two preferred options, AEMO notes that both options will incur high costs for some participants. However, the level of change to current processes and complexity of the solution is higher for Option 1b: The provision of two de-energisation and re-energisation service orders sent by retailers. AEMO recommends that the IEC consider to resolve the customer impact of coincident service order across multiple parties by consulting on Option 1a: The mandatory provision of Notified Parties for de-energisation and re-energisation service orders sent by retailers and the use of notified parties within coincident service order logic by distributors and contestable metering providers.

5. RECOMMENDATIONS

It is recommended that the IEC:

1. **Note** the results from the discussion paper;
2. **Decide** if Option 1a or both Option 1a and Option 1b of the preferred solutions be consulted on; and
3. **Request** the B2B-WG to draft the change pack to support the decision from recommendation two.

6. ATTACHMENTS

Attachment 1 – Discussion Paper – Solving the challenge of coincident service orders for de-energisations and re-energisations

Attachment 2 – De-identified summary of responses received.

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