



POWER OF CHOICE PROCEDURE CHANGES (B2B PROCEDURES)

FINAL REPORT AND DETERMINATION

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EXECUTIVE SUMMARY

The publication of this Final Report and Determination concludes the National Electricity Rules (NER) consultation process conducted by AEMO on behalf of the IEC to consider proposed amendments to B2B procedures and to develop proposed new procedures to take into account the following amendments to the NER (each an “Amending Rule”):

- National Electricity Amendment (Expanding competition in metering and metering related services) Rule 2015.
- National Electricity Amendment (Embedded Networks) Rule 2015.
- National Electricity Amendment (Meter Replacement Processes) Rule 2016.
- National Electricity Amendment (Updating the Electricity B2B Framework) Rule 2016 No. 6.

The IEC requested that AEMO, along with the B2B Working Group draft new procedures to meet these rule change obligations. On February 24, The IEC made a Recommendation for AEMO to publish the final B2B Procedures and this Final Report and Determination.

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1 Stakeholder Consultation Process

As required by the Amending Rules, AEMO and the IEC (Information Exchange Committee) have consulted in accordance with the NER consultation procedures in clause 8.9 of the NER. The consultation was conducted with the following stages.

DELIVERABLE	DATE
Consultation Paper published	27 October 2016
Submissions closed on Consultation Paper	02 December 2016
Draft Report and Determination published	23 December 2016
Submissions closed on Draft Report and Determination	20 January 2017
Final Report and Determination published	06 March 2017

All consultation documents, including the Initial Draft and Draft Determination and submissions have been published along with this document under the stakeholder consultation section of the AEMO website.

2 Background

2.1 NER requirements

The IEC have been required by the following changes to update the B2B procedures:

- National Electricity Amendment (Expanding Competition in Metering and Related Services) Rule 2015 No. 12;
- National Electricity Amendment (Embedded Networks) Rule 2015 No. 15; and
- National Electricity Amendment (Updating the Electricity B2B Framework) Rule 2016 No. 6.

The IEC has recommended that AEMO publish the following updated instruments as a part of this Final Report and Determination:

INSTRUMENT	New/Amended/Discussion
Glossary and Framework – B2B references only	Amended
Service Order Process	Amended (Minor)
Customer Site Details Notification	Amended (Major)
Meter Data Process	Amended (Major)
One Way Notification	Amended (Major)
Technical Delivery Specification ¹	New
NEM RoLR Processes: Part B – B2B Procedure	Amended
B2B Guide ²	New

¹ Please note this will also incorporate the current B2B Technical guidelines

² This is not a formal procedure document

2.2 Context for the Final Report and Determination

In 2012 the AEMC commenced the Power of Choice Review. The objective of the review was to ensure that the community's demand for electricity services was met by the lowest cost combination of demand and supply side options. This objective was best met when consumers were using electricity at the times when the value to them was greater than the cost of supplying that electricity (i.e. the cost of generation plus poles and wires). In parallel, the AEMC also considered a review on energy market arrangements for electric vehicles.

Among the POC rule changes is the “Updating the electricity B2B framework” rule change, for which the AEMC released a final rule and determination on 30 June 2016. The rule change updates the governance and other arrangements for electricity business-to-business (B2B) Procedures on communications for services related to small customer meters, and is expected to enhance the efficiencies and benefits of the POC rule changes by facilitating communications between the businesses offering and accessing services related to these meters.

The rule change also contains transitional arrangements relating to AEMO, the Information Exchange Committee (IEC) and B2B Procedures, which include:

- IEC to recommend changes to B2B Procedures to be consistent with the POC rule changes by 1 May 2017.
- AEMO to publish the new B2B Procedures within 20 business days of the IEC recommendation.
- AEMO to establish and publish information in respect of the process for accreditation as a B2B e-hub participant by 1 June 2017
- Commencement of the new B2B Procedures and new B2B framework on 1 December 2017.

3 Submission Review and B2B Procedure Development

The B2B procedure development has been led by the POC Business to Business Working Group (B2B-WG), which AEMO has established. The B2B-WG are a formal working group of the IEC (as per the National Electricity Rules (NER)). The Working Group has 12 members, 4 from each of the representative industry groups Retailers, Distributors and Metering Providers. It is chaired and supported by a further 4 AEMO staff.

To support the development of necessary revisions to the B2B Procedures, AEMO published on behalf of the IEC, Initial Draft procedures on 27 October. In November 2016, the B2B Working Group and IEC held an industry workshop to present on the initial draft set of B2B procedures and hear industry feedback.

AEMO/IEC received 30 submissions and over 2000 individual comments on the Initial Draft procedures. These comments were reviewed by the B2B- WG. All comments were assessed and submission responses, consolidated by document were made available for participants to review on 23 December 2016. In addition, on 23 December 2016, the IEC released its draft determination on the B2B procedures for stakeholder comments. The second round consultation closed on 20 January. 27 submissions and more than 1000 individual comments were received.

The B2B Working Group reviewed the submission and presented its recommendations for consideration at the IEC meeting of 20 February 2017. Having had regard to comments received, the IEC has proposed some changes to the final set of B2B procedures to give effect to the POC reforms.

4 Summary of amendments to Procedures

4.1 Summary of changes to B2B Procedures

The B2B procedures include requirements for the content, format, delivery and timing for B2B communications between parties that help facilitate customer services such as new connections, meter installations and upgrades, meter data transfers, customer and site detail notification, and notification of other matters such as network tariff change, meter fault or planned interruptions. Under the current B2B arrangements, B2B transactions are between retailers and distribution network service providers (DNSPs) to support the supply of electricity services to end users.

The POC reform ends the regulated provision of metering services for small customers and places the obligation on retailers to contract for the provision and maintenance of advanced metering services for such customers. The rule changes also expands the B2B framework to provide for the different types of services that will be available through advanced meters and the wider range of participants that may wish to communicate with each other regarding these services (i.e. retailers, distributors, metering coordinators, metering providers, meter data providers, embedded network managers and other B2B participants yet to be identified).

In effect, the rule changes:

- Removes the regulated provision of metering services. This means future meter deployments will be completed by competitive metering service providers;
- Introduces new parties into the B2B regime (as noted above); and
- Requires the B2B framework, at minimum, cover the six minimum services specifications. The B2B e-hub provided by AEMO must have the capability to facilitate the B2B communication set out in the B2B procedures and any performance requirement specified in those procedures.

To give effect to the above, the key changes to the B2B procedures include:

- *Communication model:* the main change to the B2B procedures is the inclusion of a new communication model. The B2B arrangement have moved away from an exclusively retailer to distributor communication model to one that caters for a wider arrangement of markets participants. Recognising this, the IEC have incorporated a generic participant model that allows for counterparties to send service orders and data request – introducing the concept of an initiator, recipient and notified party. Looking forward, the model provides for a flexible approach to cater for existing and new participants B2B needs.
- *Amendments to existing transactions:* existing transactions have been amended to cater for the above communication model and facilitate new information and fields. High volume transactions, such as re-energisation, de-energisation and special read have received some change noting there will be a need for some participants to continue to need to send service orders for the majority of the manually read meter fleet come 1 December 2017. As discussed below the IEC has requested AEMO to consider some technical mechanisms to further reduce the impact.
- *Additional transactions:* a number of additional transactions have been added to better facilitate new market operations and enable parties to meet their obligation to undertake works or notify of works. These include: planned interruption notification; meter fault notification; notice of metering works; notified party notification, site access request, and remote services request/response.
- *Support jurisdictional differences:* the B2B procedure processes and transactions have been designed to accommodate jurisdictional differences that dictate differences in business process. This will enable each participant to meet its legal and jurisdictional

obligations in regard to safety in retail and national electricity rules, and jurisdictional codes and instruments.

- *Communication protocol:* to facilitate the transition and minimise cost and impact, the B2B procedures will continue to support File Transfer Protocols (FTP) and introduces support for new protocols such as webservices. This provides a balance that will allow parties to continue to use current interfaces, while allowing new users particularly in the competitive space, to use an updated interface, messaging system and protocols.

The new B2B procedures include significant changes when compared to the current version to accommodate the change in the regulatory framework for metering. This will mean a mandatory schema change for all participants in order to accommodate changes in the transaction and transaction model.

4.2 Changes made in Final Determination

Notified parties: As noted above, in recognition of the multiple parties involved in B2B process, the IEC has introduced a new communication model. A key issue raised during the second consultation is whether to place mandatory obligations on retailers to notify parties for all service order requests. The IEC noted that having a level of awareness of what other parties are doing in the supply chain may help minimise issues and efficient delivery of customer outcomes. The IEC however considered that to minimise cost impacts no binding obligation should be imposed noting that: there are avenues (i.e. through MSATS) to receive information to minimise inefficient visits to customer sites; and the decision to build the functionality into the system is a commercial one (based on retailer review of the workings of internal process and customer feedback). The IEC agreed to revisit the requirement, after 1 December 2017, if there is evidence to show that the non-binding arrangements are resulting in inefficient outcomes for the market and end-consumers.

Pre-installation data request: a proposal was discussed around whether to include a transactions (pre-installation data request and response) to allow metering coordinators to ascertain information about a site before their visit. The IEC noted that MSATS has a framework (standing data) for the population of such information. Noting this, the IEC agreed to remove the transactions and request AEMO commence a process with industry to review the MSATS procedures (separate to the POC process) with the intent of making optional data fields mandatory to ensure there is a source of central data available to relevant parties and minimise inefficient communication and processes being put in place. We note that such a change would be subject to a standard consultation process under the rules to ensure there are no unintended consequences.

Service order subtypes and backward compatibility: some participants have raised concerns regarding the changes to the service order transactions (i.e. the existing transaction have been split out to reflect service orders to be sent to either distributors or metering coordinators or others). A number of small retailers had expectations that the B2B framework would continue to support FTP and existing transactions structures (particularly for the majority of retailer transactions like re-energisation/de-energisation and special reads which will continue effectively unchanged under POC), noting that those parties will continue to need to send service orders for the majority of the manually read meter fleet come 1 December 2017. The IEC notes that the expectation was the B2B framework would continue to support FTP and notes minimising the changes to support the POC reforms so as to minimise impact on participants is a desirable outcome. The IEC has requested AEMO to consider whether a translation table can be made available to participants to enable them to continue to send some old transaction types (old schema) in a manner compatible with the new transaction types (new schema). AEMO will engage with the relevant stakeholders and working groups (system and B2B working groups) to consider the viability of this issue and report back to the IEC in two weeks. Should a change be needed to the B2B procedures, this could be picked up as part of the as-built B2B consultation to occur prior to 1 December 2017.

Email addresses: an issue raised during the B2B consultation process is whether to include a customer's email address in the customer detail notification transactions for use by the distributor for outage and supply issue contact purposes. Noting that there is an upcoming AEMC rule change around life-support customer requirements, the IEC considered it appropriate to include the address as an optional field. Once the AEMC has finalised its life-support customer rule change considerations, the IEC will consider what changes are required to the B2B procedures.

Planned interruption notification: a new transaction has been included in the B2B procedures which allows participants to meet their obligations to notify each other of planned interruptions. The IEC, consistent with its considerations regarding notified parties, has made this a non-mandatory notification.

Guidance notes: the existing B2B procedures contain obligations around B2B communications, business process and jurisdictional requirements. There were concerns raised that imposing business process and jurisdictional obligations are not within the remit of B2B procedures, not enforceable, and could make the procedure invalid. In November 2016, the IEC commissioned legal advice pertaining to the remit of the B2B procedures. The IEC agreed where this material was valuable to assist businesses in practically fulfilling their obligation under B2B and other instruments it would be included for guidance purposes only. In line with the legal advice, the IEC redrafted clauses, where appropriate to ensure such obligations are for guidance only and not obligatory. This will be primarily in the form of guidance notes and a B2B guide which will be developed and published by the IEC.

Other issues: During the consultation process a number of other issues were raised by parties and were addressed by the IEC. Details of these submissions and how they were addressed by the IEC are set out on the AEMO website.

4.3 B2B Guide

To assist with the transition to competition in metering, the IEC's B2B working group has developed a non-procedural document that will accompany the procedures. The B2B guide will be for guidance only and will not form part of the B2B procedures. The guide will contain common business practices, jurisdictional references and usage examples. This will assist industry in understanding the use of transactions and possible interactions with other field or MSATS processes.

5 National Electricity Objective, B2B Factors and Principles

In accordance with the rules, in making changes to the B2B procedures, the IEC must have regard to the National Electricity Objective (NEO) and B2B factors, and consider the B2B principles.

The proposed POC reforms aim to give consumers greater choice through facilitating great competition in the market and customer service offerings. The B2B framework plays an important role in facilitating business communications to enable efficient and effective delivery of customer services. The revised B2B framework aims to promote competition in the market for services enabled by advanced meters by reducing barriers to entry for new energy service providers through the provision of a common framework while not inhibiting innovative methods for communication (an ability to use communication methods outside of the common platform). How these services are delivered are managed by commercial decision making, guided by rules and jurisdictional instruments.

In making amendments to the B2B procedures, the IEC has tried to balance the need to ensure the B2B framework supports the POC reforms while aiming to minimum cost impacts on businesses. To meet this, and noting the tight timeframe, the IEC has focused on ensuring the B2B framework

is forward focused, and delivering transactions that are needed for day 1 noting AEMO will be offering a peer-to-peer functionality as part of the new e-hub. There will be an ability for the B2B framework to be amended post 1 December 2017 to further refine the framework as needed.

Recognising that a process currently performed by a single party may in the future be performed by multiple service providers, a building block approach was taken for these transactions. This also enabled a uniform approach to the communications to be drafted in procedures, despite differences in jurisdictional safety requirements and market models (ASP scheme in NSW) which necessitate that processing order be different for different states.

It was also recognised that to mitigate risks associated work performed by multiple parties there were benefits for parties who were involved to be able to see when related work was being requested of other parties. A model of Service Order plus notification was developed. This model allows for a notified party to receive a copy of a request that is sent between an Initiator (normally retailer) and the recipient (normally network provider to metering provider) for work to be performed in the field.

To support rule requirements the IEC has added a number of new transactions. The transaction has been left intentionally flexible so as to promote innovation by participants and to not unnecessarily impose barriers to entry for any service provider wishing to supply as yet fully detailed remote services.

The new B2B framework with the addition of new participants and roles has meant that all participants will need to make substantial changes to their B2B systems, alongside the new B2B e-hub, including a schema change that will occur for 1 December 2017. The IEC recognises that this will add extra compliance costs on all parties but the AEMC rule changes have necessitated these changes.