

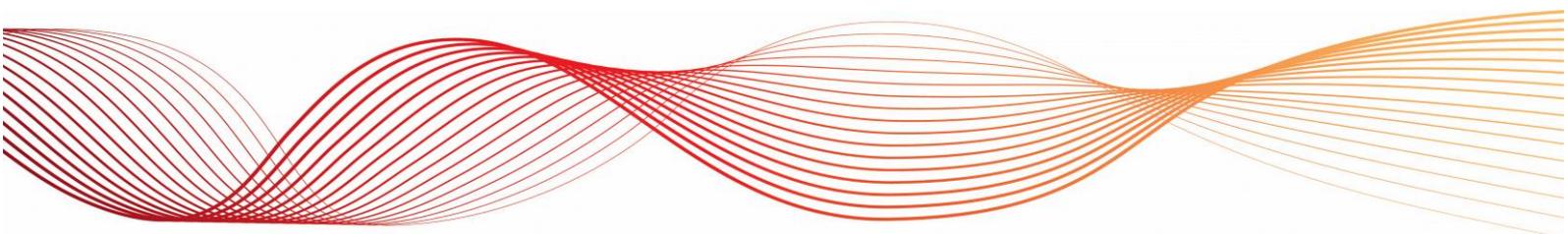


# POWER OF CHOICE PROCEDURE CHANGES

(PACKAGE 2)

FINAL REPORT AND DETERMINATION

Published: **28 February 2017**





# NOTICE OF FINAL DETERMINATION – POWER OF CHOICE PROCEDURE CHANGES (PACKAGE 2)

## NATIONAL ELECTRICITY RULES – RULE 8.9

**Date of Notice:** 28 February 2017

This notice informs all Registered Participants and interested parties (**Consulted Persons**) that AEMO has completed its consultation on the Power of Choice Procedure Changes (Package 2).

This consultation was conducted in accordance with the rules consultation requirements detailed in rule 8.9 of the National Electricity Rules (NER), in response to the following rule amendments:

- The National Electricity Amendment (Expanding competition in metering and related services) Rule 2015 No. 12,
- The National Electricity Amendment (Embedded Networks) Rule 2015 No. 15, and
- The National Electricity Amendment (Meter Replacement Processes) Rule 2016 No. 2

### **Determination and Publication**

AEMO's final determination is to make the Package 2 Procedures in the form published on the AEMO website<sup>1</sup>.

In accordance with the clauses 11.86.6, 11.87.2 and 11.88.2 of the NER the Package 2 Procedures will commence on 1 December 2017 with the exception of the Qualification Procedure (MP, MDP, & ENM) which will commence on 1 March 2017.

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<sup>1</sup> <http://www.aemo.com.au/Stakeholder-Consultation/Consultations/Power-of-Choice---AEMO-Procedure-Changes-Package-2>



## EXECUTIVE SUMMARY

The publication of this Final Report and Determination (Final Report) concludes AEMO's consultation on the development of the Package 2 Procedures under clauses 11.86.6, 11.87.2, and 11.88.2 of the National Electricity Rules (NER) as required by the National Electricity Amendment (Expanding Competition in Metering and Related Services) Rule 2015 No. 12, National Electricity Amendment (Embedded Networks) Rule 2015 No. 15 & National Electricity Amendment (Meter Replacement Processes) Rule 2016 No. 2 (the Amending Rules).

AEMO has developed the Package 2 Procedures (Procedures) to fulfil its obligations under the Amending Rules and to make a number of improvements, as requested by participants at the Power of Choice (PoC) workshops and during this consultation.

On 13 December 2016, AEMO published the Notice of Second Stage Consultation and Draft Report and Determination. AEMO received 21 submissions in response to that Notice from retailers, local network service providers (LNSPs), metering service providers, and intending participants.

AEMO considers that no new material issues were raised. In this Final Report, AEMO addresses some of the issues addressed in the Draft Report and Determination, including:

- Abolishment vs Retention of NMIs when they move from an LNSP's network to an embedded network or vice versa.
- Accreditation Application Fees for MPs, MDPs, and ENMs.

After considering stakeholder submissions, and evaluation against the NER and the Amending Rules, AEMO determines the following:

- Whether to retain or abolish embedded network child NMIs:
  - AEMO considers it appropriate to abolish a NMI when it moves from an LNSP's network to an embedded network and vice versa.
  - AEMO clarifies that the removal, or installation, of metering equipment is not relevant to the question of whether to abolish NMIs when it moves between LNSP network to embedded network and vice versa.
  - The amended NMI Procedure is effective from 1 December 2017, hence the modified NMI abolishment rules only apply to NMIs moving between an LNSP's network and an embedded network on and from 1 December 2017.
- On AEMO's proposal to introduce application fees for MP, MDP and ENM accreditations:
  - AEMO has reduced the initial deposit for an ENM accreditation from \$5,000 to \$2,000 per application per applicant.

AEMO determines to make the Package 2 Procedures in the form published with this Final Report and as published on AEMO's website at:

<http://www.aemo.com.au/Stakeholder-Consultation/Consultations/Power-of-Choice---AEMO-Procedure-Changes-Package-2>



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# 1. STAKEHOLDER CONSULTATION PROCESS

As required by the Amending Rules, AEMO has consulted on the Package 2 Procedure changes in accordance with the Rules consultation procedures in clause 8.9 of the NER.

This Final Report is published in accordance with clause 8.9(k).

There is a link to all submissions received during the second stage of the consultation at **Appendix A**. Issues raised in submissions are summarised in Tables 1–8, and discussed in Section 4.

The Package 2 Procedures are published on AEMO’s website at:

<http://www.aemo.com.au/Stakeholder-Consultation/Consultations/Power-of-Choice---AEMO-Procedure-Changes-Package-2>

## 2. BACKGROUND

### 2.1 NER requirements

AEMO is required to amend and publish existing procedures and develop and publish new procedures to take into account the Amending Rules in accordance with the consultation procedures in clause 8.9 of the NER.

The following is a list of the procedures AEMO is proposing to amend and develop (as appropriate). The NER Reference in the table is a reference to the clause in the NER as amended by the Amending Rules.

INSTRUMENT	NEW / AMENDED	NER REFERENCE
Qualification Procedure – Metering Providers, Metering Data Providers & Embedded Network Managers	New	7.4.1(a1) S7.2.1(b) 7.4.2(a) S7.3.1(c) 7.4.2A(a) S7.7.1(b)
Exemption Procedure – Metering Installation Malfunctions	New	7.8.10(b)
MSATS Procedure – National Metering Identifiers	Existing	7.8.2(d) 7.8.2(ea) (eb) (ec).
Service Level Procedure – Embedded Network Managers	New	7.16.6A
Default & De-registration Procedure – Metering Providers, Metering Data Providers, Embedded Network Managers & Metering Coordinators	New	7.4.4(a) 7.4.4(a1) 7.7.3(a)
Retail Electricity Market Procedures: Glossary and Framework	Existing	N/A <sup>2</sup>
Unmetered Load Guideline	Existing	N/A <sup>3</sup>

### 2.2 Context for this consultation

In 2012, the AEMC commenced the Power of Choice Review (Review). Its objective 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).

A number of recommendations made as a result of this Review have been implemented through a series of amendments to the NER.

The scope of this consultation is limited to the Procedures specified in section 2.1.

### 2.3 First stage consultation

On 10 October 2016, AEMO issued a Notice of First Stage Consultation, and published a Consultation Paper and draft procedures for Package 2. This information is available on AEMO's website<sup>4</sup>.

All the procedures have undergone drafting enhancements in accordance with the principles published during the Package 1 consultation and the AEMO Information Paper that was published on 8 April 2016<sup>5</sup>.

The Consultation Paper included details on AEMO's stakeholder engagement in the course of developing the draft procedures, including draft procedures that were discussed at workshops with industry

<sup>2</sup> This document forms part of all other Procedures

<sup>3</sup> This is a supplementary document that forms part of the Metrology Procedures: Part B

<sup>4</sup> <http://www.aemo.com.au/Stakeholder-Consultation/Consultations/Power-of-Choice---AEMO-Procedure-Changes-Package-2>

<sup>5</sup> [http://www.aemo.com.au/-/media/Files/Stakeholder\\_Consultation/Consultations/Electricity\\_Consultations/POC/AEMO-Information-Paper---Procedure-Changes.pdf](http://www.aemo.com.au/-/media/Files/Stakeholder_Consultation/Consultations/Electricity_Consultations/POC/AEMO-Information-Paper---Procedure-Changes.pdf)

representatives. The Consultation Paper included a summary of the amendments proposed in the initial consultation pack.

AEMO received 26 submissions in the first stage of consultation and has held the following meetings with stakeholders:

- Monthly updates and discussion at the Retail Market Consultative Forum and the POC Program Consultative Forum from September 2016.
- Discussions with stakeholders at AEMO-led PoC workshops on 9 September 2016, 20 September 2016, 4 October 2016 and 20 October 2016.

Copies of all written submissions, minutes of meetings and issues raised in forums (excluding any confidential information) have been published on AEMO's website<sup>6</sup>.

## 2.4 Second stage consultation

On 13 December 2016, AEMO issued a Notice of Second Stage Consultation along with the Draft Report and Determination and draft procedures for Package 2. This information is also available on AEMO's website.<sup>7</sup>

The Draft Procedures proposed to:

- Extinct the NMI when it moves from a LNSP's network to an embedded network and vice versa in the list of conditions that require the extinction of a NMI.
- Create a hierarchy of rules, and to clarify the conditions that require a NMI to be made extinct and those that do not allow for an extinction of the NMI.
- Make consequential changes to allow the extinction of NMIs when transitioning to or from an embedded network.
- Introduce application fees for MP, MDP and ENM accreditations:
- Not introduce a risk matrix under the breach classification framework.

In response to the notice of the second stage of consultation, AEMO received 21 written submissions and held the following meetings with stakeholders:

- Monthly updates and discussion at the Retail Market Consultative Forum in December 2016 and February 2017.
- Discussions with stakeholders at AEMO-led PoC workshops on 20 December 2016 to discuss the Draft Report and Determination for Package 2.

Copies of all written submissions (excluding any confidential information) have been published on AEMO's website.<sup>8</sup>

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<sup>6</sup> Available at: <http://www.aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/Retail-meetings/Power-of-Choice>

<sup>7</sup> Available at: <http://www.aemo.com.au/Stakeholder-Consultation/Consultations/Power-of-Choice---AEMO-Procedure-Changes-Package-2>

<sup>8</sup> Available at: <http://www.aemo.com.au/Stakeholder-Consultation/Consultations/Power-of-Choice---AEMO-Procedure-Changes-Package-2>



## 3. SUMMARY OF KEY ISSUES

### 3.1 Specific matters raised by Consulted Persons

The table below summarises the key issues arising from the proposal and raised by Consulted Persons.

**Table 1 Summary of issues raised by Consulted Persons**

No.	ISSUE	RAISED BY
1.	MSATS NMI Procedure – Abolishment vs Retention of NMIs when moving between LNSP network and embedded network.	AusNet Services, United Energy, CitiPower & Powercor
2.	Qualification Procedure - Accreditation Application Fees for MPs, MDPs, and ENMs	ACTEWAGL, United Energy

A detailed summary of issues raised by Consulted Persons in submissions, together with AEMO's responses, is contained in **Appendix A**.

## 4. DISCUSSION OF MATERIAL ISSUES

No material issues were raised, however AEMO would like to address two issues that were addressed in the Draft Report and Determination.

Where an issue relates to a specific procedure, the procedure name is included in the name of the issue.

### 4.1 NMI Procedure: Abolishment vs Retention of NMIs when moving between LNSP network and embedded network

#### 4.1.1 Issue summary

While most submissions were supportive of the decision to abolish NMIs when moving from an LNSP's network to an embedded network and vice versa, the submissions suggested that participants needed more clarification from AEMO on the precise circumstances in which such action would be warranted.

#### 4.1.2 Summary of submissions

**AusNet Services** considers if AEMO support making the LNSP NMIs extinct when they become child NMIs then 9.2 (a) (iv) and (v) need to be reworded so that it includes the existence of a parent connection point and parent metering and the change of NMI and removal of LNSP metering occurring at the same time:

~~(iv) a connection point directly connected to the LNSP's network becomes an off-market embedded network connection;~~  
for existing child connections points with an LNSP NMI on 1 Dec 17, once all LNSP metering has been removed;

~~(v) a connection point directly connected to the LNSP's network becomes a child connection point;~~

(v) where a parent connection point and parent meter has been established after 1 Dec 17, and once all LNSP provided metering has been removed, then all child connection points that were directly connected to the LNSPs network.

**United Energy** considers that 9.2 (a) (iv) and (v) should be amended. Where UE may still be providing metering services as MC/MP/MDP, it is far easier in our systems if the existing metering remains established in the NEM with a consistent LNSP NMI. UE considers there is substantial work to close metering and make one NMI extinct and then for the ENM to establish a new NMI and UE to re-establish the metering and data streams and this may also have implications for retailers systems.

UE support 9.2 (a) (iii) remaining, UE systems do not cater for the rare off chance that an EN may cease and the non UE range NMIs need to be catered for in our systems.

If in the final determination, AEMO support making the LNSP NMIs extinct when they become child NMI's then 9.2 (a) (iv) and (v) need to be reworded so that it includes the existence of a parent connection point and parent metering and the change of NMI and removal of LNSP metering occurring at the same time:

~~(iv) a connection point directly connected to the LNSP's network becomes an off-market embedded network connection;~~  
for existing child connections points with an LNSP NMI on 1 Dec 17, once all LNSP metering as been removed

~~(v) a connection point directly connected to the LNSP's network becomes a child connection point;~~

~~(iv) where a parent connection point and parent meter has been established after 1 Dec 17, and once all LNSP provided metering has been removed, then all child connection points that were directly connected to the LNSPs network~~

**CitiPower & Powercor** believes the wording "a connection point directly connected to the LNSP's network" is ambiguous, as in the example of a Multiple Occupancy "before" the installation of a 'Parent Meter' to create an Embedded Network, the tenancy connection point is connected via a private network that the LNSP is distributing over, rather than owning and maintaining this network. Strictly speaking the connection points aren't directly connected to the LNSP, the EN and the child connections (on market and off-market) are created by the existence of a Parent Meter.

It's only the presence of a Parent Meter between these connection points and the LNSP's network that creates and defines their status as a Child connection point of an Embedded Network.

CitiPower Powercor proposes the following amendments to the NMI Decommissioning clause:

9.2 (a) A NMI in the metering register can only be recorded as de-commissioned in the metering register when:

(iii) a child connection point becomes directly connected to the LNSP's network and the parent metering connection point is removed.

(iv) a connection point ~~directly~~ connected to the LNSP's network becomes an off-market embedded network connection by commissioning of a parent metering connection point.

(v) a connection point ~~directly~~ connected to the LNSP's network becomes a child connect point by commissioning of a parent metering connection point.

(vii) a parent metering connection point connected to the LNSP's network is removed (new clause)

#### 4.1.3 AEMO's assessment

AEMO has elected to retain the drafting of section 9.2(a) of the NMI Procedure as published in the Draft Report. AEMO used the NER-defined terms to determine the circumstances in which a Child NMI could be made extinct. It did not seek to redefine *child connection point* or *embedded network*. AEMO considers that section 9.2(a) aligns with the NER, for the following reasons:

- An embedded network cannot exist without a parent connection point and at least one child connection point;
- If one applies the NER, the presence (or absence) of metering at either the parent connection point or child connection point is of no relevance in determining whether an embedded network exists.

#### 4.1.4 AEMO's conclusion

The NMI Procedure will permit the abolishment of a NMI when it moves from an LNSP's network to an embedded network and vice versa.

The removal or installation of metering equipment is not relevant to determining whether a NMI has so moved.

The NMI Procedure changes will be effective from 1 December 2017, hence the modified NMI abolishment rules only apply to NMIs moving between an LNSP's network and an embedded network on and from that date.

## 4.2 Qualification Procedure: Accreditation Application Fees for MPs, MDPs, and ENMs

Following the development of the accreditation requirements for ENMs, AEMO has determined that initial deposit for ENM accreditation should reduce from \$5,000 to \$2,000 per application per applicant. AEMO has reconsidered the ENM initial deposit amount based on an internal assessment of the estimated minimum time required by an AEMO staff member to assess and process an ENM accreditation application.



## APPENDIX A. CONSOLIDATED SUMMARY RESPONSES

A consolidated summary of all issues raised by Consulted Persons in submissions, together with AEMO's responses, is published on AEMO's website at:

<http://aemo.com.au/Stakeholder-Consultation/Consultations/Power-of-Choice---AEMO-Procedure-Changes-Package-2>