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Richard Owens
Senior Director
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Lodged electronically: www.aemc.com.au

Reference ERC0182

Dear Mr Owens

National Electricity Amendment (Meter Replacement Processes) Rule 2015

1. Introduction

EnergyAustralia welcomes the opportunity to comment on the consultation titled National Electricity Amendment (Meter Replacement Processes) Rule 2015. We are one of Australia's largest energy companies, providing electricity and gas to over 2.5 million household and business customers in NSW, Victoria, Queensland, South Australia and the Australian Capital Territory. We also own and operate a multi-billion dollar portfolio of energy generation and storage facilities across Australia, including coal, gas and wind assets with control of over 4,500MW of generation in the National Electricity Market.

2. Background

Currently the National Electricity Rules decree that the Responsible Person (RP) for a site is responsible for the installation and maintenance for a metering installation. The RP for a site can be either the Local Network Service Provider (LNSP) or a Market Participant (Retailer) depending on which jurisdiction and which type of meter is required.

The rules appear to only allow the current Financially Responsible Market Participant (FRMP) to arrange for the replacement or installation of metering. Due to some ambiguity in the rules and for pragmatic customer experience reasons the Australian Energy Market Operator (AEMO) Meter Churn Procedures (subordinate to the rules) have allowed meter replacement to occur upon instigation by the prospective FRMP prior to the customer transfer being finalised. This practice has, in the past, proven to meet customer supply and contractual expectations and ensures customers receive the benefits of their changed metering arrangements from as near as possible to the equipment installation date. A negative aspect to this process is that the roles and responsibilities of prospective FRMPs, prospective metering providers and prospective meter data providers is not clearly defined in the rules and hence resolutions to any disputes or issues can be difficult and complex to resolve.

Therefore the Australian Energy Regulator (AER) deemed AEMOs Meter Churn Procedure to be non-compliant with the rules and hence AEMO has amended this procedure effective 1 September 2015.

The proposed rule change put forward by ERM Power essentially requests an amendment to the rules so that the former industry practice, reflected in the original Meter Churn Procedure, is allowed to continue with some formalisation of the rights, responsibilities and obligations of prospective parties.

It must be considered, while assessing this proposed rule change, that most competitive meter change activity in the past has involved large customers at significantly lower volumes than what can be expected with small customers going forward especially post 1 July 2017 after the Competition in Metering Rule Change comes into place.

3. Objectives of the Rule Change

The proponent of this rule change outlines the key objective as:

To retain the efficiency and positive customer experience of the current industry process, under a clearer regulatory framework by clarifying the rights and obligations of incumbent and prospective participants at a connection point , throughout the meter replacement process.

EnergyAustralia supports this objective and reiterates the importance of maintaining a positive customer experience for this activity especially when it will be applied in greater volumes for small customers under the Power of Choice competition in metering rule changes effective from July 2017. Small customers are already struggling with the increased complexity of the changing energy market and therefore it would be inappropriate to contemplate a customer meter change process that would not ensure that a customer received the benefits of its enhanced electricity supply arrangements at the same or very similar time to when the customer's new supply contract became effective.

Customer expectations can never be underestimated and this is clearly evident with a recent AEMC review of customer switching times for the South Eastern Australian energy market. Even though this is one of the most competitive energy markets in the world, with customer switching rates in excess of 25% in some jurisdictions, there has been a recent comparison of customer switching times across the world suggesting that these timeframes need to be reduced in order to meet best practice.

Clearly with competition in metering for small customers almost a reality and with today's modern technological communications processes available all customers should have the choice to have their meter replaced before the effective contract transfer date, on the day of transfer or shortly after the day of transfer to achieve a best practice customer experience.

While it is acknowledged that this may not present the least risk or least complex approach to a meter change there is no question that the market solution must be able to deliver these choices for all customers from the commencement of the competition in metering rule change.

4. Meter Change Considerations

For small customers EnergyAustralia is of the view that the initial meter change from basic to interval will create some problems.

A range of issues that may become evident during small customer meter changes are:

1. meter board and safety wiring issues that may cause delay in supply continuity;
2. non- reversion policy for metering types;
3. dedicated load supply tariff issues;
4. remote meter communication difficulties; and
5. retailer sales saves programs that sometimes reverses a prospective customer transfer

These issues could be used to support the argument that the meter change should not occur until after the transfer has occurred. However once the initial metering stock of basic meters are replaced with interval meters many of these installation issues will be largely resolved and the market solution should not be established on the presumption of these issues continuing.

One condition that could be considered to simplify and possibly avoid several of these meter installation issues would be to restrict prospective FRMP meter transfers to that which involve the same customer. This would simplify the resolution to any installation and tariff concerns as the same customer will be receiving the benefits as well as any inconveniences or disruptions caused by the meter change.

5. Implementation

EnergyAustralia is currently considering the changes required to our systems and processes to comply with the amended AEMO Metering Churn Procedure effective 1 September 2015. Should the AEMC support this rule change proposal it is likely that the Metering Churn procedure will again be amended with an effective date sometime after 1 September 2015 or at the commencement of the competition in metering rule change currently scheduled for July 2017. The constant changing of these arrangements is disruptive to our business and inefficient. EA would support some form of no action on AEMOs existing Meter Churn procedures (avoiding the implementation of the new Procedures effective 1 September 2015) until such time as this rule change was resolved ensuring only one change to processes was required.

6. Summary

The intent and objective of this rule change are fully supported even though the solution may increase complexity to the market. Nevertheless EA sees merit in the intent of this proposal as it will benefit customer choice and will meet long term best practice expectations. Further work is required to develop the final solution and we look forward to working with the AEMC and industry to achieve a suitable outcome with an effective date that minimises impacts to industry participants.

Should you require further information regarding this submission please call me on 03 8628 1437.

Yours sincerely

[Signed]

Randall Brown
Regulatory Manager