

Ref: NB:JC

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Mr Michael Seery
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Dear Michael

Thank you for the opportunity to participate in the public forum held for the review of the initial metrology procedures. Country Energy would also like to commend the Tribunal on a well prepared and thorough background briefing paper. Country Energy is pleased to offer the following comments in response to the initial discussion paper, and also the background briefing paper prepared for the public forum.

EMBEDDED NETWORKS

As demonstrated at the round table, the area of embedded networks is an extremely complex issue within the electricity industry. Limited resolution of the issues discussed was apparent, and Country Energy would welcome further discussion surrounding embedded networks. Country Energy offers the following comments in relation to the questions asked in the original consultation paper, and also the background briefing paper which was prepared for the round table.

Comment is sought as to whether the definition for an “embedded network” in the Metrology Procedure should be amended as proposed. Are the definitions for a “parent”, “child”, “master metering installation” and “slave metering installation” in the Metrology Procedure appropriate?

The definition proposed is appropriate and supported by Country Energy.

Comment is sought as to whether the changes proposed to promote consistency between the Metrology Procedure and the Code as to the identity of the Responsible Person for ‘children’ in embedded networks are required.

Country Energy does not support the proposal that the LNSP be the responsible person for customers within embedded networks. It is extremely difficult to identify sites that are embedded networks as the LNSP has no way of determining whether the site is an embedded network nor does the LNSP have any knowledge of such.

It is inappropriate for the LNSP to be the responsible person for customers in an embedded network, as there is no customer connection contract between a LNSP and a

child customer. Not only is a contractual relationship non-existent, there are also no LNSP generated network charges to the child customer's retailer. This means that there is no way to recover any costs.

It is Country Energy's view that the responsible person should be the child customer's retailer, as the retailer is in the best position to act in this capacity. If a child was to churn, the retailer would have the relationship with the customer and access to information, which the LNSP may not have. This does solve the issue of whether the Parent is entitled to charge the Child any network charge for the use of the Parent network or how the Parent gets the meter data to do so. It is also reasonable to assume that the Parent will set its own (unregulated) network charge to take up all the headroom between a competitive energy rate and the default franchise tariff, thereby removing any benefit to a Child to switch.

Comment is sought as to whether the changes to the requirements for metering in embedded networks are appropriate.

As argued above the LNSP does not have any financial responsibility, and should not be burdened with the responsible person role, particularly the requirement to manage the metering services of a child customer. There is no physical connection between a child customer's meter and the LNSP, and thus it is completely inappropriate for the LNSP to carry out this function.

Comment is sought as to whether the parent's retailer should calculate the energy consumption for the parent by deducting the energy data for the children who have transferred retailer, or whether the deduction should be done by the Responsible Person or distributor prior to providing access to the retailer to that data. Assuming that it is the parent's retailer that deducts the energy data for the children who have transferred retailer, comment is sought as to whether clause 3.7.1 of the Metrology Procedure should be amended as proposed.

The LNSP does not bill the child customer and has no interest in the child's meter data. The LNSP does not read the meters of child customers, nor is it the Meter Data Provider. The deduction of energy data of the children from the parent is a retail billing function, and as such Country Energy supports the proposed amendment to the metrology procedures. It is only the Parent retailer who is in a position to determine whether, after all metering issues have been assessed for a particular customer (such as subtraction of similar meters), there is any competitive margin between a contestable offer and the default franchise retail tariff. It would be a perverse outcome to force LNSPs to carry out uneconomic functions, simply to facilitate an uneconomic switch.

Comment is sought as to the appropriate party to issue NMIs for children in embedded networks, and to register the NMIs in the MSATS system.

The most appropriate party to issue NMI's to children in an embedded network is the Local Retailer, as the Local Retailer would have the closest relationship with the customer.

However, Country Energy is strongly against pre population of NMI and related standing data, as it is unnecessary and should only be done when prompted by the parent or child customer.

Pre population of this data is extremely costly, as most of these customers have not been identified. To identify these sites would be practically impossible and an inefficient process for little or no benefit.

In practice, is it likely that LNSPs would have to absorb large additional costs if they were required to become the Responsible Person for customers within an embedded network?

Country Energy's view is that it is extremely likely that a large increase in additional costs would result from the LNSP being required to act as the Responsible Person for customers within embedded networks. There is no mechanism to recover these costs from the customer, nor is there a contractual relationship in place with children customers.

Identification of embedded networks would be an extremely costly and time consuming process which would add little or no benefit to customer choice, as customers within embedded networks are unlikely to see a financial incentive to switch retailers anyway.

Should the parent customer be exposed to the risk that they will be charged more or less than their actual usage if, through their own actions, a difference emerges between their metering installation and the metering installation of the child customer?

Are the benefits associated with making it easier for child customers to choose their retailer sufficient to warrant the additional regulatory complexity it entails.

Child customers within embedded networks are unlikely to see any financial benefits from switching retailers, and thus additional regulatory complexity is unwarranted. As pointed out above, the Parent is capable of removing any benefit in switching by setting its own network charge.

SAMPLE METERS

Comment is sought as to whether the placing of additional obligations on Responsible Persons in relation to sample meters is required.

Interval meters installed for the purposes of calculating the controlled load profile should be settled on the basis that it is an accumulation meter. Therefore Country Energy supports the proposed amendment that sample meters be settled in the wholesale market on the basis of a type 6 metering installation.

METER READING FREQUENCY

Comment is sought as to whether the proposed modification to meter reading frequency is required.

Country Energy supports the replacement of the words “lock down period” with “fourteen weeks”.

METER TESTS AND INSPECTIONS

Comment is sought as to whether clauses 2.4.2 and 2.4.3 of the Metrology Procedure should be replaced with the proposed new clauses. If so, should clause 7.4.3(b) of the Metering MOR also be replaced with the proposed new clause?

As a minimum, Country Energy recommends full implementation AS1284 part 13. Country Energy supports the view of Integral Energy and NEMMCO on this issue, in that the standard is of a higher technical quality and thus should supersede the relevant sections of the metrology procedures.

Comment is sought as to whether the proposed additional actions in event of nonconformance should be added to each of Schedules 1, 2, 3, 4 and 5 of the Metrology Procedure.

If a meter population tested against the standard fail, then remedial action is left up to the LNSP, based on the options they have submitted to NEMMCO as part of their registered maintenance plan. Therefore, Country supports the implementation of the standard as stated above.

ESTIMATED READS

Comment is sought as to whether the proposed amendment to the definition of ‘estimated read’ is required.

The proposed amendment to the definition of ‘estimated read’ is acceptable. However, Country Energy is opposed to transferring customers on estimated reads, and urges the Tribunal to consider the ramifications of allowing a transfer of this type. Customer dissatisfaction will in all likelihood increase and any resolution of complaints difficult because there are not actual meter reads.

SUBSTITUTION TYPE

Comment is sought as to whether the proposed addition of a Substitution Type 5 for metering installation Type 6 is required.

Country Energy is opposed to the proposed addition of a substitution type 5 for metering installation type 6. This would result in unnecessary system changes, which offers minimal advantages to customers or market participants.

CHANGES TO INVENTORY TABLE

Comment is sought as to whether the proposed changes to the maintenance of Inventory Tables for type 7 metering installations are required.

The proposed changes appear appropriate, and thus Country Energy is not opposed to this change.

INCREASING THE NUMBER OF CONTROLLED LOAD PROFILES PER PROFILE AREA

Comment is sought as to whether the Metrology Procedure should be amended to provide for a controlled load 1 and controlled load 2 in EnergyAustralia, Integral Energy and Country Energy's profile areas. Can this be justified in all of these LNSP areas? Where possible, actual costs and benefits of the proposal should be quantified by market participants. Have all the required changes to the Metrology Procedure been identified if 2 CLPs are to be provided for?

The current controlled load profile is used in the settlement of controlled load 1 and controlled load 2 meters which are connected to customers who have churned in the market. Whilst, Country Energy is supportive of increasing the number of controlled load profiles, we would however question whether the installation of more sample meters is required.

There was an indication that the number of controlled load profiles which must be prepared by each participant would be optional. Country Energy strongly advises against instating a controlled load 2 profile as optional, as discussed below.

The profile type does not impact a customer's billing arrangement, and on the surface it appears that these profiles have no direct impact on a particular customer. This is not the case, as the price offered by a generator in the market will be priced at these profiles. If a distributor were to have a single controlled profile as opposed to another which had controlled load 1 and controlled load 2 profiles, very different prices would be available for essentially similar products which operate at similar times of the day.

Multiple controlled load profiles would be priced at cost reflective levels, where as the single controlled load profile would produce smeared pricing signals. This will flow through to the customer, and potentially controlled load 1 and controlled load 2 energy prices will vary significantly in the market because of the different profiles used for settlement purposes.

If the proposed amendments were to be introduced, it should be mandatory for Energy Australia, Integral Energy and Country Energy and optional for Australian Inland Energy.

Will the benefits associated with introducing a second controlled load profile outweigh the costs?

Provided that additional meters are not required to be installed, costs in implementing a controlled load 2 profile will be minimal. Again, Country Energy does not see a need to install further sample meters to accommodate splitting the controlled load profile. The sample supposedly is representative of the controlled load 1 and controlled load 2 population, and it should also be assumed that the sample size is representative of the separated profiles population.

AMENDING DATES FOR APPLICATION OF PROFILES

Comment is sought as to whether the start date and end date for applying the NSLP and CLP, as specified in Schedule 10, clause 2.2 and Schedule 10 clause 3.2 of the Metrology Procedure, respectively, should be amended as proposed.

Country Energy is supportive of the proposed change, and can not foresee any significant internal system changes.

What is easiest to implement - a profile start date that aligns with the CATS procedure, or a profile start date that aligns with the Metrology Procedure?

The easiest to implement from Country Energy's perspective is a profile start date that aligns with the CATS procedures.

Please do not hesitate to contact Natalie Banicevic, if you require any further information or clarification of the issues discussed in this submission. Natalie can be contacted on (02) 6582 9419.

Yours sincerely

Terri Benson
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