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**Submission to the Utilities Commission's  
Position Paper on the Electricity Retail  
Supply Code**

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## **1 INTRODUCTION**

Power and Water Corporation (PWC) supports the review of the Electricity Retail Supply Code (the Code) by the Utilities Commission (the Commission) and generally agrees with the majority of the proposed amendments. To assist the Commission in the review process, PWC has provided comment on a number of the Commission's proposed amendments, highlighting where there may be possible issues and identifying a number of recommendations.

## **2 Separation of duties between the Network Provider and Market Operator**

PWC notes the issues raised by the Commission in regard to the limited authority that was provided to PWC to conduct Market Operator activities under the System Control Licence and understands the Commission's limited capacity to make the proposed amendments.

### **2.1 Redacted – Commercial in Confidence**

### **2.2 Wholesale settlement service outside the I-NTEM**

PWC seeks the Commission's further consideration of the settlement calculations in those regions outside of Darwin-Katherine.

There appeared to be some confusion regarding PWC's role in this process. Although the I-NTEM does not apply in these regions and bilateral contracts remain as the settlement mechanism, Territory Generation (T-Gen) and the retailers have agreed to apply the I-NTEM settlement process in these regions. T-Gen have consequently contracted PWC to provide these services. PWC has supported this approach as it is a natural fit with its Market Operator function (the same settlements system is used).

However, PWC recognises that the Market Operator's authority resides in the System Control Technical Code (SCTC) and is limited to the scope of the I-NTEM which is currently restricted to the Darwin-Katherine power system. Without authority under the SCTC, the Market Operator's cost recovery in providing these services would be unregulated. To simplify this service provision and acknowledge that it is filling a current gap in the wholesale electricity settlement process, it is recommended that the Code be amended to allow the System Controller to access metering data information for both customers and generators from the Network Provider (for the purpose of allowing the Market Operator to service system participants in the Alice Springs and Tennant Creek power systems. To this extent the Market Operator/System Controller should have adequate powers to obtain meter data information for both customers and generator from the Network Provider.

### **3 Role of a designated retailer**

#### **3.1 Responsible Retailer definition**

With the transition to the NER, PWC recommends where possible that consistent terminology be adopted. The proposed NER Chapter 7A introduces the term *Financially Responsible Participant*, which means a person who is financially responsible for a connection point. PWC recommend that the Commission consider adopting this term in place of *Responsible Retailer* term utilised within the Code.

#### **3.2 Quarterly reporting of NMIs consuming electricity without a nominated retailer**

For background, PWC have identified the following issues that are generally responsible for lost consumption:

- New meters installed, but not entered in billing system/meter data management system.
- Customers illegally energising their site.
- Customers breaking fuse cover seals and inserting fuse or other items.
- Retail sign up process/final errors.
- Unable to turn off power due to access issues.
- Illegal connections.
- Lines crew reconnection of de-energised sites reported as faults.
- Unable to physically pull fuse as it would impact multiple customers.
- Failure of retailers, metering or contractors to follow up on lost consumption.

PWC has a number of projects currently underway to reduce lost consumption. These projects include:

- Reviewing the Service Order Procedures  
The first process to be reviewed is the new connections process. The revised connection process clarifies retailer and network provider responsibilities and is expected to address the majority of instances of losses caused by connection of supply to new meters, where the meter is not added into the system, or a meter is energised when installed prior to a retailer being nominated.
- Automating PWC's Meter Movement Advice (MMA) process (mobility solutions – iPad) which we expect will reduce lost MMA's.
- Installation of a Meter Data Management System (MDMS)  
This will provide significantly increased validation and reporting functionality to identify anomalies.

PWC supports the increased transparency that quarterly reporting would provide, however notes:

- Identification and reporting of instances of lost consumption is difficult due to the nature of the 'lost' consumption generally means it isn't in a system. These instances may not be identified until the next quarterly/monthly meter read is undertaken (assuming the meter reader has access to the meter, which can result in further delays). If

the meter is removed from a meter reading schedule any lost consumption may not be identified for a significant period of time.

It should therefore be noted that there may be some delays in the identification of affected NMIs and appropriate terminology should be utilised to allow for this.

- The process to investigate lost consumption is resource intensive, and often requires investigation of PWC's billing and asset management systems and tracking back to Service Requests to confirm that fuses were pulled, etc. Site visits may also be required to confirm customer interference, etc. This may not be completed within the short reporting timeframes.

It should therefore be noted that the reason for the lost consumption may not be initially available and appropriate flexibility in the reporting requirement is required.

- It should be noted that some lost consumption is caused by retailer errors, where customers are incorrectly signed up or finalised from accounts. Retailers should be aware that this will now be published.
- The requirement for the Network Provider to report on *what steps have been taken to properly disconnect the meters; or contact the customer to commence billing* appears inappropriate given customer billing is a retailer responsibility. It is recommended that the Network Providers obligation relates to notification of lost consumption to the appropriate retailer. Whether the retailer directs the Network Provider to disconnect or they commence billing the customer is a decision for them.

It is recommended that the reporting requirement be documented in the Code in a way that allows sufficient time and flexibility for PWC to identify the lost consumption and identify the reason.

### **3.3 Service Order Procedure Review**

PWC is currently reviewing the Service Order Procedures to ensure they remain appropriate once Jacana Energy transitions away from PWC's billing system. This process is currently underway and PWC seek to have it finalised as soon as possible. The Commission's Position Paper suggests that a review of the procedures is not expected until 2019.

PWC recommend that the procedures be reviewed as soon as possible and is willing to facilitate this.

### **3.4 Greenfield site allocation to Jacana Energy**

The current review of the Service Order Procedures has included the development of a draft connections process that seeks to address a number of the issues raised in the Code Review. The proposed process introduces a requirement for all new connections to be initiated via a retailer. This will

remove the opportunity for greenfield sites to be energised without a nominated retailer (unless it is an illegal connection).

Should the Commission seek to include this item, PWC recommend that it is defined in such a way that would not contradict the proposed new process.

## **4 Metering and access to information**

### **4.1 Establish regulatory obligation hierarchy**

The National Electricity Market governance framework has a hierarchy of regulatory levels including but not limited to legislation, rules and industry procedures. Subordinate procedures under the NER clearly define the Rules and the National Electricity Law prevails over these Procedures to the extent of any inconsistency.

Given the similar issues covered within the Code and Chapter 7A, it would appear appropriate to establish a similar hierarchy for jurisdictional codes.

### **4.2 Remove Clause 5.1.1 on 30 June 2019**

#### ***4.2.1 Alignment with Chapter 7A definitions***

The proposed introduction of Chapter 7A under the NER from 1 July 2017 (although it won't apply until 1 July 2019), expands metering installation type definitions in the NT for the first time to include 4, 4A, 5, 6 and 7, noting that types 4A and 5 have X Factors set to zero, meaning that they will not be used in the NT. It is recommended that the Commission adopt these definitions within the Code to ensure consistency and a standard understanding of meter capabilities.

This would see the adoption of Type 4 (which is a remotely read interval meter) and Type 6 (manually read accumulation meter that may provide time of use or total data).

#### ***4.2.2 Market Operator Data Requirements***

PWC understands the Commission's intention is to drive a policy decision on metering requirements to remove barriers to retail competition. However, the proposed amendment to repeal the requirement for interval meters from 30 June 2019 contradicts the current requirements imposed on PWC Networks as the Network Operator under the System Control Technical Code (SCTC). Section A6.4 (b) (1) requires (30 minute) trading interval meter data to be provided to the Market Operator no later than four business days after the end of each settlement period. This will remain an obligation on PWC Networks until the SCTC and I-NTEM design are modified. As such, the Network Provider would require a retailer to upgrade a meter to an interval meter to transfer the customer from Jacana.

Should the requirement for remotely read meters be removed from the I-NTEM design it will increase the complexity of the settlement process and would require:

- a new market data system such as the Australian Energy Market Operator's MSATS; or
- significantly increased metering staffing numbers to manually estimate customer interval consumption.

If the I-NTEM design were modified to incorporate accumulation meter churn, a deemed profile would need to be developed. The current deemed profile process used in the I-NTEM for the small number of IES Communities without bulk interval meters is suitable only as a temporary measure.

The IES deemed profile process is not suitable for mass market accumulation meters and its facilitation would require significant IT solutions. Accuracy of customer meter data will be compromised with the estimation of customer loads, where their meters are quarterly read and may possibly go 9 months with estimated reads. Discussions with AEMO have highlighted that this is the complex aspect of MSATS.

#### ***4.2.3 Alternate methods to promote competition***

The AER's preliminary Framework and Approach has indicated that metering services will be classified as Alternative Control Services (ACS) and as such, PWC is considering tariff structure options. One option currently being considered would reduce the upfront cost of a meter upgrade, with the cost of the new meter being recovered over the life of the meter.

This option may include a meter exit fee that relates to the existing meter that was removed prior to the end of its useful life. This exit fee is expected to be far lower than the current meter upgrade costs. This tariff structure may reduce any possible barriers to competition without compromising the accuracy and integrity of the I-NTEM settlement process. PWC will be soon consulting with system participants on the proposed tariffs.

Government could also consider a smart meter rebate program for those customers churning, which may result in the least cost outcome.

#### ***4.2.4 Recommendation***

Given the complexity of this issue and the interdependency between the respective codes, PWC recommend that any interval meter phase out be co-ordinated with the wider reform policy decisions. As such, it appears inappropriate to progress with this amendment prior to a broader policy decision by Government.

### **4.3 Provide clarity on the requirement for a communications enabled interval meter (Type 4) to churn prior to 30 June 2019**

The proposed NER Chapter 7A does not include the provision of Type 5 meters within the NT (due to the zero X factor). A Type 5 meter is essentially an interval meter that isn't communications enabled, which the Meter Data Provider manually retrieves interval data from (currently not in place within the NT).

Although PWC's current application of the Code requires a communications enabled interval meter (Type 4) to churn, the Code is currently unclear and could be open for interpretation. The adoption of Chapter 7A meter type classifications would remove this uncertainty.

Should the Commission require PWC to introduce Type 5 meter data collection functionality this would significantly increase PWC's metering costs due to the following impact:

- For small numbers (approximately <100 NMIs) – this would require a meter technician (rather than a meter reader) with a laptop to download 12 readings per year per site. This cost would be far in excess of the communications enabling cost. PWC would adopt the least cost option and communication enable any meters that churn, absorbing the associated costs. The costs are estimated at \$350 in the first year (includes installation costs) and \$60 per year thereafter (this is the approximate difference between collecting accumulation data manually or interval data automatically, assumes that the system costs are the same regardless of collection method).
- For large numbers (approximately >100 NMIs) - PWC would consider investing in meter probes (\$1,000 per unit) for meter readers. Further investigation would be required to understand the additional meter reading resource requirement in comparison to communications costs.
- The impact could be significant with PWC's metering fleet including 16,000 interval meters which are currently read as Type 6.

This requirement would effectively result in PWC needing to absorb the additional costs rather than the retailer, who has an opportunity to recover the costs.

## **5 Other issues**

### **5.1 Redacted – Commercial in Confidence**

### **5.2 Provision of greenfield site data to retailers**

Should a system be required to provide retailers access to this information, the Network Provider would require a mechanism to recover these costs.

### **5.3 Midmonth Churn**

Although this issue was not identified in the Commission's Position Paper it was raised in formal discussions as a possible amendment to the Code. Below is a brief summary of the impact of mid-month customer transfers from a network billing perspective and an I-NTEM settlement perspective.

#### ***5.3.1 Network billing***

The current network tariffs are declining block tariffs, which means that the more electricity consumed the lower the tariff. Should a customer transfer mid-month, PWC would be required to prepare a separate network bill for

each retailer. As a consequence, only the consumption that relates to that part of the month will be considered. This will result in the customer's combined bill, being higher than what it would have otherwise been without the mid-month separation.

PWC is proposing to move away from a declining block tariff, which will be achieved for customers consuming below 750 MWh per annum in this regulatory control period. Customers consuming over 750 MWh will take longer to transition and as such will be adversely impacted by mid-month churns.

Should the churn relate to a new customer at an existing NMI there may be no customer impact (subject to retailer treatment).

### ***5.3.2 Processing and administrative requirements***

In addition to customer impact, current system limitations would require manual manipulation of meter data and would increase resource requirements within metering services until the installation of a new Meter Data Management System which could possibly be commissioned in the first half of 2018. An effective date of July 2019 for the commencement of this provision would allow PWC sufficient time to transition systems.

Should mid-month customer transfers be adopted, consideration would also need to be given to meter upgrade and notification timeframes.

### ***5.3.3 Market Settlement***

The I-NTEM currently synchronises customer churns with market settlements, which are performed by the Market Operator monthly. This allows the Market Operator to match meter data for the settlement period against each market participant to produce settlement statements. To facilitate mid-month churns, the Market Operator would be required to have the settlement system modified so that the system could recognise contract start and end dates at the 30 minute trading interval level to permit a meter number appearing against multiple retailers within the same settlement period. This system upgrade is currently unfunded.

To clarify discussions that were had during the Commission's recent briefing, for a new customer moving into a recently vacated premise, the current I-NTEM process allows for the new customer to have their power connected immediately within the month (with the existing retailer for the meter) and then have the ability to change retailer at the start of the next month.