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Dr Patrick Walsh
Utilities Commissioner
Utilities Commission
GPO Box 915
Darwin NT 0801

Dear Pat

Re: Draft Decision for the Amendments to the Electricity Retail Supply Code

Thank you for the opportunity to comment on the Draft Decision paper for Amendments to the Electricity Retail Supply Code (Code).

Power and Water has a number of concerns regarding the proposed changes. These are outlined in Attachment A and are predominantly in terms of the cost and risk implications for the Corporation. Power and Water is concerned that the additional expenditure generated by the cost of compliance with the Code is not reflected in any equivalent benefits to customers. Power and Water considers this to be inconsistent with recent Government announcements to commence a review into the Corporation's processes and finances in addition to the recently announced increase in Power and Water's tariffs.

Attachment B contains a revised Annexure 2 to the Electricity Retail Supply Code which requires more details from customers and retailers in terms of their data requests. It is anticipated that this will assist in reducing the time to complete data requests. Power and Water requests that this is included in the final version of the Code.

Please contact Mr Antoni Murphy, Acting Manager Regulation, Pricing and Economic Analysis on (08) 8985 7124 or email at antoni.murphy@powerwater.com.au if you have any queries in relation to this response.

Yours sincerely



Andrew Macrides
Managing Director

27 November 2012

GPO BOX 1921 DARWIN, NT 0801

NORTHERN TERRITORY OF AUSTRALIA

**AMENDMENTS TO THE ELECTRICITY RETAIL
SUPPLY CODE:**

**SUBMISSION BY POWER AND WATER
CORPORATION TO THE UTILITIES COMMISSION'S
DRAFT DECISION PAPER**

NOVEMBER 2012

The following table provides a summary of Power and Water's comments on the Draft Decision for the Application for Amendments to the Electricity Retail Supply Code. Please note that the order in which the comments are presented is not in order of priority.

#	Section/Clause Reference	Issue	Impact on Power and Water	Cost of Compliance
1	Clause 3.2.2	The required generation credit support amount is based on a billing period "not greater than 28 days".	All of PWC's credit processes and systems are structured around calendar month billing cycles, not 28 day cycles. It is unclear from this whether it is UC's intention that the billing period as defined in the Draft Code is to be altered to 28 days from a calendar month basis for 2nd Tier Retailers. PWC is unable to support this billing period and estimates the cost of a new billing system to address this to be approximately \$3-4 million. In addition there would be costs associated with changed arrangements in meter reading to support a new billing cycle. PWC seeks clarification from the UC on how "the highest generation services bill over the previous 12 months" should be calculated if the billing period is only 28 days. There are a number of possibilities here. PWC could take the 28 days of each month where electricity usage is at its highest. Alternatively it could take the first or last 28 days in each month, or take a whole 12 months and use the sum of the highest 28 days of electricity consumption. PWC awaits guidance from the UC on these calculations.	Billing system \$3-4 million
2	Clause 3.4.1 (ab)	The Draft Code states that cash deposited into an official bank account is an acceptable form of credit support for a network provider or generator.	The inherent risk of this was outlined in PWC's earlier submission to the Options Paper for the Electricity Retail Supply Code. In the event of the retailer's default, the fact that credit support is in the form of cash in a deposit does not give PWC priority over other creditors when it comes to recouping a loss. Indeed, a cash deposit may even be construed as preferential treatment and hence recovered by the liquidator. The potential cost to PWC is the loss of all credit support lodged in this manner in the event that the retailer goes into administration since the funds in the bank account are likely to be recovered by the liquidator. As such, this is not an acceptable alternative to the existing arrangements.	Potentially, all credit support amount lodged within a nominated bank account.

3	Clause 3.5	The negotiation process between the generator and retailer regarding credit support.	As noted in earlier submissions, a mechanism already exists that can be used for the negotiation of credit support and any other financial operations which have a risk impact. This is Power and Water's Receivables Risk Management Committee. Notably, Power and Water has already used this particular facility to consider credit support arrangements and as a consequence an alternative approach has been adopted for one of the retailers.	N/A
4	Clause 6.2.8 (b)	The clause requires that the network provider will process a minimum of: (i) 2 requests for standing data per day; (ii) 2 requests for historical consumption data per day. PWC considered that this was a typographical error and raised this in an earlier submission. However, the UC says that data should be processed on a day-by-day basis and has, to date, declined to set a maximum number of requests per day.	PWC considers that if the UC will not set a maximum number of requests per day then in order to avoid regular breaches in the Code it will become necessary to set up a meter data management system equivalent to the system that exists in the remainder of the NEM so that all customers can have immediate access to their data or alternatively to increase staffing in the Metering and Full Retail Contestability (FRC) Functions in order to reduce the possibility of a breach. Current advice received by PWC from a consultancy in this area estimates that a meter data management system would cost \$5-10 million. Extra staffing for each business unit would cost \$190,000. This comprises 1 staff member for Metering and 1 staff member for the FRC Function. Even where such measures are taken, the implementation of a full meter data management system would require a time frame of one to two years to implement and synchronise with the existing billing system. Even if the lesser measure of extra staff were to be recruited to the Metering and FRC Functions, these would not be in place by the time the final Code is issued and thus there could be breaches of the Code in the short term. The costs outlined above will ultimately result in higher costs for customers for no apparent improvement in customer service directly following the imposition of significant tariff increases.	Meter Management System \$5-10 million OR 1 Staff Member in Metering Unit \$95,000 AND 1 Staff Member in FRC Function \$95,000

5	Clauses 6.2.9 & 6.2.10 The Draft Code proposes to reduce the period for the network provider to respond to a data request by a retailer from within 5 business days to within 3 business days.	In an earlier submission PWC outlined the data provision process. The Metering section receives requests on a daily basis from retailers and customers. Each request is different in terms of what type of data the customer or retailer needs and how they would like it to be presented. As such, there is considerable time spent ascertaining the retailer or customer needs. In an attempt to speed up this process, PWC proposes to revise the historical customer data form. The new form will require more details so that the request can be finalised more quickly. This requires a change to Annexure 2 of the Electricity Retail Supply Code. The proposed Annexure 2 is attached to this submission. PWC requests that this revised version be included in the final version of the Code. PWC considers that clauses 6.2.9 and 6.2.10 should contain the same wording as clause 6.3.1 i.e. that data is only provided on receipt of a <i>valid</i> completed data request using the data request form. Notwithstanding these proposed revisions, the implications of reducing the time frame for data provision would be that PWC would be reporting Code breaches on a regular basis. PWC considers this an unsatisfactory outcome for all parties and the requirement of 5 business days for the provision of data to a retailer to be fair and reasonable. As raised in the point above, a meter data management system equivalent to the system that exists in the remainder of the NEM providing immediate access to data would avert such breaches. The cost associated with this is estimated to be \$5-10 million. Alternatively the incidence of breaches may be reduced by increasing staffing in the Metering and Full Retail Contestability (FRC) Functions. However, this would be achieved at a cost of \$190,000.	Meter Management System \$5-10 million OR 1 Staff Member in Metering Unit \$95,000 AND 1 Staff Member in FRC Function \$95,000
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6	Clauses 6.3.1 & 6.3.2	The Draft Code proposes a reduction in the period for the network provider to respond to a data request by a customer from within 20 business days to within 3 business days.	When customers contact PWC directly for data it takes a longer period than for retailers to ascertain their needs, and establish how these can be met. As noted above, PWC proposes to revise the existing historical customer data request form so that the request can be finalised more quickly. This requires a change to Annexure 2 of the Electricity Retail Supply Code. The proposed Annexure 2 is attached to this submission. PWC requests that this revised version be included in the final version of the Code. PWC requests that clause 6.3.1 be revised to require the customer to complete the historical consumption data form so that all of the relevant details for a data request can be captured in one attempt rather than from several email iterations between the FRC Function and the customer. Notwithstanding this change the implications of reducing the time frame for data provision to customers with current available resources would be that PWC would be reporting Code breaches on a regular basis. As raised in the point above, a meter data management system equivalent to the system that exists in the remainder of the NEM providing customers with immediate access to their data would avert such breaches. The cost associated with this is estimated to be \$5-10 million. Alternatively the incidence of breaches may be reduced by increasing staffing in the Metering and Full Retail Contestability (FRC) Functions. However, this would be achieved at a cost of \$190,000. In terms of clause 6.3.2, current staffing in the Metering business unit and FRC Function means that it will not be possible to meet the 1 day time frame to inform a customer of an invalid data request. As such, breaches in the Code will be inevitable and frequent.	Meter Management System \$5-10 million OR 1 Staff Member in Metering Unit \$95,000 AND 1 Staff Member in FRC Function \$95,000
7	Clause 6.4	Multi-party agreement with regards to data provision.	This section makes no reference to the need to obtain verifiable customer consent for data to be provided to parties other than the actual customer.	N/A
8	Clause 7.1.1	The submission of service order procedures to the UC.	This clause is now out of date. PWC met its obligations in providing an overarching service order process to the UC within the time frame allowed. PWC was then required to develop more in depth procedures by 29 March 2013 for submission to the UC. These are currently in development and will be ready for consideration by the UC shortly.	N/A

9	Clause 8.2.20	The removal of the cooling off period for customers taking more than 160 megawatt hours of electricity.	PWC considers that should a large customer wish to waive the cooling off period, this should be stated in writing at the time the customer enters into a supply contract with a retailer.	N/A
10	Section 9 Retailer of Last Resort (ROLR) Provisions	Revisions to Retailer of Last Resort Provisions. Please refer to comments in each of the previous submissions to the Amendments to the Electricity Retail Supply Code and to the original Electricity Retail Supply Code.	PWC made a number of comments in its earlier submissions to this amended Code and to the original Code developed in 2011. These have not as yet been addressed by the UC. This presents a risk to PWC should one of the second tier retailers become insolvent. PWC notes the UC's intention to address this section of the Code and requests that its earlier comments are addressed promptly. The arrival of additional retailers in the market and the announcement of a significant tariff increase imply a greater risk of a retailer of last resort event occurring.	Potential risk to Power and Water Retail in the event of a second tier retailer going into receivership.

Attachment B

ANNEXURE 2 - REQUEST FOR HISTORICAL CONSUMPTION DATA FORM

An **historical consumption data request form** published by a **network provider** must require a **retailer or customer** to provide the following information:

- (a) the name and, if applicable, identification number or code of the **retailer or customer** submitting the request for **historical consumption data**;
- (b) either:
 - (i) if the **network provider** has allocated a **UMI** or **NMI** for the **exit point**, the **customer's UMI** or **NMI**; or
 - (ii) if the **network provider** has not allocated a **UMI** or **NMI** for the **exit point** the **customer's**:
 - A. name;
 - B. lot number and, if applicable, unit number;
 - C. street number;
 - D. street;
 - E. suburb; and
 - F. post code; or
 - (iii) the **customer's meter** (s) serial number (s); and
- (c) if the **retailer** is requesting the data, confirmation that the **retailer** has obtained **verifiable consent** from the **customer** to obtain the **historical consumption data**.
- (d)
 - (i) The start and end dates of the requested data.
 - (ii) The frequency of the requested data i.e one of the following:
 - 15 minute data
 - 30 minute data
 - Hourly data
 - Daily data
 - Weekly data
 - Monthly data
 - Yearly data
 - (iii) Where data is requested for more than 1 meter at an address whether this data is to be reported for each individual meter or in totalised format.
 - (iv) If the data is to be summarised on a monthly or yearly basis, whether it is to be on a Schedule 2 or Schedule 4 format. Schedule 4 data defines off-peak periods as weekdays 6pm to 6am and all weekend. Schedule 2 data defines off peak periods as all days 6pm to 6am.

