Application TO amend the ELECTRICITY Retail supply code

**Consultation Paper**

July 2016

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 Confidentiality

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* information that could affect the competitive position of a licensed entity or other person; or
* information that is commercially sensitive for some other reason.

The submission must clearly specify the document (or part of it) that contains confidential information. A version of the submission suitable for publication (that is, with any confidential information removed) should also be provided.

Public Access to Submissions

Subject to confidentiality requirements, submissions will be made available for public inspection at the office of the Commission and on its website ([www.utilicom.nt.gov.au](http://www.utilicom.nt.gov.au)).

To facilitate publication on the Commission’s website, submissions should be provided electronically by CD or DVD, or emailed in Adobe Acrobat or Microsoft Word format. Submissions can be made in writing if these options are not possible.

Call for Submissions

Any questions regarding this report should be directed in the first instance to the Commission at any of the following:

Utilities Commission
GPO Box 915
DARWIN NT 0801

Telephone: 08 8999 5480

Email: utilities.commission@nt.gov.au

Glossary

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| --- | --- |
| **Term** | **Definition** |
| AEMO | Australian Energy Market Operator |
| AER | Australian Energy Regulator |
| Code | Northern Territory Electricity Retail Supply Code  |
| FRC | full retail contestability  |
| I-NTEM | Interim Northern Territory Electricity Market  |
| Jacana Energy | Power Retail Corporation, a government owned corporation established in accordance with the Government Owned Corporations Act and trading as Jacana Energy |
| MSATS | Market Settlement and Transfer Solutions  |
| NMI | National Metering Identifier  |
| NSLP | Net System Load Profile  |
| NEM | National Electricity Market  |
| NEL | National Electricity Law |
| Minister | The Treasurer acting as the Regulatory Minister  |
| PWC | Power and Water Corporation  |
| QEnergy | QEnergy Ltd (an entity licensed to retail electricity in the Northern Territory)  |
| RoLR | Retailer of Last Resort  |
| SCTC | System Control Technical Code |
| The Commission | The Utilities Commission of the Northern Territory |
| Tranche | A category of customers based on annual consumption  |
| The Act | The *Utilities Commission Act* |

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| Application to Amend the Electricity Retail Supply Code |

Introduction

1. The Utilities Commission of the Northern Territory (the Commission) is an independent statutory authority responsible for the economic regulation of the electricity supply industry, which is governed by the *Utilities Commission Act* (the Act), the *Electricity Reform Act* and associated legislation.
2. Under the Act, the Commission has the power to make, vary or revoke codes and rules if authorised to do so under a relevant industry regulation Act, or by regulations under the Act[[1]](#footnote-1). These relevant industry regulation Acts include the *Electricity Reform Act,* among others.
3. On 3 August 2011, the Commission made the Northern Territory Electricity Retail Supply Code (the Code) in accordance with the Act.[[2]](#footnote-2) The Code prescribes matters relating to:
* arrangements between electricity businesses for the transfer of customers between retailers;
* arrangements between generators and retailers, including credit support and billing;
* arrangements between electricity businesses for business-to-business interaction;
* arrangements for a Retailer of Last Resort (RoLR); and
* arrangements for dispute resolution between electricity businesses.[[3]](#footnote-3)
1. On 6 April 2016, Power and Water Corporation (PWC) made an application for amendments to parts of the Code.[[4]](#footnote-4) PWC advised its request for amendments was in light of substantial reform to the Northern Territory electricity sector, including the introduction of a wholesale market, structural separation of PWC and the entrance of new retailers.
2. PWC advised its application contained confidential information but a public version would be provided if requested. The Commission sought a public version suitable for consultation. PWC provided a public version of its application for amendments on 11 May 2016.
3. PWC noted its application does not address all amendments needed and further changes may be required. However, issues outlined in this submission need to be addressed in the short term and cannot be delayed until the completion of the electricity reform program.
4. Where relevant, the Commission has identified issues raised in previous consultation on the Code and the Commission’s considerations at the time.
5. Where relevant, the Commission has identified where amendments are contingent on other developments in the wholesale market and the Government’s electricity reform program.
6. PWC proposes nine new amendments to the Code:
7. separate the role of a Market Operator from the network service provider;
8. outline the Market Operator’s right to be incorporated in the Code;
9. implement a Local Retailer definition for vacant installations and orphaned customer situations;
10. introduce a formal information sharing arrangement;
11. introduce rules and process of notifying retailers of greenfield sites;
12. include requirements for remotely communications-enabled interval meters to transfer customers;
13. include reference to the National Meter Identifier Allocation Procedure;
14. delete the requirement for the Commission’s approval of charges;
15. remove clauses 6.3.7, 7.1.5 and 7.1.6 of the Code; and
16. reduce customer transfer notification timeframes to five business days.
17. Under the Act, the Commission is required to keep the contents and operation of codes and rules under review, with a view to ensuring their continued relevance and effectiveness.[[5]](#footnote-5) The Commission must also consult with industry participants and interested stakeholders on any proposed changes to the Code.
18. To ensure the Code remains relevant and effective, the Commission considers, at its own initiative, matters raised by industry participants and areas where it considers the Code requires updating.
19. The key issues raised by PWC are listed in Tabe 1.1. The Commission has categorised these for consultation and discussion setting out key issues for consideration where appropriate[[6]](#footnote-6):

Table 1.1

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| --- | --- |
| PWC Application | Consultation Paper  |
| Para 2.1 – Separation of dutiesPara 2.2. – Non-NTEM functions | Chapter 2 – Roles and responsibilities of the wholesale Market Operator  |
| Para 2.3 – Local retailer definition Para 2.5 – Treatment of greenfield sites  | Chapter 3 – The role of a designated retailer in the Code  |
| Para 2.4 – Network access to customer information Para 2.6 – Requirement for interval meteringPara 2.7 – National Metering Identifier ( NMI) allocation procedure | Chapter 4 – Metering and customer information |
| Para 2.8 – Removal of requirement for the Commission’s approval of chargesPara 2.9 – Customer transfer notification timeframes  | Chapter 5 – Other issues raised by PWC  |
| Other issues considered at the initiative of the Commission | Chapter 6 – Issues raised by the Commission |

Purpose of this Paper and Process for Consultation

1. The purpose of this Consultation Paper is to facilitate discussion with industry participants and stakeholders on the matters raised by PWC. The following chapters of this Consultation Paper outline PWC’s application for amendments and, where relevant, issues previously raised during development of the current Code.
2. The Commission will consider submissions on proposed amendments to the Code that are independent from PWC’s application. PWC may provide further submissions in support of its application for amendments to the Code. The Commission will also consider areas of the Code that may require amendments.
3. In considering amendments to the Code, the Commission must consider the objectives of Section 1.6.1 of the Code to facilitate retail supply activities that will result from the introduction of full retail contestability in the Territory by establishing (among other things):
* arrangements for transferring customers between retailers;
* arrangements relating to credit support requirements and billing between network providers, generators and retailers;
* arrangements for metrology between retailers and network providers;
* RoLR arrangements; and
* a dispute resolution process for this Code.
1. Submissions on this Consultation Paper and proposed amendments to Code should be submitted by close of business **2 September 2016**.
2. After reviewing any submissions received, the Commission will release a draft decision on what, if any, amendments should be made to the Code, including the potential wording of the provisions. The Commission will invite comments on the draft decision.
3. After submissions on the draft decision have been reviewed and assessed, the Commission will issue a final decision on what, if any, amendments will be made to the Code and in what form.
4. Table 1.2 outlines an indicative timeframe for consultation.

Table 1.2: Timeframe for consultation

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| Release of Consultation Paper on PWC’s request to amend the Code | 29 July 2016 |
| Submissions due | 2September 2016 |
| Commission issues draft decision on whether to proceed to amend the Code | 14 October 2016 |
| Comments due on draft decision | 11 November 2016 |
| Final Decision to amend the Retail Supply Code, including issuing a varied Retail Supply Code (to commence 1 January 2017). | 14 December 2016 |

1. These timeframes are indicative only. The process may need to be amended to include additional consultation depending on the number and complexity of any additional issues raised during consultation.
2. The Commission may decide to release an issues paper for consultation prior to issuing its draft decision.

History of the Retail Supply Code

Full retail contestability

1. Full retail contestability refers to regulatory arrangements that provide customers with the option to select their electricity retailers. All Australian jurisdictions made a commitment through the Council of Australian Governments National Competition Policy to encourage competition in the electricity supply industry through facilitating full retail contestability.
2. The Territory has adopted a staged approach to contestability. All large customers (that is, consuming more than 750 megawatt hours of electricity each year) were able to choose their retailers from April 2002.[[7]](#footnote-7) Small businesses and household customers (that is, consuming less than 750 megawatt hours of electricity each year) became contestable from 1 April 2010.
3. Retail contestability requires a coordinated package of systems and processes to facilitate the transfer of customers between retailers, and protect consumers and electricity entities. These arrangements are generally codified in legally binding regulatory instruments to provide certainty on the rules associated with retail supply to retailers, the network provider, the Market Operator and consumers.
4. Prior to 2011, the Territory’s electricity regulatory framework did not contain any specific requirements for retail supply. At the time, PWC was the only retailer of electricity in the Territory.

Development of the Code

1. The Code was developed as a transitional arrangement in response to the entry of a second retailer, QEnergy Ltd (QEnergy), into the Territory electricity market on 4 February 2011. The entry of QEnergy identified a need for specific regulatory requirements to facilitate retail supply activities between electricity entities, including transfer of customers, business-to-business arrangements between competing retailers, and credit support arrangements between retailers and/or generators and the network provider.
2. The Commission was given the power to make a code relating to retail supply under Regulation 2A of the Utilities Commission Regulations (the Regulations). Under the Regulations, the Code may deal with one or more of the following:
* transfer of customers between retailers;
* credit support arrangements;
* billing;
* metrology;
* service order arrangements;
* RoLR arrangements; and
* dispute resolution.
1. On 21 June 2011, the Commission released a draft Retail Supply Code for consultation with the Minister, industry participants and stakeholders. The draft Code and submissions are available on the Commission’s website ([www.utilicom.nt.gov.au](http://www.utilicom.nt.gov.au)).
2. On 3 August 2011, the Commission released the Code and accompanying statement of reasons in response to submissions received during the consultation process.
3. In making the original Code, the Commission had regard to the need to:
* promote competitive and fair market conduct;
* prevent misuse of monopoly or market power;
* facilitate entry into relevant markets;
* promote economic efficiency;
* ensure consumers benefit from competition and efficiency;
* protect the interests of consumers with respect to reliability and quality of services and supply in regulated industries;
* facilitate maintenance of the financial viability of regulated industries; and
* ensure an appropriate rate of return on regulated infrastructure assets.[[8]](#footnote-8)
1. The Commission anticipated that the transitional arrangements set out in the Code would be further developed based on industry practice, the entry of retail competition, experience in operating the Code and development of the regulatory framework.

Previous amendments to the Code

1. On 15 May 2012, QEnergy made an application to the Commission to amend parts of the Code. The application related to credit support arrangements between generators and retailers, access to metering data and customer transfers.
2. In June 2012, the Commission released a Consultation Paper and invited submissions to facilitate discussion with industry participants and stakeholders on the matters raised by QEnergy. The Commission also sought submissions proposing amendments to the Code independent from QEnergy’s amendment application.
3. On 16 November 2012, the Commission released a Draft Decision Paper in response to submissions received by QEnergy, PWC and NT Major Energy Users during consultation on the Consultation and Options papers. The Commission issued its final decision to amend the Code on 23 May 2013. The amended Code came into effect on 1 June 2013.
4. On 18 January 2016, following notice to stakeholders and the Minister, the Code was amended to clarify that the RoLR is Jacana Energy. This amendment was made in the context of the structural separation of PWC on 1 July 2014 into separate retail, generation and network business units, with the Code previously referring to PWC as the RoLR. As part of structural separation of PWC, the functions of the RoLR were transferred to Jacana Energy from PWC on 1 July 2014.

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| Roles and Responsibilities of the Market Operator |

Summary

1. PWC has proposed amendments to the Code to define a Market Operator in the Code. The Commission has provided a statement of what it considers to be relevant issues, and its preliminary position on the points in PWC’s submission.

Separation of Duties

1. PWC states the definition of a Market Operator is required as the Code was initially implemented prior to the introduction of the Interim Northern Territory Electricity Market (I-NTEM) and creation of the Market Operator. PWC also considers it appropriate to align the requirements under the Code to those in the National Electricity Market (NEM).
2. PWC proposes that sections 6 (Market Data) and 8 (Customer Transfer) be primarily transferred to the Market Operator, with further portions of section 6 and the entirety of section 8 to be transferred eventually from the network service provider to the Market Operator.
3. PWC notes the Market Operator currently has systems and processes to allow for immediate transition of section 8 of the Code (Customer Transfer Facilitation). However, it proposes that primary responsibility be transferred with some requirements in this section remaining with the network service provider, for example, confirming the retailer has a Network Access Agreement and timeframes for completing any meter change service requests.
4. PWC also proposes that, should standing data be required for accumulation meters, the Market Operator should have access to the network service provider’s systems either directly or through a system-based interface to provide this data.
5. PWC proposes that responsibility for providing standing data should be transferred to the Market Operator, with ongoing provision of historical data to remain with the network service provider.
6. The Commission also notes any amendments to the Code will need to be undertaken in conjunction with, and consistent with, the role of Market Operator in the System Control Technical Code (SCTC).

Issue 1 – Transfer of Section 6, Market Data to the Market Operator

1. PWC proposes that responsibility for providing standing data should be transferred to the Market Operator with ongoing provision of historical data remaining with the network service provider. PWC notes this is currently facilitated by both the Market Operator team and the network service provider (PWC’s Metering Services division).
2. NMI standing data in the National Electricity Market (NEM) is information related to a customer’s connection point, (that is, information about the physical location and properties of the meter, which includes the applicable network tariff and the consumer’s consumption threshold bands). It does not include personal customer data and is used by a retailer in transferring a customer.
3. NMI standing data is provided to incoming retailers through the Australian Energy Market Operator’s (AEMO) Market Settlement and Transfer Solutions (MSATS) system. AEMO publishes and maintains MSATS procedures in accordance with the National Electricity Law, setting out procedures, rules and guidelines under which the MSATS system operates.
4. The party performing the role of the Metering Data Provider (MDP) in the NEM provides the data to the MSATS system via NMI Discovery[[9]](#footnote-9). AEMO facilitates this role by engaging an MDP to provide standing data. The local network service provider (LNSP) must act as the MDP if an MDP is not appointed. If a retailer does not have access to MSATS, the LNSP must provide the standing data[[10]](#footnote-10). In the Territory, PWC is the monopoly network provider.

Responsibility for provision of standing data

1. AEMO, as the Market Operator, provides the system (MSATS) from which standing data is accessed rather than actually providing the standing data, which is provided by the MDP. In the absence of an MDP, the network provider acts as the MDP and feeds the data into the MSATS system.
2. In PWC’s National Meter Identifier (NMI) Allocation[[11]](#footnote-11) consultation paper, PWC foreshadows possible adoption of the AEMO’s MSATS system or an equivalent system in the future. Any amendments to the Code would have to be consistent with practices in this system.
3. Consideration needs to be given as to whether it is more appropriate for standing data provision to remain the responsibility of the network service provider or for such responsibility to transfer to the Market Operator. The Commission will also need to consider the implications, if any, for regulated network services and associated charges in consultation with the Australian Energy Regulator (AER) and regulated system control charges.

Providing standing data for accumulation meters

1. The Commission notes that existing Clause 5.1.1 in the Code prohibits retailers from initiating a transfer for customers without an interval meter. The Commission undertakes further discussion on this issue in Section 4 of this Issues Paper.

Issue 2 – Transfer of Section 8, Customer Transfers to the Market Operator

1. PWC proposes the transfer of Section 8 to the Market Operator, with the exception of the clauses in Section 8 requiring the network service provider to confirm that the retailer has a Network Access Agreement, and clauses stipulating timeframes for completing any meter change service requests to remain with the network provider.
2. Clauses 8.2.9(a) and 8.2.10(b) of the Code relate to customer transfer request timeframes where a meter change service is required. In addition, Clause 8.2.11 requires the retailer to request a separate meter change request from PWC according to Service Order Procedures prepared by PWC (and approved by the Commission) under Cl.7 of the Code. PWC, as the network service provider in the Territory, acts as the equivalent of the Metering Provider in the NEM.
3. Consideration needs to be given to whether responsibility for market data and provision of standing and historical data should transfer to the Market Operator or remain with the network service provider.

Non-NTEM Functions

Issue 3 – Use of settlement statements for other major networks

1. In its submission, PWC notes the I-NTEM virtual settlement statements produced by the market operator (for Darwin-Katherine) are utilised to settle bilateral contracts between generators and retailers, and this practice has also been extended to the other major networks (Alice Springs and Tennant Creek).
2. PWC advises market participants sought PWC’s involvement in this process as an independent party with access to the required meter data. PWC’s application states this service is currently provided as a Network Alternative Control Service and charged accordingly. With the proposed separation of duties, PWC requests the Code be amended for this service to be provided by the Market Operator.
3. PWC states the Market Operator’s right to access customer meter data outside of the Darwin-Katherine network to produce settlement statements is unclear. PWC requests that the provision outlining the Market Operator’s right to access customer meter data be incorporated in the Code.
4. PWC’s application notes the service is not classified as a regulated service and it would be appropriate to include this provision in the Electricity Retail Supply Code rather than the System Control Technical Code. PWC advises cost recovery of these services is outside the System Control regulated charge and is provided as an additional service currently. Consideration will need to be given to the scope of the system control regulated charges.
5. Clause A6.4(a) of the SCTC sets out the Market Operator’s right to receive data for calculating settlements in the I-NTEM. Consideration needs to be given to the amendment necessary for the Market Operator to be able to access settlement information for Alice Springs, Tennant Creek and other non-regulated networks where the service of providing settlement statements is also provided.

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| The Role of a Designated Retailer  |

Local Retailer Definition

Issue 4 – Jacana Energy as a ‘local retailer’ and its rights to sell to out‑of‑contract customers

1. PWC notes it has received queries from retailers regarding the treatment of vacant installations and orphaned customers, which have highlighted a need for a ‘local retailer’, similar to that existing in the NEM.
2. PWC advises a vacant installation is where electricity is consumed at a site that does not have a consumer assigned, for example, a greenfield site, or where a customer has finalised their account and moved out. In most cases, the fuse is pulled so there is no electricity supply, however, in some instances, the fuse is not pulled and electricity is consumed.
3. PWC advises under the I-NTEM virtual settlement by difference calculations, Jacana Energy is automatically charged for this electricity consumption. PWC states Jacana Energy should therefore be provided an opportunity to view the data to rectify the situation.
4. PWC’s application also raises the issue of whether customers should be disconnected if they do not renew their contracts with their retailers. PWC’s interpretation of the intention of the regulatory design is that customers would not be disconnected if they do not wish to renew their contracts, but would be treated as orphaned customers and transferred to Jacana Energy.
5. This issue needs to be considered in the context of the prescribed class of customers, associated standard customer contracts and the customer protection framework.
6. Consideration needs to be given to whether application of a ‘local retailer’ should be applied through amendment to the Code or another legislative or regulatory instrument.
7. Consideration needs to be given to clause 8.1.1 of the Code that prevents a retailer from initiating a customer transfer without obtaining verifiable consent.

Treatment of Greenfield Sites

Issue 5 – Non-Jacana Energy retailers signing up for greenfield sites

1. PWC’s application states it has received a number of queries from retailers regarding notification of new greenfield sites and there is an expectation all retailers should be notified of the connection of a new site. PWC advises it does not have a view on whether this should be incorporated in the Code.
2. PWC notes there is some confusion regarding the application of section 8 of the Code in relation to greenfield sites. There does not appear to be any requirement under the Code to submit a transfer request or any form of notification when a retailer (other than Jacana Energy) signs up a customer prior to that customer’s connection to the network. PWC considers this gap could be interpreted to mean there is no opportunity for a customer on a greenfield site to sign up initially with their nominated retailer.
3. PWC states if the intention is to allow customers on greenfield sites to sign up with their nominated retailer (other than Jacana Energy), it would appear appropriate for the Code to specify requirements for the connection process and notification by retailers.
4. Consideration needs to be given to establishing a triangular contracting structure between customers, the network service provider and retailers, and for coordination agreements between network service provider and retailers.
5. The Commission notes the Code does not refer specifically to Jacana Energy under section 8 in relation to the process of customer transfers, but refers instead to a ‘retailer’. The Commission’s preliminary view is there appears to be no impediment to other retailers submitting a transfer request or any other notification upon signing up greenfield site customers, and that transfer timeframes apply to a ‘retailer’ rather than Jacana Energy The Commission also notes that Cl.8.2.9(b) states that *“the transfer date will be* ***no later (emphasis added)*** *than midnight on the last calendar day of the second month”* and it appears that there is no restriction on transfers occurring mid-month.
6. Consideration needs to be given to PWC’s National Meter Identifier Allocation Procedure paper and intent to adopt and utilise NMIs in the MSATS (or equivalent) system. The Commission notes that one of the functionalities and fields in the MSATS system will indicate a greenfield site[[12]](#footnote-12).
7. Possible amendments to the Code could be made requiring the Market Operator to set out interim procedures to provide centralised information to retailers, similar to the National Electricity Rules requirement for AEMO to publish procedures on MSATS, with a view to PWC eventually adopting the MSATS system.
8. Consideration will need to be given to whether it is appropriate to make information on greenfield sites available to further encourage retail competition or whether such information is available through other means.

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| Metering and Customer Information |

Issue 6 – Network Access to customer information

1. PWC states PWC Networks intends to contract with customers either directly or via a standard form contract. To create a contract, PWC states there must be certainty as to the parties to the contract and, at a minimum, PWC will need customer contact details.
2. In addition to contracting requirements, PWC states PWC Networks also requires customer information to facilitate historical data requests, outage notifications and guaranteed service level payments. PWC’s application seeks amendment to the Code to add a requirement in Section 7 outlining retailer obligations to provide customer information to the network service provider.
3. The Commission notes that, under its networks licence, PWC must enter into, and comply with, an agreement with retailers and generators to coordinate provision of these services, approved by the Commission. This amendment will need to be considered in the context of coordination agreements between PWC and retailers, which the Commission understands are currently being negotiated.
4. The Commission considers there may be benefit in including a provision similar to Rule 94 of the National Energy Retail Rules related to Assistance and Cooperation requiring all electricity entities (network, generator and retailers) to use their best endeavours to assist and provide information to each other to fulfill their obligations under the Code.

Issue 7 – Requirement of interval metering

1. PWC seeks to have the Code amended to outline the requirement for a remotely communications-enabled interval meter to transfer a customer.
2. PWC states the costs associated with remote communications-enabling existing interval meters should be covered by the requesting retailer as they are above the standard control level of service.
3. PWC states if a transfer occurs with a meter that is not enabled for remote communications, the network service provider would be unable to provide retail billing meter data or obtain the required interval data within the timeframes required for the Market Operator.
4. The Commission notes Clause 5.1.1 of the Code stating ‘a retailer must not initiate a transfer unless the customer’s exit point has an interval meter installed’was included in the Code in 2011 due to:
* the limitations of wholesale energy net settlements where there are accumulation and interval meters being used within a region; and
* the need for PWC to undertake demand profiling for accumulation meter users (similar to the Net System Load Profile calculated by AEMO) to be able to calculate the net wholesale energy cost to the retailer of selling to accumulation meter customers.
1. In response to a submission by QEnergy, the Commission acknowledged this was an impediment to retail contestability, but it had taken a pragmatic approach at the time with the intention of reviewing the clause in future, particularly with the expectation that PWC would develop a user load profile and should make all endeavours to facilitate retail contestability through other means in the interim.
2. The Code defines an interval meter as ‘a meter that records data electricity consumption at regular time intervals of no more than half an hour’*.* The Commission notes that, while an interval meter can also be read at longer time intervals, or as an accumulation meter, the Code clearly defines a meter that records data at ‘regular time intervals of no more than half an hour’ as an interval meter.
3. The Commission also notes the remote communications capability of a meter, which directly affects the ability of the meter to be manually or remotely read, is separate to whether the meter is an interval meter or an accumulation meter.
4. The Commission notes the existing Code gives PWC the discretion to read the meter manually or remotely. Due to the operation of Clause 5.1.1, accepting PWC’s amendment would have the implication of only allowing a customer to switch retailer if the interval meter has had remote communications functionality installed.
5. The Commission considers this issue requires careful consideration in relation to the objectives of the Code. The Commission also notes PWC’s view that charging for the enabling of remote communication functionality on meters needs to be considered in the context of the 2014 Network Price Determination and will need to be discussed with the AER.
6. As foreshadowed in 2011, the Commission considers it appropriate to explore whether the requirement for clause 5.1.1 is still valid.

Issue 8 – NMI Allocation Procedure

1. PWC states it would be appropriate for the Code to reference the National Meter Identifier Allocation Procedure[[13]](#footnote-13) established by the Market Operator. PWC conducted public consultation on the procedure and states it would appear appropriate that the Code references this procedure and provides the Market Operator authority to publish and determine the methodology.
2. PWC recommends the Code be amended to require the publication of the NMI on retail customer bills within three months of completion of the formal transition from unique meter identifiers to NMI’s by the Market Operator.
3. While the Commission agrees the Code should reference the procedure where appropriate, it also notes the System Control Technical Code, the *Electricity Reform Act* and the Regulations give the Market Operator authority to operate the wholesale market, among other things, and it would be more appropriate for the System Control Technical Code to give authority to the detailed technical specifications of the NMI procedure.

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| Other Issues Raised by Power and Water Corporation  |

Issue 9 – Removal of requirement for the Commission’s approval of charges

1. PWC requests clauses 6.3.7, 7.1.5 and 7.1.6 of the Code in relation to the Commission’s approval of Alternative Control Service (ACS) charges are removed from the Code as the inclusion of this requirement in the Code was a result of the Commission’s historical role in approving ACS charges under the Network Price Determination.
2. Responsibility for network access and price regulation transferred to the AER on 1 July 2015. Any amendment to the Code should reflect the role of the AER where appropriate.

Issue 10 – Customer transfer notification timeframes

1. PWC notes that concern regarding the length of timeframes for customer transfer request forms prior to the end of month has been raised by a number of retailers that wish to see a reduction in the requirements.
2. Current timeframes are 10 business days for urban areas and 15 business days for non-urban areas. PWC suggests the requirements could be reduced to five business days for both categories should no other requirement be introduced to the transfer process.

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| Appendix A |
| Power and Water Corporation’s Submission to the Utilities Commission  |

Power and Water Corporation’s Public Submission received 12 May 2016.



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**Submission to the Utilities Commission**

**Proposed Review of the Electricity Retail Supply Code**

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**1 INTRODUCTION**

Power and Water Corporation (Power and Water) in both its Market Operator and Network Provider roles facilitates numerous retail supply activities across the NT and as such utilises the Electricity Retail Supply Code (the Code) extensively.

A number of issues have arisen over the past two years regarding the application of the Code. This submission seeks to formally request under section 2.2 of the Code that the Utilities Commission (the Commission) vary the Code.

**2 ISSUES**

Issues with the application of the Code have generally arisen as a result of a number of changes to the NT electricity sector, including the introduction of a wholesale market, structural separation of Power and Water Corporation and the entrance of new retailers. Outlined below are the key issues that have arisen.

**2.1 Separation of Duties**

The Code was initially implemented prior to the introduction of the Interim Northern Territory Electricity Market (I-NTEM) and consequently prior to the creation of the Market Operator. It would appear appropriate with the creation of this function, to align the requirements under the Code with those in the National Electricity Market (NEM).

An increased focus on the independence of the Market Operator function from other Power and Water functions provides further pressure to clearly define roles and responsibilities. The proposed separation could see primary responsibility for the facilitation of portions of section 6 and the entirety of section 8, transition from the Network Provider to the Market Operator.

The Market Operator currently has systems and processes that would allow for the immediate transition of section 8 (customer transfer facilitation) responsibilities. Although it is proposed that primary responsibility be transferred, some requirements in this section should remain with the Network Provider, such as confirming that the retailer has a Network Access Agreement and timeframes for completing any meter change service requests.

Section 6 (Market Data) is currently facilitated by both the Market Operator team and the Network Provider (Metering Services). It is suggested that the responsibility for the provision of standing data (‘NMI Discovery’ in the NEM) be transferred to the Market Operator, however with the ongoing provision of historical data remaining with the Network Provider. This separation of services is consistent with the treatment in the NEM.

The Market Operator’s participant register would be the primary source of standing data, however at this stage it only contains interval meter standing data (region, HV/LV classification, UMI, Meter ID and retailer). Should standing data be required for accumulation meters, the Market Operator would require access to the Network Provider’s systems either directly or through a system based interface to provide this data. Section 7 (Business to Business Procedures) of the Code could include provision for this to occur.

With the separation of duties a charging arrangement would also need to be available to the Market Operator to recover the cost of providing these additional services.

**2.2 Market Operator – Non-NTEM Functions**

The I-NTEM was established on 27 May 2015 and provided a settlement framework for wholesale transactions on the Darwin-Katherine network. Although the I-NTEM is virtual, the settlement statements produced by the market operator are utilised to settle bilateral contracts between generators and retailers.

At the request of market participants Power and Water has extended the I‑NTEM settlement process to the other major networks. Market participants sought Power and Water’s involvement in this process as an independent party with access to the required meter data.

The provision of this service is currently being provided as a Network Alternative Control Service and charged accordingly. With the proposed separation of duties discussed above, the provision of this service would be most appropriately provided by the Market Operator.

Should the Market Operator be separated into a subsidiary and continue to provide this service, the Market Operator’s right to access customer meter data outside of the Darwin-Katherine network is unclear. To provide clarity, it would appear appropriate that a provision outlining the Market Operator’s right be incorporated in the Code. The inclusion of this provision in the Electricity Retail Supply Code rather than the System Control Technical Code appears appropriate given the service is not classified as a regulated service and recovery of the costs associated is outside the System Control regulated charge.

**2.3 Local Retailer Definition**

Power and Water has received a number of queries from retailers regarding the treatment of vacant installations and orphaned customers. This has highlighted a need for a ‘local retailer’ definition, similar to that in the NEM.

To clarify, a vacant installation is where electricity is consumed at a site which does not have a consumer assigned for example greenfield sites or where a customer has finalised their account and moved out. In most cases the fuse is pulled so there is no electricity supply, however in some instances the fuse is not pulled and electricity is consumed.

This issue has become apparent as under the I-NTEM’s settlement by difference calculation, Jacana Energy (Jacana) is automatically charged for this electricity consumption. Jacana should therefore be provided an opportunity to view the data to rectify the situation. The provision of this data to Jacana appears reasonable given the current market structure and the provisions in their licence to sell to out of contract customers. However, there is no provision in the Code that authorises Power and Water to provide this data.

In addition to the settlement by difference calculation, we have recently had a query regarding the terms and conditions in retailer/customer contracts. The query was regarding that on completion of their contract, should a customer not renew could they be disconnected under the Code?

Our interpretation of the intention of the regulatory design is that this customer would not be disconnected but would rather be treated as an orphaned customer and transferred to Jacana. Jacana’s obligation to sell to Out of Contract Customers is clearly identified in their licence, however Power and Water’s ability to transfer the customer to Jacana appears limited as ‘verifiable consent’ would be required, which may or may not be provided.

Power and Water requests that the Code be amended to incorporate appropriate direction on how to proceed in these circumstances or include a provision for Power and Water to publish procedures to detail this.

**2.4 Network access to customer information**

Power Networks intends to contract with customers either directly or via a standard form contract. To create a contract, there must be certainty as to the parties to the contract and at a minimum, Power and Water will need customer contact details. In addition to contracting requirements, Networks also require customer information to facilitate historical data requests, outage notifications and guaranteed service level payments. It is recommended that an additional requirement be incorporated in Section 7 of the Code to outline retailers’ obligations to provide customer information to the Network Provider.

**2.5 Treatment of greenfield sites.**

***2.5.1 Clarity on the connection process and Power and Water’s role in advising retailers of greenfield sites.***

A number of queries have been received from retailers regarding notification of new greenfield sites. There is an expectation that all retailers should be notified of the connection of a new site. The Code currently places the onus on the retailer to identify a site either by address, UMI or meter ID to obtain standing data.

Power and Water does not have a view on whether this should be incorporated in the Code and is just bringing it to the Commission’s attention.

***2.5.2 Clarity on the process for a non-Jacana retailer signing up a greenfield site.***

There has been some confusion regarding the application of section 8 of the Code to greenfield sites. There doesn’t appear to be any requirement under the Code to submit a transfer request or any form of notification when a retailer other than Jacana signs a customer prior to that customer’s connection to the network. This gap could also be interpreted to mean that there is no opportunity for a site to sign up initially with their nominated retailer.

If it is the intention to allow greenfield sites to sign up with their nominated retailer (other than Jacana), it would appear appropriate for the Code to specify requirements for the connections process and notification by retailers.

This issue extends to new customers at an existing site. Section 8 specifies that all transfer must occur at midnight on the last calendar day of a month. Should a customer purchase an existing site and wish to sign up with their nominated retailer, can this occur midmonth? The Code is silent on this and further clarification is required.

**2.6 Requirement for interval metering**

Section 5 of the Code outlines the requirement for an interval meter to transfer a customer. There has been some confusion regarding this requirement and the definition of an interval meter. Power and Water seek to have the Code amended to clearly outline the requirement for a remotely communications enabled interval meter to transfer a customer.

Currently the network provider treats all non-communications enabled interval meters as accumulation meters and as such only records manual accumulation reads. The costs associated with remote communications enabling existing interval meters should be covered by the requesting retailer as they are above the standard control level of service.

Should a transfer occur with a meter that is not enabled for remote communications, the network provider would be unable to obtain the required interval data within the timeframes required for the Market Operator (ie within two business days of the end of the settlement period) or provide retail billing meter data.

**2.7 NMI Allocation Procedure**

The Market Operator has established a National Meter Identifier Allocation Procedure which is currently available for public consultation. It would appear appropriate that the Code reference this procedure and provide the Market Operator authority to publish and determine the methodology.

To ensure a smooth transition to the use of NMIs, Power and Water recommend that the Code be amended to require the publication of the NMI on retail customer bills within 3 months of the completion of the formal transition from unique meter identifiers (UMI) to NMIs by the Market Operator.

**2.8 Removal of requirement for the Commission’s approval of charges**

Clauses 6.3.7, 7.1.5 (b) and 7.1.6 of the Code require the Commission’s approval of Alternative Control Service (ACS) charges. It appears that the inclusion of this requirement in the Code was a result of the Commission’s historical role in approving ACS charges under the Network Price Determination. With the removal of this requirement Power and Water recommend that these clauses also be removed from the Code.

**2.9 Customer Transfer Notification Timeframes**

Clause 8.2.9 (b) of the Code outlines the submission timeframes for customer transfer request forms prior to the end of the month. Currently these are 10 business days for urban areas and 15 business days for non-urban areas. Concern regarding the length of timeframes has been raised by a number of retailers, who wish to see a reduction in the requirements.

These timeframes are currently in excess of Power and Water’s processing requirements and could be reduced to 5 business days prior to month end for both categories should no other requirements be introduced to the transfer process.

**3 CONCLUSION**

Power and Water acknowledge that this submission does not address all amendments and that further changes will be required as the wholesale market and regulatory reform programs progress. However, Power and Water believe that the issues raised in this submission require addressing in the short term and cannot be delayed until the completion of the reform program.

Power and Water seeks the Commission’s consideration of the above issues and will provide further background and details as required to facilitate a review of the Code.

1. S 24 *Utilities Commission Act*. [↑](#footnote-ref-1)
2. Ibid. [↑](#footnote-ref-2)
3. Utilities Commission, Electricity Retail Supply Code Consultation Paper, July 2011, page 1. [↑](#footnote-ref-3)
4. An electricity entity may make a request for the Commission to vary or revoke parts of the Code under clause 2.2.1 of the Code. [↑](#footnote-ref-4)
5. Section 24(9) *Utilities Commission Act*. [↑](#footnote-ref-5)
6. A public version of PWC’s request is found in Appendix A and is discussed in Chapter 2 of this Consultation Paper. [↑](#footnote-ref-6)
7. Customers using >4GWh were contestable from 1 April 2000, 3-4GWh from 1 October 2000 and 2-3GWh from 1 April 2001. [↑](#footnote-ref-7)
8. Section 5(2), *Utilities Commission Act*. [↑](#footnote-ref-8)
9. National Electricity Rules, Rule 7.2 [↑](#footnote-ref-9)
10. National Electricity Rules, Rule 7.5A.3 NMI Standing Data [↑](#footnote-ref-10)
11. National Meter Identifier Allocation Procedure, Power and Water Corporation April 2016: https://www.powerwater.com.au/networks\_and\_infrastructure/market\_operator/MarketOperatorConsultationPapers [↑](#footnote-ref-11)
12. Guide to MSATS Web Portal, April 2013, AEMO - <http://www.aemo.com.au/Electricity/Policies-and-Procedures/Market-Settlement-and-Transfer-Solutions/MSATS-Participant-User-Interface-Guides> [↑](#footnote-ref-12)
13. National Meter Identifier Allocation Procedure, Power and Water Corporation, April 2016 <https://www.powerwater.com.au/networks_and_infrastructure/market_operator/MarketOperatorConsultationPapers> [↑](#footnote-ref-13)