

Power of Choice Procedures Working Group

4 October 2016 Workshop (via Teleconference)

Meeting notes

38 Attendees

Name	Company
Tim Sheridan	AEMO (Chair)
Lee Brown	AEMO
David Ripper	AEMO
Demi Chau	AEMO
Evy Papadopoulos	AEMO
Peter Gunn	AEMO
Jeff Roberts	ActewAGL
Ty Crowhurst	Acumen
Andrew Peart	AGL
Ian Hopper	AGL
Paul Willacy	Aurora Energy
Stephen Zok	Ausgrid
Justin Betlehem	Ausnet Services
Peter Cole	ENA
Brendon McEntee	Endeavour Energy
Dino Ou	Endeavour Energy
Kelly Rutherford	Energex
Georgina Snelling	Energy Australia
Karly Train	Energy Australia
Andrew Varley	Ergon Energy
Michelle Norris	Ergon Energy
Andrew Hirst	ERM Power
Leon Viffand	Jemena
Nirav Rajuru	Jemena
Stef Macri	Lumo/Red Energy
Tom Cole	Metering Dynamics
Hilary Priest	Mojo Power
Alex Fattal	NSW Department of Industry
Malcolm Hempel	Pacific Hydro
Felicity Stenning	Pooled Energy
Kam Vessali	Power & Water Corporation
Simon Green	Power & Water Corporation
Haiden Jones	Powershop
Lance McMinn	Secure Australasia
Alan Love	Simply Energy
Ben Davidson	United Energy
Verity Watson	United Energy
Louise Webb	Vector

Important Note

The intent of this document is to summarise the discussions during the POC Procedures Working Group (POC-PWG) workshop held on 4th October 2016. T Sheridan led the discussion using the presentation slides provided for the day. The slides are not reproduced here.

This document then details the Questions and Answers under each of the documents that are being consulted on.

Please note that procedure changes must be made in accordance with the National Electricity Rules (NER) consultation procedures and, therefore, all matters discussed at workshops and other meetings will be considered by AEMO and should not be taken as a representation as to the final procedure changes.

Purpose of the Workshop

The purpose of this workshop was to discuss the key issues relating to the following Work Package 2 procedures and guidelines:

- Default & Deregistration Procedure – Metering Providers, Metering Data Providers, Embedded Network Managers and Metering Coordinators.
- Qualification Procedure - Metering Providers, Metering Data Providers and Embedded Network Managers.
- Exemption Procedure – Metering Installations Malfunctions.
- Exemption Guideline – Small Customer Metering Installation.

Working drafts for these procedures and guideline were emailed to participants on 27th September 2016.

1. Introduction

Please refer to the presentation slide pack emailed to participants on 3rd October 2016 for this workshop.

- The consultation timeline for Work Package 2 is on slide #3. AEMO will start consultation for Work Package 2 Procedures on 10th October 2016. The final versions of the procedures in Work Package 2 will be published by 1st March 2017.
- The guidelines and other documents referred to in slide #5 are not subject to the Rule consultation procedures but will be circulated to Participants for feedback prior to being published on 1 March 2017.
- The NMI Procedure will form part of the MSATS Procedures. Any future updates to this Procedure will be subject to the Rule consultation procedures.
- The Unmetered Load Guideline, as previously discussed, will be treated as a stand-alone document and will not be subject to the Rule consultation procedures.

Participants requested, and AEMO indicated that it would consider, adding the dates for the informal consultation of the guidelines to the PoC program timeline. This is to assist participants with internal resource allocation.

2. Default and Deregistration Procedures

Please refer to slide #6.

Q2.1: Will an actual notice will have the exact wording as the sample notice in the appendices, and can a notice with different wording be taken as a notice that is not for the purpose of this procedure?

A2.1: As the document states, the notices will 'substantially' be in the form of the sample notices. They will identify the clauses of the rule they support.

Q2.2: Does the text in section 3.3(a)(ii), which refers to a breach that has an effect on the services and business operations of other participants, extend beyond the requirements of the NER. Participants were concerned that this clause would be open to interpretation.

A2.2: For section 3.3(a)(ii) to apply, there must first be a 'Breach'. A 'Breach' is defined as 'a failure of an MP, MDP, ENM or MC to comply with the NER or any applicable procedures under the NER, or a failure to meet a condition of accreditation'. The next step is to determine what kind of a 'Breach' has been committed, which is where section 3.3(a)(ii) would come in. For example: if an MDP fails to provide data without breaching the NER, a procedure under the NER, or fails to meet a condition of accreditation, this might have an adverse effect on the business operations of other participants, but it would not be a 'Breach', so it would not be covered by this procedure.

Q2.3: Is there an obligation for participants to self-report their breaches?

A2.3: The procedure does not oblige parties to self-report their breaches, but this can occur and does occur today.

Q2.4: Are an "Immaterial Breach" and "non-Material Breach" the same as these terms are used interchangeably. The distinction is not clear in the procedure.

A2.4: An 'Immaterial Breach' and a 'Non-Material Breach' mean different things. The only term defined in the procedure is 'Immaterial Breach', which is defined in section 3.1. There are two other terms: 'Significant Breach' and 'Material Breach'. The problem with the terminology is that the Rules require the procedure to specify at least three levels of breach and one of them must be called 'Material Breach', but in terms of consequences, there are, broadly, two sets of consequences, one for 'Material Breaches' and one for breaches that are not 'Material Breaches', hence the use of the term 'non-Material'. Note that we did not capitalise 'non', only 'Material', which links it back to the defined term. So, anything referred to as 'Non-Material' is either an 'Immaterial Breach' or a 'Significant Breach'. If any participant has a better suggestion for dealing with the manner in which the Rules deal with these issues, AEMO is happy to consider it.

Q2.5: Why are the terms "Material Breach", "Immaterial Breach" etc... capitalised but are not defined in the Glossary.

A2.5: These terms have not been included in the Glossary as they are defined in the procedure and only used in the procedure. If it would assist, AEMO is prepared to include an additional interpretation rule to that effect.

Q2.6: Can there actually be an Immaterial Breach?

A2.6: Yes, for example: an MP failing to apply appropriate seals would be considered as breaching the Service Level Procedure. Although this breach might not affect other participants' business operations, or AEMO's ability to perform its functions, it is a breach that needs to be rectified.

Q2.7: What are the definitions of a "participant" and "other participants"?

A2.7: In the context of this procedure, "other participants" means those that are not in breach.

Q2.8: What is the difference between a "Significant Breach" and "Material Breach"?

A2.8: The definitions must be read with the lead-in text. A 'Significant Breach' is one that is, or is likely, to have an adverse effect if not remedied. A 'Material Breach', on the other hand, is one that does have an adverse effect.

Q2.9: Should sections 3.1 and 3.2 have the word "and" or the word "or" between the sub-clauses?

A2.9: AEMO agreed to review the wording in these clauses.

Q2.10: Section 8.2 - Participants sought clarification on when an MC is not appointed by a FRMP?

A2.10: See NER 7.6.2. Other than a FRMP, Non-Market Generator, or a large customer can also appoint an MC.

Q2.11: How does AEMO know whether a large customer has appointed an MC?

A2.11: AEMO does not store this information, however it can be obtained from the FRMP, or the MC.

Q2.12: Section 8.1.1(c) – Notice to Affected Parties - the DNSP is currently not one of the parties receiving this notice. Should the notice be sent to all affected Registered Participants, including the DNSP?

A2.12: AEMO will consider making this change.

Q2.13: Section 5.2 – Past Conduct - isn't present conduct also important and should be considered?

A2.13: AEMO is required to conduct a review to assess the MP, MDP, ENM or MC's capability for ongoing compliance with the NER or applicable procedures under the NER. That is the context in which, section 5.2 is drafted. AEMO may take into consideration the other matters detailed in sections 5.1, 5.2, 5.3 and 5.4, which include on-going actions, and present and past conduct.

Q2.14: Section 5.3 – Organisation Structure: how is organisation structure relevant to the review of capability?

A2.14: The organisation structure is relevant where it relates specifically to the breach. It looks at the organisation's ability to self-regulate and put in place a compliance system and is intended to give AEMO some comfort that they have the capability for ongoing compliance with the NER or applicable procedures under the NER.

Q2.15: How does AEMO know that people within an organisation have appropriate skills & knowledge?

A2.15: This will vary on a case by case basis and on the role and scope of operations of the party in question, for example an MP should be able to provide the information required under section 2.1 (Metering Provider Capability and Competency) of the MP Service Level Procedure.

Q2.16: Section 5.4 – Other Relevant Considerations: the wording seems to suggest that “being nice to AEMO” is one of the considerations. Is this right?

A2.16: It has nothing to do with ‘being nice to AEMO’. This section is about the level of cooperation of the party that is in breach. For example: if an MDP is not providing data to enable market settlement to proceed, this would have an impact on the market and other participants. This matter, therefore, should be taken into account during a review. It is one of many matters that AEMO may take into consideration.

Q2.17: Section 7.2(b) - how will AEMO know whether a metering installation is single-phase or three-phase?

A2.17: This provision is about AEMO imposing constraints on the party that is in breach, limiting its ability to provide certain services. The intention is not for AEMO to be aware of everything.

Q2.18: Section 7.2(b) cont.- what would happen to the rest of the complex sites if for example, an MDP is suspended?

A2.18: The MC is the party that has the overall responsibility for the provision of metering services at a site. If an MDP is in breach and suspended, the MC will need to examine the terms of its service agreement with the MDP and determine whether the MDP’s actions would leave all the parties in the chain exposed. Overall, this is a decision for the MC.

Q2.19: Section 7.2(b) cont.- consideration should be given to the customer who might be affected by the MP’s action.

A2.19: The MC would be taking a risk in appointing an MP that does not have all the required accreditations. The impact would incentivise the MC to appoint an appropriate service provider.

Q2.20: Does AEMO have a process to review breaches? If we start to see parties of the same role making the same breaches it could indicate a systematic issue on a process or the procedures.

A2.20: AEMO has a process to review and determine whether there are system breaches. In specific circumstances such as with MDPs, there is also an annual summary of issues identified following independent reviews, conducted with MDP representatives.

Q2.21: Why does voluntary de-registration not extend to roles other than the ENM?

A2.21: The Rules do not explicitly stipulate the terms for the voluntary de-registration of other roles. However, neither the Rules nor the procedures preclude other parties from seeking a voluntary de-registration. For the sake of consistency, AEMO may look at adding provisions relating to the voluntary de-registration of other roles.

Q2.22: How relevant is the insolvency of a party within this procedure?

A2.22: If the insolvency is not affecting the performance of the party in the context of its compliance with the NER or any applicable procedures under the NER, or a failure to meet a condition of accreditation, it is outside of AEMO’s remit. It is not a concern for AEMO within the context of the Rule.

3. Qualification Procedure

Please refer to slide #7.

Q3.1: Section 2.3 and 3.1: the wording on these two sections seem to be conflicting.

A3.1: Section 3.1 is about the form and section 2.3 is about supplementary information provided with the checklist.

Q3.2: Will the checklist be added to the appendix?

A3.2: The checklist does not form part of the procedure but will be circulated for feedback and published by 1 March 2017.

Q3.3: Can the checklist be provided in an Excel file?

A3.3: Yes, it is provided to applicants in an Excel file today and AEMO expects to provide checklists in the same format in the future.

Q3.4: Will there be a process to update the contacts provided in Appendix A?

A3.4: The contacts supplied on the application form are only for the purposes of the accreditation assessment. If this changes during the accreditation assessment, it would be reasonable to expect that relevant parties would inform AEMO as it is in their interests to do so. Once a party is accredited, the BAU process (i.e. the ROCL) will kick in.

Q3.5: Section 3.3 - is the application fee a new fee?

A3.5: Yes, the application fee is a newly introduced fee that adopts a "User-Pays" approach. The costs associated with assessing applications for accreditations are currently paid for by Registered Participants. The consultation paper will detail the rationale for introducing this fee and AEMO is keen to receive participants' feedback on this topic. Note that the audit fee currently specified in the Service Level Procedure will continue.

Q3.6: Section 3.3 - Would the application fee apply to service providers seeking re-accreditation due to a system change?

A3.6: Generally, yes, however, the amount will depend on the nature and the scope of the change.

Q3.7: Will parties need to be re-accredited to undertake type 4A metering installations?

A3.7: It is likely to be the case, but the scope of the accreditation will need to be determined. Consideration will be given as to whether the party already has a process in place. AEMO will be providing the specifics as part of the Market Readiness work stream.

Q3.8: Section 3.4 - why does AEMO consider it necessary to have a queuing policy? Wouldn't first come first serve be a more appropriate approach?

A3.8: Paragraph two of section 3.4 seeks to clarify the rationale for the queuing policy. It is intended to ensure that when there are multiple applications for AEMO to assess, the process for the applicants are not held up by the lack of responsiveness of other applicants.

Q3.9: Section 3.4 - the word “conduct” should be replaced by a more appropriate word like “responsiveness”.

A3.9: AEMO will consider making this change.

Q3.10: Section 3.2 - why is type 4A now part of type 5 & 6 accreditation? See the last row on MDP category. What happens if the network did not intend to enter the competitive space?

A3.10: These categories were designed based on the questions on the Accreditation Checklists. AEMO considers that requirements for type 4A would be the same as type 5, hence, type 4A was added. However, AEMO notes that this may not work for everyone and will be reviewing these categories.

Q3.11: Section 3.8 - the procedure assumes that there are always issues to follow up. If the independent reviewer does not report any issue, wouldn't the option to do nothing be more appropriate?

A3.11: AEMO may look at different areas that are not covered by the independent reviewer. AEMO's staff have the skill sets and experience to identify areas with issues. AEMO considers that if there is no issue to resolve or matters to be explored or verified, the applicant will be informed of that.

Q3.12: Clause 3.8(b) - is on-site business process part of the accreditation process?

A3.12: Yes, the checklist will have questions about on-site business processes, people and systems.

Q3.13: Clause 3.9.2 - there doesn't seem to be a “Not successful” outcome but rather a “Not yet successful” outcome.

A3.13: AEMO's intention is to keep the application alive for a specified period of time and provide the applicant with an opportunity to achieve accreditation. Overall, there are 3 possible outcomes: successful without conditions, successful with conditions and not successful. “Successful with conditions” may include the provision of information that is not yet reasonably available.

Q3.14: Should the effective date be 1 Mar 2017 rather than 1 Dec 2017?

A3.14: AEMO agreed the effective date should be changed to 1 Mar 2017.

Q3.15: Will AEMO consider recouping part of the costs associated with independent reviewers?

A3.15: AEMO will always recover the expenses associated with independent reviews as well as its internal costs.

Q3.16: Why does the MC not have to go through the qualification process?

A3.16: The MC will be a Registered Participant. The MP, MDP and ENM are service providers. The MC is subject to NER Chapter 2 registration requirements. MC registration documents are not subject to the Rule consultation procedures but will be circulated for feedback and published by 1 March 2017.

Q3.17: Will there be a requirement to gain accreditation for VIC AMI meters?

A3.17: AEMO considers that VIC AMI meters will be type 4 Meters and this change will trigger an accreditation. However, AEMO considered that amendments to the Metrology Procedures mean that Victorian DNSPs won't need to fundamentally change business process in this area.

Q3.18: Would the current service providers of existing type 1-4 meters be required to obtain accreditation for type 4A?

A3.18: Yes, current service providers of existing type 1-4 meters will be required to obtain accreditation in the event that they wished to provide services for small customer metering installations.

Q3.19: Should type 4A be added to the two current type 5 & 6 accreditation categories for MP?

A3.19: AEMO agreed that there may be a requirement to add in type 4A to these two accreditation categories, noting that existing service providers of type 5 and 6 meters will need to comply with appropriate ring fencing guidelines to provide competitive services.

4. Exemption Procedure for Metering Installation Malfunctions

Please refer to slide #8.

Q4.1: Does this procedure apply to the initial MC?

A4.1: The initial MC is required to inform the FRMP when there is a metering malfunction for a type 5 or type 6 metering installation.

Q4.2: Isn't there a tendency to stop using the concept of "Current" MC? The current MC is the MC that is in MSATS. The other type of MC would be the intending MC.

A4.2: The term "Current MC" would still need to be used as it would be ambiguous otherwise.

Q4.3: If there is a fault at a small customer site, the network will be unable to change the meter. How will the timeframe affect the customer in this scenario? The customer will be off supply for a considerable period of time.

A4.3: Chapter 11 of the Rules includes transitional provisions that require the LNSP to have in place commercial agreements prior to the go-live date. It is reasonable to expect that this agreement will cover such a scenario.

Q4.4: Will the exemption be granted to the MDP or the MC?

A4.4: The onus is on the MC to apply for an exemption and inform all affected parties.

Q4.5: In a meter churn, how will the MC know if the site is under exemption or not?

A4.5: The MC will be dealing with the MP and the MDP who will know. The new MC will have an arrangement with the service providers and will need to consider any outstanding malfunction.

Q4.6: Would AEMO consider providing information regarding outstanding exemptions to the new MC?

A4.6: The parties will be incentivised by commercial terms to provide this information. The mechanism employed by the incoming MC would be more effective than AEMO being the gatekeeper of such information.

Q4.7: Section 3.2: Why does AEMO need to know about planned shutdown or outages? Particularly for a small customer, the MP may not know when a suitable planned interruption will be. Can it be assumed that the shutdown will be within a certain period rather than an exact date?

A4.7: AEMO notes that an exemption would only be required in extraordinary circumstances where an issue cannot be resolved within the period allowed for in the Rules (e.g. for a small customer, the period allowed for is 10 days). AEMO does not consider the requirement to include an outage period in a rectification plan to be a challenging requirement but is interested in feedback from MPs in particular on this point in the consultation.

Q4.8: Section 3.2 - should the provision be amended so that information on shutdown periods is only applicable to CT connected metering installations?

A4.8: Similarly to the previous question, AEMO does not consider that the requirement to include outage periods in a rectification plan is a challenging requirement. This information will assist AEMO in assessing whether the customer will be negatively affected.

Q4.9: Where a large number of sites are involved, during a cyclone for example, is there an opportunity to put forward a blanket application?

A4.9: The procedure does not preclude parties from applying for a blanket exemption. However, the procedure is only applicable where there is a metering malfunction. The Rule only allows this process to be triggered when it has been determined that there is a metering malfunction. This may not necessarily be the case in the scenario of a cyclone. Similarly, if a transmission line is down, for example, it would not be considered as a malfunction of each metering installation downstream from that line.

Q4.10: In the case of a family failure, it could take more than 10 days to fix. How will this scenario be treated?

A4.10: Technically, a family failure can be a malfunction.

Q4.11: In the case of an initial MC, if there is a metering malfunction then it would take 10 days to appoint a new MC and then 10 more days to replace the meter?

A4.11: The NER specifically considers such matters.

Q4.12: There are circumstances under which it is unsafe to send the crew in to replace the meter. How will this be incorporated into the procedure?

A4.12: AEMO notes the participant's point and considers that this will be subject of agreements between parties rather than being considered in the exemption procedure.

5. Exemption guideline for Small Customer Metering Installations

Please refer to slide #9.

Q5.1: Section 3.3 - it is not clear what planned and unplanned installations are.

A5.1: A planned installation is where the MP knows prior to visiting the site that a telecommunications network is not available. An unplanned installation is where the MP finds out that a telecommunications network is not available when the MP visits the site. AEMO will re-visit the wording in this section.

Q5.2: Would the exemption apply where, for example, communications is not accessible in a basement?

A5.2: There are no special circumstances for basement locations unless the metering installation meets the conditions stated in the guideline more broadly (e.g. no public telecommunications network in the vicinity of the metering installation).

Q5.3: The wording in this procedure such as “in the vicinity of... etc..” leaves it open to interpretation. There is a concern that some MPs would go to great lengths to establish communications while others would not. .. For example, a telecommunications provider would be willing to install a new line if it can be paid for. To what length should the MP go to establish communications?

A5.3: The Rules do not allow AEMO to consider the cost of acquiring communications access when considering whether to grant an exemption.

Q5.4: Will AEMO publish the sites that have an exemption in MSATS?

A5.4: This question has been raised and responded to in Work Package 1.

Q5.5: Will an exemption be backdated?

A5.5: An exemption will start when an application is presented to AEMO, noting that this exemption will only apply to new and replacement meters.

6. Other Business

- AEMO may not have sufficient time to make the changes arising out of today's discussion before 10th October 2016, when the draft procedures are published for consultation. AEMO recommends that participants include the issues raised today in their submissions.
- AEMO will hold a workshop with potential ENMs to discuss the ENM Service Level Procedure and Guideline. The date for this workshop is yet to be determined.
- AEMO will also hold a workshop on 25th October 2016 to discuss the draft procedures after they are published for consultation.