

28 June 2002

Michael Seery
Independent Pricing And Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Dear Michael

Review of Metrology Procedure

Thank you for the opportunity to comment on your proposed changes to the NSW Metrology Procedure.

Integral would like to comment on a number of the proposed amendments. These are detailed in the attachment to this letter. We would however, like to draw your attention to one issue in particular.

The proposed changes to the dates for application of profiles (section 4.9 of your consultation document) is of serious concern to Integral as it is likely to result in an extremely expensive change to our systems. Integral's systems align to the methodology used in the existing metrology procedure where the meter reading is considered to be effective as at 23:59 of the day it was physically read. A more in depth analysis of these impacts is submitted with this letter as commercial in confidence.

Although the definition of the effective time of change in the CATS rules may appear to contradict the requirements of the current Metrology Procedure, both rules may still be satisfied by entering the day following the meter read as the transfer date.

This is the process that is currently followed by industry as discussed at the National Transfer Procedures Working Group meeting 13 June 2002 (see also attached issues paper).

This is also consistent with industry practice pre-MSATS where a customer transferring "today" typically meant at midnight tonight and the date entered into the predecessor to MSATS would be tomorrow's date.

In addition to the system changes noted above, if the Metrology Procedure is changed all metering data and transfers that have been submitted since market start under the current arrangements will need to be re-submitted under the

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proposed new arrangements. This would impact upon all participants and NEMMCO alike.

Integral is therefore strongly opposed to this proposed change.

Considering the market has now been operating for over five months participant's systems should already align with the existing Metrology Procedure. Where this is not the case the participant is in breach of the Procedure and therefore that participant's system should be changed rather than requiring those participants whose systems do comply with the Procedure to change.

Integral would request a meeting to further discuss this issue prior to IPART making a final decision.

If you require any further information please contact Steve Lette on (02) 9853 6817 or myself on (02) 9853 6701 to discuss any of the above matters.

Yours sincerely

Rod Howard
General Manager
Full Retail Contestability

Attachment
Comments on Proposed Changes

4.1 Embedded Networks

Integral supports the definition of embedded networks proposed by IPART.

4.2 Sample Meters

Integral believes that it is highly unlikely that customers would change their usage of off peak hot water were they to be settled under an interval meter. While it is expected that their usage of other appliances may alter there is not a large amount of scope for varying the usage pattern of off peak hot water.

Integral's systems however are presently configured in a manner consistent with IPART's proposed amendment and so the proposed change will have little impact on Integral. Integral therefore neither actively supports nor opposes the proposed change.

4.3 Meter Reading Frequency

Integral supports the approach of setting a firm deadline period, however during some times of the year such as Christmas and Easter or times of extended wet weather the meter reading cycle will extend beyond the ideal 91 day cycle.

During these times the reading routes would be scheduled up to around 96 days and a further 2 days are required to deliver data to NEMMCO. Variations of the actual read date compared to the schedule could take this up another plus or minus 2 days. This would exceed the 14 weeks proposed by IPART.

Integral would therefore recommend this be set at 15 weeks.

4.4 Meter Tests and Inspections

Integral Energy opposes this proposed change.

While the Standard may be new it is the result of a significant amount of work across the industry over a number of years. This may be compared with the Metrology Procedure that was put together in a relatively short period of time with comparatively small input from industry.

Integral would therefore submit that the Standard is of a higher technical integrity and should supersede the clauses in the Metrology Procedure.

Further, the only way in which the Standard may be tested is through implementation, and if the Metrology Procedure prevents the Standard from being implemented it will never be properly tested.

NEMMCO has also advised us that as a result of their further analysis of the Standard this has removed their reservations.

4.5 Estimated Reads

Integral supports the change of the definition of estimated reads as this is consistent with our understanding of the operation of missed reads. We would however, advise strongly against the use of estimated reads for the purpose of transferring a customer. Integral estimates (based upon an extrapolation of the present volume of problems associated with estimated reads) that approximately 14% of any such transfers would result in billing problems and customer dissatisfaction.

4.6 Substitution Type

Integral does not see the need for an additional substitution type.

Type 4 substitution is presently used where there is a need for billing correction following a missed read.

The addition of a further substitution type which effectively operates in the same manner as a Type 4 substitution, however with the burden of further system changes with little or no advantage.

4.7 Changes to Inventory Table

Integral does not agree that this change is either necessary or desirable.

Retailers will typically bill the customer monthly. They would therefore not be under any disadvantage so long as the inventory table is provided to them prior to the date they bill the customer.

Further, with the exception of most Streetlights, it is the Retailer's customer who provides the inventory information. The customer should not receive an advantage (and hence an incentive) by not providing information in a timely fashion. If any such clause were to be included it must be restricted to situations where the LNSP is the owner of the inventory.

Integral has substantial difficulty in "encouraging" these parties to supply inventory information in a timely fashion, and initial investigations have shown significant discrepancies between information provided and actual inventory.

There must be no additional incentive provided to these suppliers to withhold timely provision of inventory information.

Integral would therefore oppose the proposed change.

4.8 Increasing the Number of Controlled Load Profiles per Profile Area

Integral is not opposed to the principle of splitting the current Off Peak profile into two profiles. We would however question whether more sample meters are needed to accomplish this goal as the cost will most likely outweigh the benefit.

In addition to any increase in the number of sample meters, Integral estimates it will cost approximately \$100,000 in system changes to implement this proposal.

4.9 Amending Dates for Application of Profiles

The impact of this proposed change to Integral and the industry is enormous. A separate issues paper containing information of a confidential nature is attached.

Please treat sections 3.2, 3.3, 3.4 and 4 as confidential as they contain cost estimates and information of a sensitive nature. The contents of other sections of the paper may be released to public scrutiny.

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