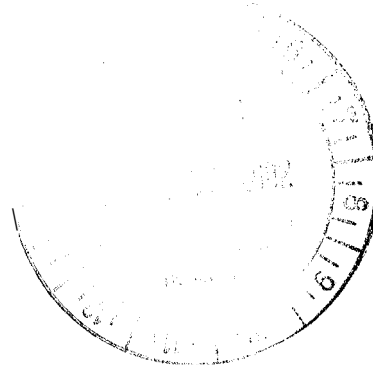




IPART
Doc No. ....
Ref No. ....

24 October 2002

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



Dear Michael

**Review of Metrology Procedure – Draft Report**

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

There are two areas of major concern to Integral:

- 1). The proposed changes to the profile start date;
- 2) The proposed changes to the requirements for modifying inventory tables of unmetered supplies.

These issues are discussed in more detail below, as are the results of our preliminary analysis of the impact of an additional controlled load profile.

**(1) Profile Start Date**

In order to align the metrology procedure with the CATS procedures IPART has proposed to change the time basic meter readings are deemed to have occurred from the end of the day to the start of the day.

While Integral remains opposed to this change due to the system modifications and implementation issues described in our previous submission, we recognise that the change will go ahead based upon the support of the majority of industry participants. We do, however, request that we be provided with sufficient timeframe to implement this change and a sound framework to effect this implementation.

This change will impact upon a number of systems including our meter data store, billing systems, transfer systems and interfaces. The change will consequently take a substantial amount of time to implement. Integral therefore requests that the timing for implementation of this change be six months from the date the metrology procedure is effective.

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We would also request that IPART ensure the introduction of such a change is implemented in a carefully managed manner. There are a number of actions that will need to be managed industry wide, such as re-submitting to NEMMCO all transfers and metering data provided under the old definition.

Without oversight of this implementation by a central body such as NEMMCO or IPART there are likely to be inconsistent outcomes, which will lead to undesirable consequences on participants systems and the settlement of the National Market.

## **(2) Inventory Tables**

In order to minimise the need to adjust bills, IPART has proposed to prohibit any changing of unmetered supply inventory tables that relate to past periods without the agreement of the Responsible Person and the affected Code Participants.

In addition to the issues raised by Integral previously regarding the disincentive this proposal places on customers to provide timely data, Integral would also like to point out that failure to correct these errors will impact on an innocent third party, the local retailer, who will pay for the energy not recorded.

It should be noted that NEMMCO has a Code obligation to substitute this data if the error is in excess of 1.5 times the allowable error. IPART's proposed amendment to the metrology procedure would therefore be in breach of the Code in instances where the error exceeds this amount.

It should also be noted that as a result of investigation into the unmetered supply inventory tables in preparation for FRC, Integral has uncovered a substantial discrepancy between the physical inventories and the inventory tables provided by unmetered supply customers. These differences would have a significant financial impact to the retailers and network involved and if the proposal were implemented would not be recoverable without the consent of all parties.

Integral agrees that there may be a balance that needs to be reached between the administrative burden of re-billing customers for trivial amounts and using accurate data in the market. This balance, however, should be in favour of accurate data as the default position rather than allowing one party to prevent other parties from recovering amounts to which they should be entitled, particularly where those parties may be competitors.

Integral would therefore recommend that the Responsible Person be allowed to retrospectively adjust inventory tables where they consider it is required to maintain an acceptable level of accuracy.

### **(3) Additional Controlled Load Profile**

IPART has requested information be provided on the costs and benefits of separating the Controlled Load Profile into two profiles aligning with the distributor's Off Peak 1 and Off Peak 2 products.

Preliminary analysis based upon one month (March 2002) of data indicates that moving to two profiles would decrease the energy component of the average Off Peak 1 customer and increase the energy component of the average Off Peak 2 customer by much less than 1%.

This preliminary analysis appears to indicate that the cross-subsidies in the existing profiling methodology are extremely small and therefore it may not be worth the cost and complexity involved in removing these cross subsidies. Integral would be pleased to work with PART on expanding this analysis to assist in the final determination.

If you require any further information please contact Steve Lette on (02) 9853 6817 or myself on (02) 9853 6101 to discuss any of the above matters.

Yours sincerely



Richard Powis  
**Chief Executive Officer**