



MINISTRY OF ENERGY AND UTILITIES
NEW SOUTH WALES GOVERNMENT

Review of Initial Metrology Procedure

Draft Report by IPART

Submission to IPART

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1 Introduction

The Ministry of Energy and Utilities (MEU) appreciates this opportunity to make a submission on the Independent Regulatory and Pricing Tribunal's (IPART's) Draft Report on its Review of the Initial Metrology Procedure (Draft Report).

This submission contains MEU's comments in relation to each area of the NSW Metrology Procedure under review. These areas are:

- Embedded networks;
- Profile start date misalignment;
- Additional Controlled Load Profile; and
- Other issues.

2 Embedded networks

2.1 Definition of an embedded network

MEU does not, at this stage, object to the Tribunal's proposed definition of the term "embedded network". However, MEU's position is subject to consideration of the comments of stakeholders on the proposed definition.

2.2 Responsible Person

MEU supports IPART's Draft Decision that, for the period of the NSW full retail competition derogation (see clause 9.17A of the National Electricity Code(Code)), the Responsible Person¹ for customers within an embedded network consuming less than 100 MWh per annum be the local network service provider (LNSP).

2.3 Requirement to install a new meter

MEU is strongly in favour of maximising the scope for competition for all customers in NSW, including children² within embedded networks. In principle, MEU supports the relevant proposed changes to the Metrology Procedure contained within the Consultation Document.

MEU notes that NEMMCO's present inability to monitor metering arrangements within embedded networks should not be seen as a compelling reason to not facilitate competition within embedded networks. Ensuring children's meters comply with the Metrology Procedure is necessary regardless of whether the proposed changes are adopted and should be the responsibility of the relevant Responsible Person.

It is recognised that the solution proposed in the Consultation Paper attempts to minimise risks borne by both parents and children arising from a change to meter type, whilst maximising parents' and children's freedom to switch retailer. However, MEU considers that the practical issues related to implementing the changes may impose costs that do not outweigh the benefits. At this stage, MEU is not aware of embedded network customers raising significant concerns with the existing requirement to have the same meter as the parent if they want to switch retailer.

In light of the above, MEU does not oppose to IPART's draft decision. MEU will continue to monitor feedback from residential and commercial embedded network customers, with a view to addressing this issue if becomes a barrier to competition for these customers.

¹ Under the National Electricity Code, the Responsible Person is the person that is responsible for ensuring that metering services (such as meter reading and data entry) are provided for a customer.

² Children meters are those within an embedded network and are often owned by the private network owner. The Parent meter is the meter that connects the embedded network to the regulated distribution network and the distribution network service provider generally owns these.

3 Profile start date misalignment

MEU supports the Draft Decision's approach of changing the Metrology Procedure to make the profile start date consistent with that used in the CATS procedure.

4 Additional Controlled Load Profile

MEU accepts IPART's position not to make a decision on an additional controlled load profile in light of the lack of information received from businesses about the costs and benefits of an additional controlled load profile.

MEU suggests that the type of information that businesses could and should usefully provide would be of the following nature:

- Network businesses – incremental costs of providing data necessary to support an additional controlled load profile, for example, those related to additional sample meters and data management; and
- First and second tier retail businesses – evidence of the extent to which greater cost reflectivity would prevail following the introduction of an additional controlled load profile, and evidence of the extent of any removal or reduction in cross-subsidies between customers and the impact that this may have on retail competition.

MEU notes that NSW distributors have had different views about the merits of a second controlled load profile, and that second tier retailers are generally in favour of the approach. MEU considers that, in principle, a second load profile should either be implemented consistently across the jurisdiction, or not implemented at all, given:

- The efficiency improvements driven by more cost reflective pricing and a potentially more competitive market place should occur across all retailers; and
- The incremental costs of implementing a second profile should not differ markedly across network and retail businesses.³

MEU would not support an inconsistent approach across NSW unless it was clear that benefits and costs were markedly different across distributor areas. Even then, it would be necessary to consider whether an inconsistency within NSW was appropriate given that this may impose costs on retailers seeking to operate across different distributor areas in NSW.

MEU urges businesses licensed in NSW to provide such information to IPART so that a considered and appropriate decision on the additional load profile issue can be made.

³ The possible exception is Australian Inland, given its small size means benefits will be small relative to other distributors given the lower levels of consumption in its area, while the costs of an additional set of sample meters will be similar across all distributors.

5 Other issues

5.1 Meter reading frequency

MEU supports the Tribunal's Draft Decision in relation to meter reading frequency.

5.2 Requirements relating to inventory tables

MEU supports the Tribunal's Draft Decision in relation to inventory table maintenance and amendment.

5.3 Requirements for meter testing and inspections

MEU supports the Tribunal's Draft Decision in relation to meter testing and actions in the event of non-compliance with the testing and inspections requirements.

5.4 Tariffs for customers with sample meters

MEU supports the Tribunal's Draft Decision in relation to tariffs for customers with sample meters.

5.5 Other embedded network issues

- 1) Definitions of parent, child, master, slave

MEU does not object to the approach taken in the Draft Determination in relation to the above definitions, so long as the Tribunal can confirm that the proposed changes will not have unintended problematic effects elsewhere in the Metrology Procedure.

- 2) Access to energy data

MEU supports the Tribunal's Draft Decision in relation to access to energy data.

- 3) Estimated reads

MEU supports the Tribunal's Draft Decision in relation to the definition of estimated reads.

MEU does not object to the Draft Decision's position that the costs of introducing an addition substitution type for type 6 metering installations may outweigh the likely benefits. However, MEU notes that such a change was recently made to the Victorian Metrology Procedure and hence, the decision to not make a similar change to the NSW Metrology Procedure entrenches an inconsistency between the jurisdictional Metrology Procedures.

5.6 Threshold for requirement for Type 5 metering installation

MEU understands that AGL has raised the issue of the need for a type 5 metering installation for 100 to 160 MWh per annum customers in order to switch retailer.

MEU understands that the policy decision to require a type 5 meter for customers between 100 and 160 MWh per annum who wished to become second tier was the outcome of a lengthy consultation process by NSW Treasury. The costs of a type 5 meter are relatively small for customers of this size. Moreover, the removal of their consumption from the load profile improves the accuracy of the load profile used to settle smaller customers with accumulation meters. MEU therefore supports the retention of this requirement.