



Submission by

Alternative Technology Association

on

Implementation Advice on the Shared Market Protocol

Consultation Paper – EMO0029

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For further information or enquiries contact:

Craig Memery
Energy Consumer Advocate
Alternative Technology Association
0412 223 203 / 9631 5418
E-mail: craig.memery@ata.org.au

The ATA welcomes this timely review, and thanks the AEMC for the opportunity to provide this submission.

Founded over 30 years ago, the ATA is a National, not-for-profit organisation whose 5,500 members are mostly residential energy consumers with an interest in sustainable energy and resource use.

Through the application of our in-house expertise and experience in energy policy and markets to our continuing advocacy and research, and close collaboration with fellow members of the National Energy Consumer Roundtable, the ATA is an important voice for energy consumers Australia-wide and in each of the NEM jurisdictions.

ATA presents a uniquely two-fold perspective in the energy policy debate: as well as directly representing all Australian energy consumers by promoting improvements to the energy market, we speak with authority on behalf of the growing portion of the consumer base who have an active interest in DSP.

ATA's consumer advocacy is funded by the Consumer Advocacy Panel.

What are the advantages and disadvantages of the different governance models?

The consultation paper generally articulates the advantages and disadvantages well.

Could the challenges around membership and voting for an industry led model be addressed? If so, how?

In particular, if an 'industry' body is tasked with governance of protocols that relate to innovative services and/or services provided by third parties, including second tier retailers, these parties need to be fully represented in a voting /decision-making capacity.

However, the nature of the challenges around membership and voting for an industry led model are such that they would be most effectively addressed simply by not using an industry led model.

Are there any other issues or factors relevant to considering an appropriate governance model?

The consultation paper notes that 'the Commission considered that the IEC members have a strong incentive to make efficient decisions, as they would primarily be the ones to bear the costs of implementing changes to the B2B procedures.'

In ATA's view the IEC, being a highly skilled and experienced body, will make the most efficient decisions wherever doing so presents no conflict for members businesses.

However, the current IEC is not the right body to make decisions relating to innovative or advanced metering services due to an inherent conflict of interest when it comes to allowing new entrants to the market and improved competition.

The IEC's approach of allowing observers is commendable for the purposes of transparency, but does not allow for adequate representation for the purpose of governing protocols.

Are there any other governance models that could be appropriate for the shared market protocol?

While the details of the protocol may not be suited to the NER, ATA is of the view that it is appropriate for the NER to specify the services / functions for which protocols are required, so that the inclusion or exclusion of services / functions is a decision of a body with the independence of the AEMC and subject to public consultation if changed.

Should implementation of a shared market protocol include the development of an objective or principles for governance? If yes, what objectives or principles should be included?

Yes. ATA recommends that the principles considered by the AEMC in undertaking this review are modified to guide the governance of protocols, as follows:

- competition in demand side participation and related services, and competitive neutrality: the shared market protocols should promote and encourage the development and innovation of services;
- innovation of demand side participation (DSP) and related services: the protocols should ensure that innovation in the market is not stifled;
- consumer protection: the protocols should have regard to appropriate consumer protections; and
- proportionality: the protocols should provide a level of prescription that is proportional to the market's and consumers' requirements.

If the governing body is AEMO, should there be any objectives or principles in addition to the NEO?

Yes.

While AEMO is notionally bound by the NEO, ATA is concerned that some of the decisions made by AEMO in recent years indicate reluctance to progress reforms that would lead to better outcomes for consumers, particularly where changes are intended to open the market to new products and services that compete with existing energy businesses.

One of a number of examples of this was AEMO's decision not to submit the Demand Response Mechanism rule change proposal to the AEMC, in spite of having been directed to do so by SCER. Putting aside the disregard for due process, this action, along with AEMO's apparent lack of support for the Power of Choice reforms, suggest AEMO require stronger guidance than the NEO, at least at this time.

Therefore ATA recommends, as per the above question, that the principles considered by the AEMC in undertaking this review are modified to guide AEMO in the governance of protocols, as follows:

- competition in demand side participation and related services, and competitive neutrality: the shared market protocols should promote and encourage the development and innovation of services;
- innovation of demand side participation (DSP) and related services: the protocols should ensure that innovation in the market is not stifled;
- consumer protection: the protocols should have regard to appropriate consumer protections; and
- proportionality: the protocols should provide a level of prescription that is proportional to the market's and consumers' requirements.

Should the shared market protocol be required to provide for (as a minimum) the services that are listed in the minimum specification?

Yes, the protocol should provide for all services listed in the minimum functional specification.

Should the shared market protocol also include other common services that are not mandatory under the minimum specification?

Services that are not part of the minimum specification, but that become commonly used, should also be provided for in the protocol over time.

Generally it will be in the interest of consumers for new services to be included in the protocol, although in some cases, it may be in keeping with the NEO to allow a market for a new function or service to mature somewhat before requiring it to be covered in the protocol.

A likely example of this may be the service of charging and dispatch of residential batteries; It will be important to have protocols to avoid asset stranding or impacting a consumer's ability to churn, however creating a binding common or shared protocol too soon might have the unintended consequence of limiting options for consumers.

Is it appropriate that the metering coordinator be required to offer its services through the shared market protocol, unless otherwise agreed?

Yes.

Are there any risks in allowing third parties to access a shared market protocol platform?

Yes. Noting the below, these risks should be manageable, and as noted in the AEMC's consultation paper, may be more appropriately addressed through the metering rule change process.

If so, would it be necessary to develop a separate authorisation process for users of the shared market protocol?

ATA are of the view that parties that are neither bound by the NER, nor subject to conditions imposed by the AER as part of retail or network exemption, should be subject to a separate authorisation process to use the protocol.

Is AEMO the appropriate body to develop these requirements?

For the reasons noted earlier regarding AEMO's challenges in promoting competitive and innovative energy services, ATA are of the view that the AEMC or the AER are more appropriate bodies to develop those requirements,.

If AEMO are tasked with developing authorisation requirements, they should have regard for the previously noted principles in doing so, namely:

- competition in demand side participation and related services, and competitive neutrality;
- innovation of demand side participation (DSP) and related services;
- consumer protection; and
- proportionality.

Is there a need for the current B2B e-hub to be maintained beyond the implementation of the shared market protocol?

ATA has not formed a strong view on this matter.

What factors would need to be considered when making this assessment?

ATA has not formed a strong view on this matter.

Could all the services that are currently provided through the current B2B e-hub be provided via the shared market protocol?

ATA has not formed a strong view on this matter.

Would there be an advantage in having a transition period during which both the B2B e-hub and the shared market protocol operate? How long should such a period be? Would the costs of operating both systems for this period be justified?

ATA has not formed a strong view on this matter.

Are there any significant implications should the shared market protocol not be operational on the same day that any changes from the expanding competition in metering and related services rule change take effect?

Yes. It is important that the shared market protocol is operational as soon as practically possible.

Interestingly, the AEMC's consultation paper states that

“In Victoria, advanced metering services have been used without a common or shared market protocol. Instead, the market participants developed their own communication methods, including some using the B2B e-hub, to deliver some remote services. This indicates that while a shared market protocol will facilitate market transactions in the NEM, it may not need to be fully operational on the commencement date of any final rule arising from the competition in metering rule change request.”

To the contrary, in ATA's view the Victorian AMI program demonstrates the opposites, providing an example of how the lack of common or shared protocols can

- negatively impact the efficiency of delivering innovative energy services;
- limit the realisation of benefits; and
- even result in an outright failure to deliver some innovative services.

In Victoria, the ability for consumers and service providers to make use of the advanced Home Area Network functionality of the AMI meters has been limited to a small number of consumers accessing In-Home Display devices, the absence of common or shared protocols being a primary factor.

While each of the AMI meters in Victoria incorporates Zigbee HAN hardware in accordance with the AMI MFS, this hardware remains mostly latent in 2.5 Million Victorian homes. More than 5 years after the AMI rollout commenced, consumers and prospective service providers are still unable to access the HAN to deliver basic load control services, let alone more sophisticated emerging functions such as smart appliance operation, inverter management and battery or electric vehicle charging.

Indeed, aside from a limited number of small-scale trials, Victoria's distribution businesses (who own the meters) have no apparent intention to realise the benefits of some of advanced services ahead of the National metering reform processes.

So, rather than being an example of how advanced metering services can evolve without a common or shared protocol, Victoria's AMI is actually reliant on yet-to-be-developed National frameworks for protocols to start delivering advanced energy management services to consumers.