



**Issues Paper**

**Review of Ergon Energy's Minimalist  
Transitioning Approach - 2009**

**April 2009**

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## SUBMISSIONS

Public involvement is an important element of the decision-making processes of the Queensland Competition Authority (the Authority). The Authority has identified a number of key issues that it will need to consider in its review of Ergon Energy's Minimalist Transitioning Approach (MTA) for 2009. The issues that have been identified are not exhaustive but are provided to assist interested parties in preparing their submissions. The Authority will take account of all submissions received by the due date.

Written submissions should be sent to the address below. While the Authority does not necessarily require submissions in any particular format, it would be appreciated if two printed copies are provided together with an electronic version on disk (Microsoft Word format) or by e-mail. Submissions, comments or inquiries regarding this paper should be directed to:

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The **closing date** for submissions is 15 May 2009.

### Confidentiality

In the interests of transparency and to promote informed discussion, the Authority would prefer submissions to be made publicly available wherever this is reasonable. However, if a person making a submission does not want that submission to be public, that person should claim confidentiality in respect of the document (or any part of the document). Claims for confidentiality should be clearly noted on the front page of the submission and the relevant sections of the submission should be marked as confidential, so that the remainder of the document can be made publicly available. It would also be appreciated if two copies of each version of these submissions (i.e. the complete version and another that excises confidential information) could be provided. Again, it would be appreciated if each version could be provided on disk. Where it is unclear why a submission has been marked "confidential", the status of the submission will be discussed with the person making the submission.

While the Authority will endeavour to identify and protect material claimed as confidential as well as exempt documents (within the meaning of the *Freedom of Information (FOI) Act 1989*), it cannot guarantee that submissions will not be made publicly available. As stated in s187 of the *Queensland Competition Authority Act 1997* (the QCA Act), the Authority must take all reasonable steps to ensure the information is not disclosed without the person's consent, provided the Authority is satisfied that the person's belief is justified and that the disclosure of the information would not be in the public interest. Notwithstanding this, there is a possibility that the Authority may be required to reveal confidential information as a result of an FOI request.

### Public access to submissions

Subject to any confidentiality constraints, submissions will be available for public inspection at the Brisbane office of the Authority, or on its website at [www.qca.org.au](http://www.qca.org.au). If you experience any difficulty gaining access to documents please contact the office (07) 3222 0555.

Information about the role and current activities of the Authority, including copies of reports, papers and submissions can also be found on the Authority's website.

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## 1. INTRODUCTION

Under section 6.8 of the Queensland Electricity Industry Code (the Code), Ergon Energy is allowed to operate under a less onerous Minimalist Transitioning Approach (MTA) when requested by retailers to process customer transfers and provide the National Meter Identifier (NMI) of contestable customers in its distribution region.

The Authority is required to review annually whether the MTA should remain in place in accordance with clause 6.8.1(d) of the Code. If the Authority considers that the provision should be removed, then the Authority must issue Ergon Energy with a notice to this effect and the provisions would cease to apply to Ergon Energy from the date 12 months after the date of the notice.

In 2008, the Authority conducted its first annual MTA review. After reviewing the information submitted by Ergon Energy and comments received from other stakeholders, the Authority decided that the MTA provisions should remain in force, to be reviewed again in 2009 in accordance with the Code requirements.

The Authority has now commenced its annual review for 2009.

### 1.1 The current review period

In the 2008 review, the Authority examined Ergon Energy's performance under its MTA provisions from the commencement of full retail competition on 1 July 2007 to 31 March 2008.

For this 2009 review, the Authority will consider Ergon Energy's performance from 1 April 2008 to 31 March 2009. The Authority will adopt this same review period in future reviews, thereby ensuring that the current annual review and any future reviews consider Ergon Energy's operations under the MTA over a 12-month period.

### 1.2 Process for the review

In conducting this review, the Authority is required to consult with Ergon Energy, licensed electricity retailers and any other person who has a legitimate interest in whether the MTA should continue to apply.

The Authority has prepared this Issues Paper to seek comments from all interested parties on the continuation of the MTA provisions for Ergon Energy for another 12 months. The Authority is also seeking some specific information pertaining to Ergon Energy's performance under the MTA.

The list of questions raised in this Issues Paper is not exhaustive and interested parties are invited to raise and discuss any other issues they believe are relevant to the review.

Details for making submissions can be found at the front of this paper. The closing date for receipt of submissions is **15 May 2009**.

The Code requires the Authority to make a decision on whether the MTA provisions should be removed by 30 June 2009. The Authority will notify Ergon Energy of its decision and will subsequently make the decision available on its website.

## **2. PURPOSE OF THE MINIMALIST TRANSITIONING APPROACH**

When a retailer prepares a market offer for a customer, it requires certain National Meter Identifier (NMI) information relating to that customer, such as, the customer's NMI, the customer's address, the distribution loss factor associated with the customer. This information may be available through the National Electricity Market Management Company's (NEMMCO's) Market Settlement and Transfer Solution (MSATS) system. If the relevant NMI information is not available through MSATS, then distributors are required to provide the information directly to the retailer when requested.

The Code requires distributors to provide requested NMI information within one business day of receiving a request from a retailer. The timeliness of a distributor's response to such requests depends on whether it has an automated enquiry system and, if so, how well this system interfaces with the MSATS system.

The MTA provisions were enacted to allow Ergon Energy to continue to operate its manual enquiry system until such time as the implementation of a more expensive and efficient automated process is considered to be cost effective. Under the MTA provisions outlined in section 6.8.2 of the Code, Ergon Energy has two business days to provide requested NMI information to a retailer, although it must have the capacity to process 150 NMI information requests in one business day.

Since Ergon Energy's manual system does not interface with the MSATS system, a retailer must also request Ergon Energy to "create the NMI" once it has contracted a new customer in Ergon Energy's distribution region. To "create the NMI", Ergon Energy provides NEMMCO with the customer's NMI information to populate the MSATS system. Under the MTA provisions outlined in section 6.8.3 of the Code, Ergon Energy has two business days to "create the NMI" once it is requested to do so by a retailer, although it must have the capacity to process 40 NMI creation requests in one business day.

If Ergon Energy experiences more than 150 NMI information requests and/or 40 NMI creation requests a day, sections 6.8.2 and 6.8.3 of the Code require it to take action to deal with this development either by increasing the resources available for responding to requests (for example, devoting more staff to processing requests); increasing the time for responding to requests beyond two business days; and/or instituting a queuing policy based on the order in which requests are received.

Further, if Ergon Energy considers at any time that it can not process the NMI information requests and/or the NMI creation requests it has received within two business days, it must notify affected retailers of this and inform them of the measures it is taking to address the issue and when the retailer's outstanding requests are likely to be processed.

### **2.1 Potential implications of removing the application of MTA provisions**

If the MTA provisions were to be removed, it is likely that Ergon Energy would need to invest in an automated system to enable it to process the NMI information and NMI creation requests within one business day as required under the general provisions of the Code.

Should the Authority give Ergon Energy notice that the MTA will no longer apply, Ergon Energy would have one year to implement a conforming NMI enquiry system.

### 3. ISSUES FOR 2009 REVIEW

The Authority invites Ergon Energy to submit its views on whether its MTA provisions should remain in force. It also requests Ergon Energy to include the following information as part of its submission to the Authority:

- (a) Ergon Energy's performance in the current review period in maintaining its minimum capability requirements prescribed under the MTA provisions as set out in section 6.8 of the Code.
- (b) Whether Ergon Energy has been required to respond to a large volume of NMI requests beyond that set out in clauses 6.8.2 and 6.8.3 of the Code. In particular, has Ergon Energy instituted any practices as described in clauses 6.8.2(b) and 6.8.2(c), and 6.8.3(b) and 6.8.3(c).
- (c) Ergon Energy's views on its current and future ability to meet retailer requests within the timeframes allowed under the MTA provisions.
- (d) Ergon Energy's views on any perceived benefits and likely cost implications for its business, retailers and customers should the MTA provisions cease to apply.

In addition, the Authority invites written submissions from retailers and any other interested person or organisations on the following questions:

- (a) What factors should the Authority take into account in determining whether or not to remove the application of the MTA provisions to Ergon Energy?
- (b) If you are a retailer, do you have any concerns with Ergon Energy's performance during the current review period in processing NMI requests initiated you under clauses 6.4.1(a) and 6.4.2(a) of the Code? Has Ergon Energy been able to process your request within the timeframes that apply under the MTA provisions?
- (c) If you are a retailer, do you have any concerns with Ergon Energy's future ability over the next 12 months to process the minimum NMI discovery and NMI creation requests as set out under clauses 6.8.2(a) and 6.8.3(a) of the Code in a timely manner using its current manual method?
- (d) Are there any other issues that the Authority should consider in assessing the continuation of Ergon Energy's MTA provisions?