



Consultation Paper

**Review of Ergon Energy's Minimalist
Transitioning Approach - 2010**

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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 2010. 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 6 May 2010.

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 excising 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 information and information disclosure of which would be contrary to the public interest (within the meaning of the *Right to Information Act 2009 (RTI)*), 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 a RTI 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. 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 clause 6.8 of the *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 Metering Identifier (NMI) for 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 MTA provisions should be removed, the Authority must then issue Ergon Energy with a notice to this effect and the provisions would cease to apply to Ergon Energy from 12 months after the date of the notice.

1.1 Purpose of the MTA arrangements

The Code currently requires distributors to provide customer NMI information within one business day of receiving a request from a retailer. The distributor's capability of quickly responding to such requests depends on whether it has an automated enquiry system and, if so, how well this system interfaces with the Australian Energy Market Operator's (AEMO) Market Settlement and Transfer Solution (MSATS) system. If the NMI cannot be obtained from MSATS, then the relevant distributor is required to provide the NMI information directly to the retailer when requested by the retailer to do so.

The MTA arrangements 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 clause 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 AEMO with the customer's NMI information to populate the MSATS system. Under the MTATS provisions in clause 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, clauses 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 point in time, that it cannot 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.

1.2 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 in clause 6.4 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 NMI enquiry system capable of complying with the more stringent requirements of clause 6.4 of the Code.

1.3 The current MTA performance review period

For this review, the Authority will assess Ergon Energy's performance under its MTA provisions from 1 April 2009 to 31 March 2010. This will ensure that the current annual review considers Ergon Energy's performance over a 12-month period since the 2009 review.

1.4 Process for the review

The Code requires the Authority to consult with Ergon Energy, licensed electricity retailers and any other party that has a legitimate interest in whether the MTA arrangements should continue to apply.

The Authority has prepared this Consultation Paper to seek comments from all interested parties on the continuation of the MTA provisions for the next year. The Authority is also seeking specific information on Ergon Energy's performance under its MTA arrangements.

The list of questions in this Consultation Paper is not exhaustive and interested parties are encouraged to discuss any other issues they believe to be relevant to the review.

Details for making submissions can be found at the front of this Consultation Paper. The closing date for receipt of submissions is **6 May 2010**.

The Code requires the Authority make a decision on whether a notice should be issued by 30 June 2010 to Ergon Energy for the removal of the MTA arrangements. The Authority will notify Ergon Energy of its decision and will subsequently make the decision available on its website at www.qca.org.au.

2. ISSUES FOR 2010 REVIEW

The Authority invites Ergon Energy to submit its views on whether the MTA arrangements should remain in force. The Authority 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 clause 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 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 view on its ability over the next 12 months to meet retailer requests within the timeframes allowed under the MTA provisions.
- (d) Ergon Energy's view 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 party 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 by you under clauses 6.4.1(a) and 6.4.2(a) of the Code? Has Ergon Energy been able to process your requests within the timeframes 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 within one business day 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?