

Minimalist transitioning approach for Ergon Energy

Introduction

Under section 6 of the Electricity Industry Code (EIC), Ergon Energy operates under a “minimalist transitioning approach” when processing customer transfers and in the creation of certain National Meter Identifier (NMI) information.

When a retailer prepares a market offer for a customer, it needs certain NMI information pertaining to that customer. For example, the customer’s NMI, the customer’s address, the distribution loss factor associated with the customer, etc.

This information may be available to the retailer through the National Electricity Market Management Company’s (NEMMCO’s) Market Settlement and Transfer Solution (MSATS) system. If it is not, distributors in Queensland are required to provide the NMI information to the retailer.

The timeliness of a distributor’s response to such a request will depend on whether it has an automated enquiry system and how well this system interfaces with the MSATS system. The EIC requires distributors to provide requested NMI information to a retailer within 1 business day of receiving a request.

Once a customer’s cooling off period has ended, the customer’s transfer will be completed by the retailer through the MSATS system.

The minimalist transitioning approach

The minimalist transitioning approach for Ergon Energy was enacted by the Queensland Government to allow Ergon Energy to operate a manual system in responding to retailer requests for NMI information rather than requiring Ergon Energy to implement a much more expensive automated process.

Under the minimal transitioning approach, Ergon Energy has 2 business days to provide requested NMI information to a retailer, although it must have the capacity to process 150 NMI information requests in 1 business day. Ergon Energy receives all its requests for NMI information from retailers via e-mail.

Because Ergon Energy’s manual system does not interface with the MSATS system, a retailer must also request that Ergon Energy “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 NMI information to populate the MSATS system. Under the minimalist transitioning approach, Ergon Energy has 2 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 1 business day.

If Ergon Energy starts experiencing more than 150 NMI information requests and/or 40 NMI creation requests a day, it must begin 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 2 business days; and/or instituting a queuing policy based on the order in which requests are received.

If Ergon Energy considers at any time that it can not process the NMI information requests and/or the NMI creation requests it has on hand within 2 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.

Implication of removing the minimalist transitioning approach

If the minimalist transitioning approach were to be removed, it is likely that Ergon Energy would need to invest in an automated system to be able to process NMI information and NMI creation requests within the required 1 business day. Such an expense could be justified if there was a sufficient need for Ergon Energy to be able to process requests in a more timely manner.

Should the Queensland Competition Authority give Ergon Energy notice that the minimalist transitioning approach should no longer apply, Ergon Energy would have a year to implement an automated system.

Questions

The Authority is seeking views from retailers and other interested parties on the following questions:

- for retailers:
 1. do you have any concerns with the minimalist transitioning arrangements under which Ergon Energy operates in processing discovery requests (under cl.6.8.2) or NMI creation requests (under cl.6.8.3)?
 2. how long should Ergon Energy continue to operate under the minimalist transitioning arrangements?
 3. any other comments on the continuation of Ergon Energy's minimalist transitioning approach.
- other interested parties are invited to submit their views on Ergon Energy's minimalist transitioning approach.

Submissions (emailed to the Authority at electricity@qca.org.au) should be received no later than 30 April 2008.