



Alinta AE Limited

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321 Ferntree Gully Road
Mount Waverley Victoria 3149
Australia
Telephone (03) 8544 9000
Facsimile (03) 8544 9927

Ms Sarah Mc Dowell
Retailer of Last Resort Project
Essential Services Commission
L2, 35 Spring Street
Melbourne VIC 3000

Dear Sarah

RE: Essential Services Commission Draft Decision – Amendments to Energy Retail Code and Electricity Customer Transfer Code – ROLR and Assignment to Third Party

During the last few months there have been several requirements in the National Electricity Market (NEM) to process a high volume of transfers as a consequence of a Retailer of last Resort (ROLR) event and a customer assignment event. As a result there is significant focus on clarifying the regulatory, transaction and process impacts across the industry.

This submission is a response to the Essential Services Commission's (the Commission) Draft Decision on the proposed amendments to the Energy Retail Code and the Electricity Customer Transfer Code required by the Commission's ROLR Final Decision. The Commission's Draft Decision also proposes amendments to the Transfer Code to provide for customer Assignment or Trade Sale event on an estimated read.

This response is on behalf of Alinta AE, Citipower, Multinet, Powercor Australia and United Energy Distribution (the businesses).

In its Final Decision – Energy ROLR, the Commission determined that it would *permit* ROLR customer transfers on the basis of estimated meter readings. At the time, the Final Decision applied to any customers below 160MWhpa or 10,000TJpa who had a basic meter and would require an estimated meter read to facilitate a timely and efficient ROLR transfer. Customers above these thresholds would have interval meters that are remotely read on a daily basis and would be able to transfer on actual reads.

The businesses support the principle that an estimated read should be permitted for a ROLR event due to the time pressures involved. However, this decision has now also been applied to assignment of customers to a third party or trade sale arrangement without any consultation prior to this Draft Decision.

The Commission notes that the assignment or trade sales of customers could also occur in an orderly manner with transfers on a special meter reading or a next scheduled read and may not necessarily have the time imperative of a ROLR event. Yet the drafting amendments proposed enable the trade sale to adopt an easy process for the initiator and a highly manual process for the parties who generate the transfers, estimates and other data without the ability for cost recovery from the parties impacted. Under a ROLR event a distributor would have an opportunity for cost

recovery, however the ability to recover costs for a trade sale or assignment is unclear. These events are commercially driven by the respective retailers and as such all affected parties that facilitate the transaction should be able to seek reasonable compensation for their activities.

Assignment or trade sale arrangements are treated differently under the MSATS procedures from a ROLR event. For an assignment/trade sale National Electricity Market Management Company Ltd (NEMMCO) “must have agreement on the requirements and details from all parties” and “must have approval for the change from all affected participants” where the bulk change tool is used. We recommend that the same approvals be gained from the impacted participants for any assignment or trade sale regardless of the volume of customers involved and the manner in which NEMMCO implement the transfers. This provides an opportunity for the Meter Data Processor (MDP) to discuss with NEMMCO the size of the event and the capability to meet the service levels requirements or to seek a no action request.

The ROLR events should be treated in a separate clause from the assignments or trade sale events to enable commercial arrangements to be agreed for trade sale events.

The businesses recommend the following:

- That Clause 4.5 be separated into two clauses to reflect a ROLR event where the transfers must happen on an estimate where an actual read cannot be reasonably obtained, and an assignment or trade sale, where the transfers may occur on an estimate subject to agreement and where commercial arrangements have been agreed between the impacted parties.
- That NEMMCO be requested to amend the Market Settlement and Transfer Solution (MSATS) procedures to insert conditions precedent when NEMMCO initiate transfers to include the approval from all affected participants for assignment or trade sale regardless of how NEMMCO implement the transfers.

Should you have any further questions in relation to our response please feel free to give either myself a call on ph 8544 9447 or Rolf Herrmann on ph 9683 4282.

Yours sincerely

Verity Watson

Market Regulation & Government Relations Manager

(On behalf of Alinta AE, Citipower, Multinet, Powercor Australia and United Energy Distribution)