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## **Draft Amendments to the Electricity Network Service Provider Registration Exemption Guideline**

Watts Energy Pty Ltd is an accredited Embedded Network Manager and service provider to embedded networks operating in Queensland. Watts Energy welcomes the opportunity to provide comments to the Australian Energy Regulator's (AER) *Draft Electricity Network Service Provider Registration Exemption Guideline* (Guideline) and in particular supports the AER's attempts to provide further clarification around interpretation and application of the Guideline.

### *Definitions and Terminology*

The Guideline on page 16 states that the terms 'private network', 'embedded network' and 'exempt network' are used interchangeably and on page 14 it states that 'all private networks are embedded networks'. However, the generally accepted and preferred term is 'embedded network', which is a defined term in the National Electricity Rules. As such, Watts Energy suggests that the one consistent term 'embedded network' should be used consistently throughout the Guideline.

Otherwise, the definition for 'private network' should be consistent. Watts Energy notes that the definition in the Glossary does not align with the definition provided on page 13 of the Guideline.

### *Life Support Notifications*

The Draft Guideline Condition 10 has been reworded to impose an obligation on the exempt embedded network service provider to notify the parent connection point retailer as well as the child connection point retailer of the existence of life support equipment required by a life support customer.

Watts Energy questions how the exempt embedded network service provider will be aware of the child connection point's retailer details in order to inform them, unless the ENM or the child connection point customer provides the child connection point retailer's details. If the ENM provides this information it needs to be mindful of confidentiality obligations under the National Electricity Rules but also contractual obligations as it is engaged by the exempt embedded network service provider.

### *Embedded Network Manager Appointment*

With the introduction of the Embedded Network Rule Change from 1 December 2017, Watts Energy suggests that section 4.4.2 of the Guideline should now be reworded to state that an exempt embedded network with 30 or more customers must appoint an ENM immediately (noting the AER will allow an initial transitional period from 1 December 2017 to 31 March 2018).

Watts Energy supports the AER's intention and efforts to improve transparency for the incoming retailer and embedded network market competition by publishing Parent NMI and ENM details, as it is anticipated that initially there will be uncertainty by incoming retailers as to who the exempt embedded network service provider has appointed as the ENM. Watts Energy also understands that ENMs will be required to provide the Australian Energy Market Operator with updates when they are newly appointed<sup>1</sup>, which it is assumed will be used to populate the Market Settlement and Transfer Solution (MSATS).

However, Watts Energy questions whether the AER's proposal to require the exempt embedded network service provider to publish these details on all invoices is the most effective and efficient solution. Publishing additional information on the bills will impose additional costs and changes to billing systems as well as creating unnecessary confusion and questions from customers (for example the customer may not know what the 'ENM' is, or the ENM may change between one bill and the next one that is issued).

Rather, there is already a requirement for exempt embedded network service providers to notify the AER within 20 business days of the appointment of an ENM in order to amend an existing registration.<sup>2</sup> Therefore, Watts Energy believes that a more preferred solution would be for the AER to publish the Parent NMI and ENM details on the exemption register, which provides one source of the truth for incoming retailers.

However, should this preferred alternative not be adopted, Watts Energy notes that the draft amendment to condition 4.8.1 only specifically refers to the requirement to publish the Parent NMI and not the ENM details. Further, Watts Energy seeks clarification as to what 'details' need to be published.

### *Registration, Applications and Revocation*

The Guideline stipulates that multiple parties are required to seek registration or exemption for a particular embedded network if there is a legally appointed representative that has control over the physical assets.

However, as noted by the AER, there is an increasing professionalization of embedded network services and many different contractual parties involved in the day to day running of embedded networks (e.g. property managers and billing agents). These parties and contractual arrangements can change regularly and as such, notifications to the AER of these changes will be not only onerous on the exempt embedded network service provider but also resource intensive for the AER in responding and ensuring exemption details are maintained and correct.

Watts Energy has been previously advised by the AER that the AER does not need to be advised of changes to property managers for exemption registration purposes and as such Watts Energy questions whether all parties who may be considered to be providing 'operating' services need to

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<sup>1</sup> This requirement to provide appointment information is to be enforced in a future change to the Service Level Procedure

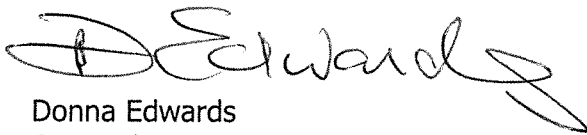
<sup>2</sup> Section 4.4.3 of the Guideline

be included in the exemption register under the Guideline. Further, it is the exempt embedded network service provider (which depending on the AER's application of the Guideline, may be multiple parties who own, control or operate the embedded network) who must engage an ENM and should those parties change regularly it may affect the appointment of the ENM and result in contractual and market confusion. Therefore, Watts Energy suggests that the AER take a narrow approach to defining 'operating' a network.

Finally, Watts Energy suggests that the Guideline clarify the AER's position in relation to the ability of Trusts to be the applicant for an exemption. It is Watts Energy's understanding from previous communication with the AER that only a legal person may seek exemption.

Should you have any questions relating to this submission please do not hesitate to contact me directly on (07) 3216 4509.

Regards

A handwritten signature in black ink, appearing to read 'Donna Edwards', with a stylized flourish at the end.

Donna Edwards  
Owner / Director