

## **RC\_2007\_11 IRCR for New Meters - customer Peak Load Diversity**

This is regarding the Rule Change Proposal titled 'IRCR for new meters – customer peak load diversity', which was submitted by Alinta on 26 June 2007 and published on the IMO website on 4 July 2007.

Given that the rule change is being progressed using the Fast Track process under the Market Rules, submissions on the proposal closed today - 25 July 2007.

If the proposed changes are implemented in their currently proposed form, the IRCR for a new meter that measures Temperature Dependent Load will be set to be 1.1 times the MW figure formed by doubling the median value of the metered consumption for that meter during the 4 Peak SWIS Trading Intervals of Trading Month n-3.

One of the submissions received by the IMO today has indicated that by raising the uplift to 1.25 (as opposed to the current 1.1) it is possible to obtain an even closer alignment between the Hot Season outcomes and the n-3 outcomes for a new meter. Please note that the 1.1 multiplier is already a feature in the current rules, that is, it is not a result from Alinta's proposal.

The IMO is interested in your comments on the view expressed in the proposal and whether the IMO should examine the existing 1.1 multiplier in the Rules as part of its decision on the Alinta's proposal.

Further, in the process of examining Alinta's proposal the IMO has found an inconsistency in Appendix 5, which the IMO believes should be corrected. Step 5 in Appendix 5 defines new meters as "meters that were not registered with the IMO during the preceding Hot Season but which were registered **by the start of** Trading Month n-3".

However, the calculations in Step 7 in Appendix 5 are based on the number of days a new meter is registered to a Market Participant in the trading month n-3. The IMO believes that this inconsistency should be resolved by changing the definition in Step 5 to "meters that were not registered with the IMO during the preceding Hot Season but which were registered **during** Trading Month n-3". This will ensure that customer churn is appropriately accounted for in the calculation of the IRCR for the "notional meter" (i.e. the non-interval meter customers remaining with the incumbent retailer).

The IMO is interested in your comments on the proposed correction to Step 5 in Appendix 5.

The IMO must publish its final decision on Wednesday, 1 August 2007. Therefore, your comments on the above two issues would be gratefully appreciated by **noon, on Monday, 30 July 2007**.

Please do not hesitate to contact Dora Guzeleva on 08 9254 4351 if you have any queries.