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## Wholesale Electricity Market Rule Change Proposal Submission Form

<RC\_2007\_11 IRCR for New Meters – customer peak load diversity

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### Submitted by

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### Submission

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**1. Please provide your views on the proposal, including any objections or suggested revisions.**

The proposed rule change endeavours to address an anomaly in the market rules that does, in some circumstances, unfairly penalise retailers accepting churning customers but in doing so may introduce new distortions that then favour those retailers.

The existing rules set the NMTDCR equal to the customer's CMD, or if this is not defined, 1.1 times the peak load (in MW) measured in the first full month of the interval meter's operation. Under the proposed rule change, the NMTDCR would be set at 1.1 times the customer's median load in the 4 peak SWIS trading intervals of the relevant month. This could significantly reduce the NMTDCR for some customers.

While we don't have the relevant market data to confirm the hypothesis, the fundamental issue is that, even with IRCR recalculated monthly, :

- IRCR's for summer peaking loads could be significantly understated initially. Their IRCR will ramp up but won't reach the correct level until the next summer peak.
- IRCR's for winter peaking loads will ramp up quickly and probably be overstated.

Verve Energy only supports the proposed rule change if there is clear evidence that the proposed change will improve the IRCR estimates for potentially affected customers. Affected customers needs to include all non-interval metered contestable customers, not just the small proportion that have moved and been affected by the rules.

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**2. Please provide an assessment whether the change will better facilitate the achievement of the Market Objectives.**

If the proposed rule change is proven to impact appropriately on all relevant customers, it will achieve the desired objective.

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**3. Please indicate if the proposed change will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.**

N/A

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**4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed.**

N/A

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