

# Western Power Metering Model SLA

## Consultation on proposed Model SLA amendments

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Western Power Metering Model SLA

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## 1. Introduction

Section 6.6 of the *Electricity Industry (Metering) Code 2012* specifies the requirements for Western Power to provide a Model Service Level Agreement (MSLA) for the provision of regulated metering services, including:

- Detailed descriptions of the metering service
- A timeframe in which the service will be performed
- The charges that Western Power may impose for each service referred to in the MSLA

The existing MSLA was implemented following disaggregation in 2006, and has not been amended since.

As part of Western Power's fourth Access Arrangement (AA4) proposal, Western Power is proposing the installation of advanced meters for new and replacement metering installations. Western Power has forecast 355,000 advanced meter installations during the AA4 period.

In association with moving to an advanced metering specification as its standard for new and replacement meters, Western Power is seeking to update the MSLA to incorporate minimum advanced metering services. The deployment of Advanced Metering Infrastructure (AMI) provides the opportunity to deliver many metering services defined in the existing MSLA remotely – meaning they can be delivered in a more timely manner and at lower cost.

The inclusion of remote AMI services in the MSLA will help facilitate the realisation of the benefits of advanced metering for end customers, retailers and the network operator. In addition to the inclusion of AMI services, Western Power has sought to update pricing and service standards for existing services that have not been amended since 2006.

The purpose of this Consultation Paper is to summarise the key changes between the existing MSLA and the proposed MSLA, in order to facilitate Stakeholder feedback. This Consultation Paper should be read in conjunction with the proposed MSLA.

Written submissions from Stakeholders are requested by 15 September 2017.

## 2. Standard Metering Services and Extended Metering Services

Metering services provided by Western Power are classified as either Standard Metering Services or Extended Metering Services. All sites have a Standard Metering Service and customers are charged for these services as part of the network tariff component of their electricity bill.

Extended Metering Services are services which arise in a non-routine manner. Extended Metering Services are charged for via fees defined in Service Level Agreements. These are additional to the Standard Metering Service.

The Standard Metering Service includes the following:

- Meter provision for new sites and maintenance replacements
- Scheduled meter reading - as per the designated read type
- Standing data provision
- All associated meter asset management, compliance testing and scheduled reading management operational costs

Historically, Standard Metering Services have generally been recovered via a fixed plus variable portion of the network tariff. For AA4, Western Power will be proposing a solely fixed charge, more adequately reflecting the service provided. The new standard metering service fee will be a fixed annual charge of ~\$30<sup>1</sup> for all customers on the network. This fee will be included as part of the relevant network charge payable by customers.

The relationship between Extended Metering Services and Standard Metering Services is generally a clear separation of expenditure and cost recovery between the two service classifications. The only exception is where the capital cost of a meter installation is not fully covered by the MSLA fee – the balance of expenditure is thus recovered via Standard Metering Service charges.

Extended metering services provided for under the MSLA are the focus of this Consultation Paper, with proposed amendments outlined in Section 4.

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<sup>1</sup> Forecast average during AA4

### 3. What is the MSLA?

The MSLA serves as an instrument to regulate Extended Metering Service standards and prices in circumstances where Western Power provides, and a user accepts, a metering service and there is no written Service Level Agreement between the parties.

The current MSLA is effectively being used for almost all metering services provided on the SWIS. The MSLA covers service standards for individual service delivery as well as key performance measurements for aggregated service levels.

Western Power has considered a number of changes are necessary for the Model, and notes that any bespoke requirements for individual users can be negotiated as required in separate Service Level Agreements.

The update of the MSLA was conducted in line with the objectives of the Metering Code:

- a. promote the provision of accurate metering of electricity production and consumption;
- b. promote access to and confidence in data of parties to commercial electricity transactions;
- c. facilitate the operation of Part 8 and Part 9 of the Act, the Customer Transfer Code and the Code of Conduct.

Western Power has set pricing for all services in accordance with the requirements of Section 6.6 (1) (e) of the Metering Code, which requires that:

*“the charges which may be imposed under a service level agreement may not exceed the costs that would be incurred by a network operator acting in good faith and in accordance with good electricity industry practice, seeking to achieve the lowest sustainable costs of providing the relevant metering service”.*

This Consultation Paper should be read in conjunction with the proposed MSLA.

## 4. Proposed Amendments

For the purposes of this Consultation Paper, the proposed amendments to the MSLA have been segmented into 5 specific areas:

1. Addition of new AMI services - including pricing and service standards
2. Amendment of prices for existing (non-AMI) services
3. Amendment of service standards for existing (non-AMI) services
4. Consolidation and/or removal of redundant services and provisions
5. Alignment to other regulatory instruments

Each of these amendments have been summarised in subsequent sections 4.1 – 4.5 of this Consultation Paper. The specific wording of proposed changes can be found in the proposed MSLA document provided in conjunction with this Consultation Paper.

In addition to the above, the MSLA has been reformatted for ease of use by Code participants. As a result of this and the volume and magnitude of the above changes, Western Power has opted to present the proposed MSLA to Code Participants as an entirely new document, and not in “mark-up” format. This section of the Consultation Paper seeks to summarise the changes made, including new AMI services.

### 4.1 New AMI Services

New AMI services are summarised in Table 1. The meter exchange service MP-2 represents the retailer and customer led replacement of existing meters with advanced meters. It should be noted that MP-2 covers the replacement of a meter at an existing site for retailer or customer reasons (such as solar PV installation). New sites (ASP-1) and compliance replacements are also proposed to be advanced meters, however these are recovered under the Standard Metering Service charge payable by all customers.

Once an advanced meter is installed and remotely connected, AMI services are services that can be provided remotely and as such are not differentiated by metropolitan or regional location.

**Table 1: New AMI services**

New MSLA Reference	New AMI Service	Proposed Service Standard (Business Days)*	Proposed KPI	Proposed Price (ex-GST)
ASP-1	New connection	1 Day Metro / 5 Days Country	95%	Included in appropriate tariff
MP-2	Meter exchange: <ol style="list-style-type: none"> <li>1. Single phase meter</li> <li>2. Three phase meter</li> </ol>	10 Days Metro / 15 Days Country	95%	\$64.55 (Metro) / \$137.05 (Country)
MDP-3	Scheduled remote meter reading (AMI Meter)	In accordance with reading schedule	99%	Included in appropriate tariff
MDP-10	Non-scheduled special meter reading - AMI meter	Same Day	98%	\$0.60

New MSLA Reference	New AMI Service	Proposed Service Standard (Business Days)*	Proposed KPI	Proposed Price (ex-GST)
MDP-12	Meter re-configuration - AMI meter	5 Days	98%	\$20.02
MDP-13	De-energise - AMI meter	Same Day	98%	\$4.81
MDP-14	Re-energise - AMI meter	Same Day	98%	\$4.81

\*As per standard business day timeframes defined in the MSLA (e.g. prior to 3pm on the business date requested)

Western Power expects AMI services will replace existing non-AMI services over time. Service MP-2 (meter exchange service) and the associated fee represents the proposed exchange of an existing meter with an AMI meter at the request of the retailer. The proposed reduction in the upfront meter exchange fees from those provided for under the existing MSLA will provide Users with greater access to these new AMI services.

Further, Western Power also expects the interval data services associated with AMI services to replace existing manual interval data services over time. Existing manually read interval meters will continue to be manually read on an interval data basis until such time as transitioned to AMI remote meter reading.

A detailed overview of each new AMI service, including proposed key performance measurements and exception rates, is outlined in the proposed MSLA.

## 4.2 Amendments to pricing of existing Non-AMI Services

Existing services have not been amended in scope, however pricing has been updated from 2006 levels. Proposed amendments to pricing should be considered in conjunction with proposed amendments to service standards outlined in Section 4.3.

Section 6.6 (1) (e) of the Metering Code requires that charges which may be imposed under a service level agreement may not exceed the costs that would reasonably be incurred by a network operator acting in good faith and in accordance with good electricity industry practice, seeking to achieve the lowest sustainable costs of providing the relevant metering service. As such, the objective of the pricing review has been to more adequately reflect the reasonable cost drivers that are specific to each service.

Tables 2, 3 and 4 provide a summary of the price movement of each existing service, noting that some services have increased in price, whilst others have decreased.

It should be noted that Western Power has amended regional prices to be explicitly defined, and not subject to additional travel costs that require bespoke calculation. Travel for regional prices was previously costed under Schedule 3 of the MSLA at \$93.50 per hour for vehicle travel and \$85 per hour plus airfare and accommodation for air travel. The proposed MSLA pricing is inclusive of any travel requirements for regional services.



**Table 2: Amendments to existing non-AMI service pricing – Meter provision services**




Old MSLA Reference	New MSLA Reference	Service	Current EMS price (Metro)	Proposed EMS price (Metro/Regional)	Price movement (\$)
1	ASP-1	Establishment of Metering Connection Point	Included in appropriate tariff	Included in appropriate tariff	N/A
2	MP-2C	CT Interval Meter Upgrade (Includes Meter Cost)	Included in appropriate tariff	Included in appropriate tariff <sup>2</sup>	N/A
3a	Removed – see section 4.4	CT Interval Meter Installation (Includes Meter Cost)	N/A	Removed – see section 4.4	N/A
3b	Removed – see section 4.4	Direct Interval Meter Installation Three Phase (Includes Meter Cost)	N/A	Removed – see section 4.4	N/A
3c	Removed – see section 4.4	Direct Interval Meter Installation Single Phase (Includes Meter Cost)	N/A	Removed – see section 4.4	N/A
3d	MP-2A	Direct Meter Change Single Phase (including Meter Cost)	\$115.50 (plus travel)	\$64.55 / \$137.05	↓
3e	MP-2B	Direct Meter Change Three Phase (including Meter Cost)	\$203.50 (plus travel)	\$64.55 / \$137.05	↓
3f	MP-2B	Direct Interval Meter Change Three Phase (Includes Meter Cost)	\$704.00 (plus travel)	\$64.55 / \$137.05	↓
3g	MP-2A	Direct Interval Meter Change Single Phase (Includes Meter Cost)	\$181.50 (plus travel)	\$64.55 / \$137.05	↓

<sup>2</sup> Where Meter requires replacement or upgrade in response to an actual or projected increase in Meter Throughput or in association with asset maintenance, it will be performed by Western Power as a Standard Metering Service. Western Power may request evidence be provided by the User to support the projected increase in Meter Throughput.

Old MSLA Reference	New MSLA Reference	Service	Current EMS price (Metro)	Proposed EMS price (Metro/Regional)	Price movement (\$)
4	ASP-2A ASP-2B	Direct Meter De-Energise Single Phase and Three Phase De-energising HV	\$38.50 (plus travel) POA	\$53.19 / \$116.61 POA	↑
5	ASP-3A ASP-3B	Direct Meter Energising Single and Three Phase Re-energising HV	\$38.50 (plus travel) POA	\$53.19 / \$116.61 POA	↑
6	MP-3	Meter Investigation	\$93.50	\$178.01 / \$257.46	↑
7a	MP-4	Communications Equipment Installation on existing compatible interval meter	\$858.00 (plus travel)	\$464.15 / \$543.27	↓
7b	MP-4	Communications Equipment Installation with the interval meter installation	\$715.00 (plus travel)	\$464.15 / \$543.27	↓
8	ASP-4A ASP-4B	Supply Abolishment 1. Residential 2. Commercial	\$275.00 P.O.A	\$392.13 / \$499.46 POA	↑

**Table 3: Amendments to existing non-AMI service pricing – Data collection and provision services**

Old MSLA Reference	New MSLA Reference	Service	Current EMS price (Metro/Regional)	Proposed EMS price (Metro/Regional)	Price movement (\$)
9	MDP-1	Bi-Monthly Meter Reading	Included in appropriate tariff	Included in appropriate tariff	N/A
10	MDP-2	Monthly Meter Reading	Included in appropriate tariff	Included in appropriate tariff	N/A
11	MDP-9	Off-Cycle Meter Reading	\$4.95 / \$21.45	\$9.96 / \$32.46	↑

Old MSLA Reference	New MSLA Reference	Service	Current EMS price (Metro/Regional)	Proposed EMS price (Metro/Regional)	Price movement (\$)
12	MDP-5	Card Meter Reading	Included in appropriate tariff	Included in appropriate tariff	N/A
13	Removed – see section 4.4	Customer Meter Reading	Included in appropriate tariff	Removed – see section 4.4	N/A
14	MDP-2	Load Interval Data up to 35 Days - Manually collected	Included in appropriate tariff	Included in appropriate tariff	N/A
15	MDP-4	Load Interval Data up to 35 Days - Remotely collected (Monthly)	Included in appropriate tariff	Included in appropriate tariff	N/A
16	MDP-11	Load Interval Data up to 35 Days - Remotely collected (Daily)	\$5.50	0.60	
17	Consolidated into MDP-7	Historical Load Interval Data (up to 12 months or part thereof) - 1st meter	Included in appropriate tariff	\$2.00	
18	MDP-6	Standing Data Provision	Included in appropriate tariff	Included in appropriate tariff	N/A
19	Removed – see section 4.4	Survey Load Interval Data (excluding meter costs)	\$385.00 (plus travel)	Removed – see section 4.4	N/A
20	MDP-7	Additional Historical Load Interval Data (13 to 24 months)	\$49.50	\$2.00	
21	MDP-8	Verify Meter Data Request	\$2.75	\$6.51	

**Table 4: Amendments to existing non-AMI service pricing – Technical services**

Old MSLA Reference	New MSLA Reference	Service	Current EMS price (Metro/Regional)	Proposed EMS price (Metro/Regional)	Price movement (\$)
22a	Removed – see section 4.4	Enablement of Signal Capabilities and Signal Maintenance (charge per day)	\$0.66 per day	Removed – see section 4.4	N/A
22b	MP-8	Option up front capital cost to retro fit signals (signals not maintained)	\$242.00 (plus travel)	\$307.50 / \$397.67	↑
22c	MP-8	Option of up front capital cost to enable of signal when meter installed (signals not maintained)	\$165.00 (plus travel)	\$307.50 / \$397.67	↑
22d	Removed – see section 4.4	Maintenance of Signals for options 1b and 1c	93.50/hr	Removed – see section 4.4	N/A
23a	MP-5A	Meter Test - Laboratory (Single Phase)	\$297.00	\$453.01 / \$559.73	↑
23b	MP-5B	Meter Test - Laboratory (Three Phase)	440.005	\$563.43 / \$681.19	↑
24a	MP-6A	Meter Test - On Site (Single Phase)	\$297.005	\$340.31 / \$435.99	↑
24b	MP-6B	Meter Test - On Site (Three Phase)	\$473.00 (plus travel)	\$465.43 / \$572.15	↑
25	MP-6C	Meter Test- On Site (CT Metering)	\$280.50 (plus travel)	\$549.97 / \$662.22	↑
26	MP-1	Meter Installation Repair	N/A or \$93.50/Hr (plus travel)	Included in appropriate tariff	↓
27	MP-7	Meter Reconfiguration	\$49.50	\$64.55 / \$137.05	↑

### 4.3 Proposed amendments to service standards of existing Non-AMI Services

As part of this review of the MSLA, Western Power has sought independent benchmarking of existing service standards relative to other jurisdictions. This has identified that in general, the performance targets outlined in the existing Model are similar to those prescribed in other jurisdictions in Australia. However, for a number of meter provision and technical services, the existing Model has shorter timeframes to undertake the work.

Western Power has reviewed the impact of these shorter timeframes and identified that they may be contributing to higher service delivery costs, particularly when servicing Country areas, where scheduling to meet shorter timeframes may result in suboptimal resource utilisation. As a result, Western Power is proposing amended service standards that seek to balance both timeliness and cost-efficiency.

Table 5 provides a summary of the proposed service standards, in conjunction with the existing service standards and that of service providers nationally.

Definitions within Table 5 have been simplified for comparative purposes.

**Table 5: Proposed amendments and NEM benchmark for existing non-AMI services**

Service	Current MSLA service standard	NEM service standard	Proposed service standard
Meter Exchange	Metropolitan: 5 business days Country: 10 business days	Victoria/SA: No jurisdictional timeframes Tasmania: 10 business days	Metropolitan: 10 business days Country: 15 business days
De-energise (Non-AMI)	Metropolitan: 1 business day Country: 5 business days	ACT - 3 business days NSW – 2 business days SA – 3 business days Victoria - 2 business days Tasmania – 2 business days	Metropolitan: 3 business days Country: 5 business days
Meter Investigation-Inspect	Metropolitan: 5 business days Country: 10 business days	Victoria and ACT - 20 business days. In all other jurisdictions - 15 business days.	Metropolitan: 10 business days Country: 15 business days
Communications installation	Metropolitan: 5 business days Country: 10 business days	Subject to commercial negotiation between parties	Metropolitan: 10 business days Country: 15 business days
Supply Abolishment	Metropolitan: 5 business days Country: 10 business days	20 business days in all jurisdictions	Metropolitan: 10 business days Country: 15 business days

Service	Current MSLA service standard	NEM service standard	Proposed service standard
Enablement of Signals	Metropolitan: 5 business days Country: 10 business days	Subject to commercial negotiation between parties	Metropolitan: 10 business days Country: 15 business days
Meter Investigation: on-site test	Metropolitan: 5 business days Country: 10 business days	Use reasonable endeavours to carry out a test within 15 business days for all jurisdictions.	Metropolitan: 10 business days Country: 15 business days Note: Additional 5 business days for laboratory testing
Meter Reconfiguration (Non-AMI)	Metropolitan: 5 business days Country: 10 business days	All jurisdictions: 20 business days	Metropolitan: 10 business days Country: 15 business days

Western Power is not proposing to amend the key performance measurement metrics defined in the current MSLA. It should be noted that for new AMI services, performance metrics are significantly higher than equivalent manual services.

#### 4.4 Revisions to existing services

A number of services within the existing MSLA have been updated or removed. A summary of these changes and rationale is provided in Table 6.

**Table 6: Proposed revisions to existing services**

MSLA Reference	Service(s)	Proposed treatment	Rationale
17 and 20	Historical energy interval data (up to 12 months or part thereof) Additional historical energy Interval Data (13 to 24 months)	Consolidate into single service (service reference number MDP-7)	Western Power considers it can provide the same standard and same price for up to 24 months interval data.
12 22a and 22d	Customer meter reading Signal maintenance	Remove from proposed MSLA	These services have rarely been requested by Code Participants and have been deemed as redundant or duplicated.  Code Participants may negotiate non-standard reading arrangements directly with Western Power.

MSLA Reference	Service(s)	Proposed treatment	Rationale
3a	CT Interval Meter Installation (Includes Meter Cost)	Remove from proposed MSLA	Unused service from existing MSLA.
3b	Direct Interval Meter Installation Three Phase (Includes Meter Cost)		
3c	Direct Interval Meter Installation Single Phase (Includes Meter Cost)		
3f	Direct Interval Meter Change Three Phase (Includes Meter Cost)	Remove from proposed MSLA	These services are no longer required due to the policy of installing AMI as standard.  These services have been replaced with equivalent AMI services MP-2A, MP-2B and MP-2C.
3g	Direct Interval Meter Change Single Phase (Includes Meter Cost)		
7b	Communications Equipment Installation with the interval meter installation		

#### 4.5 Alignment with other instruments

The proposed MSLA has been constructed in order to align with updates that have been made since 2006 to the following regulatory instruments:

- Electricity Industry (Metering) Code 2012
- Electricity Industry (Customer Transfer) Code 2016
- Code of Conduct for Supply of Electricity to Small Use Customers 2016

Included in this re-alignment is the classification of services relative to structural roles in the industry (i.e. Ancillary Service Provider, Metering Provider and Metering Data Provider). As a result, services have been regrouped, and reference numbers revised in accordance with the structural role with which the obligation to deliver the service resides.

Where possible, Western Power has sought to simplify the MSLA document for ease of use by Code Participants and remove any duplication between the Model Service Level Agreement, relevant Codes, Communication Rules & the Metrology Procedure.

## 5. Changes to other instruments

Western Power is not proposing any changes to other regulatory instruments or Codes to support the installation of Advanced Meters or delivery of advanced metering services to customers at this time.

Western Power expects that the existing B2B framework, including business-as-usual continuous improvement processes, will be sufficient to deliver AMI services in the market context.



## 6. Stakeholder Feedback

Western Power would like to hear from Stakeholders as to how they view the proposed MSLA. Stakeholders should refer to this document and the Proposed MSLA document.

1. Do you support the proposed AMI service standards and pricing as summarised in Section 4.1? Are there any further considerations that Western Power should take into account?
2. Do you support the amended non-AMI pricing as summarised in Section 4.2? Are there any further considerations that Western Power should take into account?
3. Do you support the amended non-AMI service standards as summarised in Section 4.3? Are there any further considerations that Western Power should take into account?
4. Do you support the removal and consolidation of specific services as summarised in Section 4.4? Are there any further considerations that Western Power should take into account?
5. Do you support the re-alignment of the MSLA to be consistent with other regulatory instruments and value chain roles as summarised in Section 4.5?
6. Are there other amendments to the MSLA that you consider appropriate that have not been addressed, that you consider should be included in the MSLA?

## 7. Lodging a submission

This Consultation Paper as well as the proposed MSLA form the basis of consultation with Code Participants.

Western Power has scheduled a Stakeholder Forum for 30 August 2017. The purpose of the forum will be to further engage Code Participants on metering services proposed by Western Power for AA4, including the proposed MSLA. Attendees will have the opportunity to comment or seek clarification on the contents of this Consultation Paper and proposed MSLA. Additional sessions with Stakeholders for further clarifications can be arranged in a 1 on 1 format if requested.

Western Power encourages written feedback on the proposed MSLA from all Code participants, specifically in response to the questions proposed in Section 6 of this Consultation Paper.

The due date for submissions is **5:00pm Friday, 15 September 2017**.

Submissions can be lodged via email to:

- Western Power AA4 Mailbox: [aa4@westernpower.com.au](mailto:aa4@westernpower.com.au)

Western Power is obligated under Section 6.11 (3) (d) of the Code to disclose all submissions received to the Economic Regulation Authority.

Western Power intends to publish the submissions on its website. Submissions should indicate if they are not for public publication.