

# Draft Findings on the Review of Horizon Power's Mandatory Link Criteria

14 November 2017

**Economic Regulation Authority**

WESTERN AUSTRALIA

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## DRAFT FINDINGS

The Economic Regulation Authority (ERA) finds that Horizon Power's amended mandatory link criteria meets the approval criteria of the *Electricity Industry (Metering) Code 2012* for the reasons set out in this document.

The ERA is required by the Code to notify Horizon Power of these draft findings. Interested parties then have a period of at least 20 business days to make submissions on the draft findings. The ERA will consider any submissions received before publishing its final findings.

## Invitation to make submissions

Interested parties are invited to make submissions on the ERA's draft findings by **4:00 PM (WST) Tuesday, 12 December 2017** via:

Email address: [publicsubmissions@erawa.com.au](mailto:publicsubmissions@erawa.com.au)  
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## CONFIDENTIALITY

Submissions from interested parties will be treated as being in the public domain and will be published on the ERA's website. Where an interested party wishes to make a submission in confidence, it should clearly indicate the parts of the submission for which confidentiality is claimed, and specify in reasonable detail the basis for the claim. Any claim of confidentiality will be considered in accordance with the provisions of *Economic Regulation ERA Act 2003*.

The publication of a submission on the ERA's website shall not be taken as indicating that the ERA has knowledge either actual or constructive of the contents of a particular submission and, in particular, whether the submission in whole or part contains information of a confidential nature and no duty of confidence will arise for the ERA.

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# REASONS

## Background

1. On 4 September 2017, the Economic Regulation Authority (**ERA**) initiated a review of Horizon Power's mandatory link criteria. The criteria specify any communication links required as part of a metering installation. Communication links enable meters to be read from remote locations.
2. Horizon Power's mandatory link criteria was first approved in September 2006 under the requirements of the *Electricity Industry (Metering) Code 2005*. This code was repealed in December 2012 and replaced with the *Electricity Industry (Metering) Code 2012*.
3. Horizon Power has updated its mandatory link criteria to align it with the requirements of the Code.
4. Division 6.2 of the Code specifies the approval procedure for documents that are required under the Metering Code, including mandatory link criteria. Clause 6.20 sets out the specific requirements for the review and amendment of these documents.
5. The Code requires the ERA to initiate a review before it can allow (or require) amendments to mandatory link criteria. Once initiated, the ERA must proceed with the review in accordance with clause 6.20(3). In summary:
  - Within 50 business days after initiating a review, the ERA must publish draft findings, notify the network operator and allow a period of at least 20 business days (after publication of its draft findings) for persons to make submissions in relation to the draft findings.
  - Within 10 business days after the close of submissions on the draft findings, the ERA must publish final findings and notify the network operator. The findings must detail any amendments to the document submitted by a network operator and any submissions received.
  - The ERA can extend the time limits (outlined above) on more than one occasion by publishing a notice that gives reasons for its decision to extend the time limit.
6. Under clause 6.12 of the Code, the ERA may establish a Metering Advisory Committee to advise it on matters relating to metering, including the review of specific documents. The ERA may seek, and have regard to, the advice provided by the committee when performing its (review and amendment) functions under clause 6.20. The ERA did not establish a committee for this review.

## Metering Code Requirements

7. Part 6 of the Code contains provisions for the creation, approval and review of documents, including mandatory link criteria. More specifically, clause 6.20 of the code details the process that the ERA must follow in reviewing and amending a network operator's document.

**6.20 Review and amendment of network operator's documents (other than communication rules)**

- (1A) This clause 6.20 does not apply in respect of communication rules.
- (1) The Authority may in its absolute discretion:
- (a) of its own initiative; or
  - (b) upon request by a Code participant, require or permit a network operator to amend a document provided that the document as amended must comply with this Code.
- (2) Before requiring or permitting an amendment to a document under this clause 6.20, the Authority must initiate a review of the document under clause 6.20(3), which review may be of the whole document or only that part of the document for which the amendment is proposed.
- (3) The Authority must, if it undertakes a review under this clause 6.20:
- (a) within 50 business days after initiating the review:
    - (i) publish its draft findings in relation to the review; and
    - (ii) notify the network operator of its draft findings; and
  - (b) allow a period of at least 20 business days after publication of the draft findings for persons to make submissions in relation to the draft findings; and
  - (c) within 10 business days after the end of the period in 6.20(3)(b):
    - (i) publish its final findings in relation to the review (which must detail any amendments required to the document) together with any submissions made under clause 6.20(3)(b) in relation to the review; and
    - (ii) notify the network operator of its final findings.
- (3A) The Authority may on one or more occasions extend the time limits specified in clauses 6.20(3)(a) and 6.20(3)(c) for a period determined by the Authority.
- (3B) The Authority must not exercise the power in clause 6.20(3A) to extend the time limits specified in clauses 6.20(3)(a) and 6.20(3)(c) unless, before the day on which the time would otherwise have expired, it publishes notice of, and reasons for, its decision to extend the time limit.
- (4) The network operator must amend any document in accordance with the Authority's final findings.
- (5) The network operator must publish any document that has been amended under clause 6.20(4).
- (6) If a network operator fails to amend a document as required under clause 6.20(4), the Authority may publish the amendment, and the document has effect as amended by the published amendment, from the time of publication or such other time as is stated in the publication.

8. Pursuant to clause 6.14, the ERA must not approve a document unless it is satisfied that the document meets the criteria set out in clauses 6.5 to 6.9 (as applicable<sup>1</sup>) of the Code.

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<sup>1</sup> Clause 6.5 – Requirements for all documents; clause 6.6 – Requirements for model service level agreement; clause 6.7 – Requirements for communications rules; clause 6.8 – Requirements for a metrology procedure; and clause 6.9 – Network operator may establish a registration process.

9. Only clause 6.5 of the Metering Code is applicable to the approval of mandatory link criteria.

### 6.5 Requirements for all documents

A document must:

- (a) comply with this Code; and
- (b) not impose inappropriate barriers to entry to a market; and
- (c) be consistent with good electricity industry practice; and
- (d) be reasonable; and
- (e) be consistent with the Code objectives; and
- (f) be consistent with the market rules; and
- (g) unless this Code requires otherwise, be consistent with other enactments.

10. Clauses 1.3, 3.6 and 3.16(2) of the Code contain other provisions for mandatory link criteria. These provisions are provided for information below.

### 1.3 Definitions

“mandatory link criteria”, in relation to a network operator’s network, means criteria under which the installation of a communications link is mandatory under clause 3.6, approved by the ERA under Division 6.2.

...

### 3.6 When network operator may require facilities for remote meter reading

A network operator may in accordance with its mandatory link criteria require the installation of a communications link (in circumstances in addition to those required under clause 3.16(2)).

...

### 3.16 Wholesale market metering installation requirements

- (1) ...
- (2) The network operator must ensure that a Type 1 metering installation to Type 4 metering installation on the network includes a communications link.

## Horizon Power’s Updated Mandatory Link Criteria

11. Horizon Power’s mandatory link criteria were first approved in September 2006, under the requirements of the previous code.<sup>2</sup> The mandatory link criteria has been updated to align it with the requirements of the current Code. It follows the completion of a meter exchange project, where advanced metering technology was installed across Horizon Power’s entire customer base.

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<sup>2</sup> The *Electricity Industry (Metering) Code 2005*. This code was repealed in December 2012 and replaced with the *Electricity Industry (Metering) Code 2012*.

12. Horizon Power details the changes made to its mandatory link criteria in a report: *“Horizon Power Report on amendments to the Mandatory Link Criteria”*. There have been no significant changes to the document.
13. In summary, the changes to Horizon Power’s mandatory link criteria include:
  - changes of an administrative nature to amend typographical, grammatical and/or referencing errors;
  - changes to the defined terms used in the document to remove definitions that are no longer relevant; and
  - changes to the drafting of some clauses, including the amalgamation, addition or deletion of clauses.
14. Horizon Power also advises that while nearly all of its meters are now read remotely (following the rollout of advanced metering infrastructure) there has been no change to the meter reading method. Meters that were read and invoiced based on accumulation reads prior to the advanced metering rollout remain as *“Type 6 accumulation read metering”*.

## Public Consultation

15. The ERA initiated the review and invited interested parties to make submissions on Horizon Power’s updated mandatory link criteria on 4 September 2017. No submissions were received.
16. Horizon Power was given the opportunity to submit amended mandatory link criteria to take into account any submissions made by interested parties and/or any other matters identified during the consultation period. Horizon Power did not submit any amended criteria.

## ERA’s Considerations

17. The ERA has considered Horizon Power’s updated mandatory link criteria against the approval criteria set out in clause 6.5 of the Code.
18. The requirements of clause 6.5 of the Code apply to all metering documents that are required to be established under the Code, hence the requirements are broad in nature. To make an assessment against these broad requirements, consideration has been given to the individual changes proposed and whether the changes are overall reasonable and compliant with the Code.
19. Submissions from code participants would also assist in the assessment of Horizon Power’s updated mandatory link criteria against the broad requirements of the Code. However, no submissions from code participants were made in response to the ERA’s invitation for submissions on the proposed updates. Consequently, it is assumed that code participants generally accept Horizon Power’s proposed updates as being reasonable and consistent with applicable codes and industry practice.

### *Definitions (clause 1.3)*

20. The following definitions have been removed from clause 1.3 of the updated mandatory link criteria – these definitions are no longer relevant to the criteria.

- “**CDMA**” means the acronym for **C**ode **D**ivision **M**ultiple **A**ccess, and is a mobile phone system that may give reception in more remote or rural areas where a GSM phone would not pick up a signal.
  - “**GPRS**” means the acronym for General Packet Radio Service, and provides high speed data services across a GSM network.
  - “**PSTN**” means the acronym for Public Switched Telephone Network, and is a means of telephone communication using fixed landline.
  - “**WAER**” means the acronym for WA Electrical Requirements. This document is issued by the Office of Energy Safety and provides reference to technical requirements for the safe and efficient connection of consumers’ installations to electricity networks, in Western Australia.
21. A new defined term “*satellite*” has been added to mean “*a satellite communications platform for areas where GSM is not available*”.
22. Horizon Power has installed advance metering infrastructure across its network and some defined terms are no longer relevant because of outdated technology. For this reason, the removal of the terms CDMN, GPRS and PSTN, and the addition of the term *satellite* is accepted.
23. The removal of the term WAER is considered a consequential amendment to the removal of Appendix 1 (WA Electrical Requirements Criteria for Mandatory Link Provision) from the document – refer to paragraph 31 below.

### *Communication link criteria (clause 3)*

24. Horizon Power has updated the drafting of clause 3 of the mandatory link criteria to specify that a communication link may be required where:
- the geographical remoteness of a metering installation makes the manual collection of energy data not economically feasible;
  - access to the meter is restricted by a security system or process; or
  - multiple master or distributed master meters are located on more than three levels (including below, on or above ground levels).
25. The updated drafting removes the requirement for a communication link where the metering installation meets the criteria for the installation of an *automatic meter reading* (AMR) system as specified in the WA Electrical Requirements Criteria for Mandatory Link Provision (previously Appendix 1 of the document). This update is considered a consequential amendment of the removal of Appendix 1 from the document – refer to paragraph 31 below.
26. The updated drafting to include instances where meter access is restricted and/or located on more than one level in a multi-level building is considered reasonable. The updated drafting uses the same words that were contained in clause A1.1 of Appendix 1 of Horizon Power’s 2006 mandatory link criteria, which covered automated meter reading requirements. That is [***emphasis added***]:
- A1.1 Automated Meter Reading Facility requirements for Multiple and Distributed Master Metering (WAER 13.8.6.7)
- Meters suitable for automated meter reading (AMR) remote reading and the associated remote reading facilities shall be installed where Multiple Master and Distributed Master metering is installed and any of the following criteria apply:

- a) **where access to the meters is restricted by a security system or process; or**
- b) **where any of the multiple master or distributed master meters are located on more than 3 levels, including below, on or above ground level.**

### Other changes

27. Horizon Power has deleted some clauses from the updated mandatory link criteria to simplify the document.
28. Clauses 4.2 and 4.4 of the criteria have been deleted because these clauses are considered unnecessary. The clauses (and the related notes) repeated provisions contained within the Code and/or metrology procedure for the Horizon Power Network.<sup>3</sup>
  - Clause 4.2 of the criteria stated that the network operator owns the communications link in accordance with clause 3.4 of the Code.
  - Clause 4.4 of the criteria stated that access to data associated with, or originating through, the communications link is in accordance with the provisions contained in clause 4.8 of the Code.
29. While the removal of clauses 4.2 and 4.4 from the mandatory link criteria does simplify the document, the clauses may be of benefit to users (readers) who do not check or have access to the other related documents (i.e. the Code and/or metrology procedure). The clauses clarify the ownership of communication links and how the data associated with the link can be accessed. Removing these clauses from the mandatory link criteria may mean some users are unaware of ownership and access rights. For this reason, Horizon Power should retain clauses 4.2 and 4.4 in the updated mandatory link criteria.
30. There are no specific approval requirements for mandatory link criteria in the Code. Provided the ERA is satisfied that the updated mandatory link criteria meets the requirements for all documents (as set out in clause 6.5 of the Code) the updates can be approved. Subject to Horizon Power retaining clauses 4.2 and 4.4 in the mandatory link criteria, the ERA considers that the criteria satisfies the Code's requirements for all documents.
31. Horizon Power has deleted Appendix 1 (WA Electrical Requirements Criteria for Mandatory Link Provision) from the updated mandatory link criteria. Appendix 1 contained provisions that were based on the following WA Electrical Requirements (or *WAER*) for mandatory link criteria:
  - section 13.8.6.7 of the *WAER* for automated meter reading facility requirements for multiple and distributed master metering; and
  - section 13.8.6.9 of the *WAER* for *automated meter reading* (AMR) system installations.

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<sup>3</sup> Horizon Power, *Western Australia Electricity Market Metrology Procedure for Metering Installations*, 23 June 2006. The ERA is currently reviewing updates to this document that were proposed by Horizon Power.

32. The most recent WA Electrical Requirements, dated January 2014<sup>4</sup> and available from the Department of Mines, Industry Regulation and Safety<sup>5</sup>, no longer contains requirements for mandatory link criteria. For this reason, the removal of Appendix 1 and consequential amendments to remove the term *WAER* from the updated document is accepted.

## ERA's Draft Findings

33. Subject to Horizon Power retaining clauses 4.2 and 4.4, the ERA finds that Horizon Power's updated mandatory link criteria meet the approval criteria of the Code.

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<sup>4</sup> Energy Safety (Department of Mines, Industry Regulation and Safety), *WA Electrical Requirements*, January 2014 (re-issued December 2015 incorporating amendments No. 1 and No. 2)

<sup>5</sup> Department of Mines, Industry Regulation and Safety website:  
<http://www.commerce.wa.gov.au/publications/wa-electrical-requirements-waer> (accessed 13/11/2017).