

Reference number(s)	003 - Recovering Certification Costs
Relevant clause(s)	Clause 10.22 – Change of metering equipment provider
Problem definition	<p>MEPs pay certification costs for metering installations and then recover these costs over the life of the certification, usually from the retailer at the point of connection. If the MEP for a point of connection changes, the outgoing MEP (“losing MEP”) is unable to recover these costs from the retailer, even if the costs may have only recently been incurred. This places a financial penalty on the losing MEP. It also acts as a disincentive on an MEP to recertify a metering installation, if the MEP perceives it may be displaced by a new MEP (“gaining MEP”).</p> <p>The Code seeks to address this issue. Under clause 10.22(2)-(3) the gaining MEP must pay the losing MEP a proportion of the costs attributable to the certification tests and calibration tests of the metering installation or its components.</p> <p>However, the wording of clause 10.22(2)-(3) is not entirely clear about:</p> <ul style="list-style-type: none"> a) when this obligation arises, and b) which costs are covered. <p>In particular, the wording is unclear about which costs are covered when the gaining MEP replaces all or part of the metering installation after assuming responsibility for it.</p>
Proposal	<p>The Authority proposes to amend clause 10.22 so that, should the MEP at a point of connection change:</p> <ul style="list-style-type: none"> a) if the gaining MEP retains, and continues to use, any of the metering components in the metering installation (without having the components or the installation recertified) for more than three business days after the MEP change event date, the gaining MEP must pay to the losing MEP the certification/calibration costs of those components, prorated for the remainder of the certification validity period b) if the gaining MEP removes from use, or recertifies, any metering components in the metering installation within three business days of the MEP change event date, the gaining MEP is not required to pay to the losing MEP the certification/calibration costs for the removed or recertified components c) if the gaining MEP removes from use, or recertifies, any metering components in the metering installation later than three business days after the MEP change event date, the gaining MEP must still pay to the losing MEP the certification/calibration costs of those components, prorated for the remainder of the certification validity period, even if that period is no longer valid due to the removal or recertification. <p>We propose to use a timeframe of three business days because this gives certainty for the losing MEP, while allowing the gaining MEP a buffer to complete any planned metering equipment changes.</p> <p>The gaining MEP will know in advance it will be the MEP. Therefore, prior</p>

	<p>to assuming responsibility for the metering installation, the gaining MEP will have time to decide whether to reuse, or displace, some or all of the losing MEP's metering components.</p> <p>A short timeframe also ensures the losing MEP's metering equipment is not used for an extended period without any reimbursement from the gaining MEP.</p>
<p>Proposed Code amendment</p>	<p>10.22 Change of metering equipment provider</p> <p>...</p> <p>(2) The gaining metering equipment provider must, within 20 business days of assuming responsibility for a metering installation, pay the losing metering equipment provider the proportion of the costs described in subclause (3) <u>and subclause (4)</u>.</p> <p>(3) The costs payable under subclause (2) are those directly and solely attributable to the certification tests and calibration tests of—</p> <p>(a) <u>the metering installation; or</u></p> <p>(b) <u>any of its metering components in the metering installation</u> from the period beginning on the date the gaining equipment provider assumes responsibility for the metering installation for the remainder of the certification validity period for the metering installation or the metering component.</p> <p>(4) <u>However, when calculating the costs payable under subclause (2)—</u></p> <p>(a) <u>no costs are payable for a metering component if the gaining metering equipment provider, within three business days of assuming responsibility for the metering installation,—</u></p> <p>(i) <u>replaces the metering component; or</u></p> <p>(ii) <u>removes the metering component from use; or</u></p> <p>(iii) <u>certifies the metering component;</u></p> <p>(b) <u>no costs are payable for a metering installation if the gaining metering equipment provider, within three business days of assuming responsibility for the metering installation,—</u></p> <p>(i) <u>replaces the metering installation; or</u></p> <p>(ii) <u>removes the metering installation from use; or</u></p> <p>(iii) <u>certifies the metering installation;</u></p> <p>(c) <u>the costs must be prorated for the longer of—</u></p> <p>(i) <u>the remainder of the certification validity period for the metering installation; and or</u></p> <p>(ii) <u>the remainder of the certification validity period for the metering component.</u></p>
<p>Assessment of</p>	<p>The proposed Code amendment is consistent with the Authority's objective,</p>

<p>proposed Code amendment against section 32(1) of the Act</p>	<p>and section 32(1)(c) of the Act, because it would contribute to the efficient operation of the electricity industry.</p> <p>It would do this by making it easier for participants to understand clause 10.22(3) of the Code, and calculate the amounts payable.</p> <p>The proposed amendment is expected to have little or no effect on competition or reliability of supply.</p>
<p>Assessment against Code amendment principles</p>	<p>The Authority is satisfied the proposed Code amendment is consistent with the Code amendment principles, to the extent they are relevant.</p>
<p>Principle 1: Lawfulness.</p>	<p>The proposed Code amendment is consistent with the Act, as discussed above in relation to the Authority's statutory objective and the requirements set out in section 32(1) of the Act.</p>
<p>Principle 2: Clearly Identified Efficiency Gain or Market or Regulatory Failure</p>	<p>The proposed Code amendment is consistent with principle 2 because it addresses a regulatory failure that is leading to a market inefficiency, and which requires a Code amendment to resolve.</p>
<p>Principle 3: Quantitative Assessment</p>	<p>Please refer to the assessment of costs and benefits in section 3 of the consultation paper.</p>
<p>Regulatory statement</p>	
<p>Objectives of the proposed amendment</p>	<p>The proposal's objective is to clarify when a gaining MEP must pay for certification and calibration costs attributed to metering components the MEP assumes responsibility for and uses.</p>
<p>Evaluation of the costs and benefits of the proposed amendment</p>	<p>Please refer to the assessment of costs and benefits in section 3 of the consultation paper.</p>
<p>Evaluation of alternative means of achieving the objectives of the proposed amendment</p>	<p>The Authority has not identified an alternative means of achieving the objectives of the proposed Code amendment.</p>