Best Offer regulation changes – how ready are you?

Get ready.

Best offer regulation goes live this July.

Victorian retailers are just months away from changes to the Victorian Retail Code going live, specifically, the requirement to now display the best available offer on customer bills.

Unsure of where you should be, in order to go live in July?

We've developed a timeline to assist in staying across key milestones as Victorian retailers prepare for these changes over the coming months:[Best Offer Regulatory Changes Timeline Infographic](#)

Would you like to talk to our subject matter expert in more detail? [Get in touch](#) with us today.

Major reforms to the Energy Retail Code set to impact

Victorian retailers.

In October 2018, Victoria's energy regulator introduced major reforms to the Energy Retail Code, changes that will have huge implications for you, as a Victorian retailer, and the responsibilities you have to your customers.

The Essential Services Commission has implemented these changes to provide greater transparency around energy prices for Victorian consumers.

Key changes to the Victorian Energy Retail Code

From 1 July 2019, you, as a Victorian energy retailer, will be obliged to*:

- tell customers whether they're on your best generally available energy plan and how much they could save by switching to that plan (best offer message), at least quarterly for electricity bills and at least every 4 months for gas bills
- give customers at least five days warning before making changes that will affect the customer's bill (and include the 'best offer' message)
- provide clear and helpful advice about your energy plans before signing a customer on to a new energy deal (taking into account all relevant terms and conditions)

While there will be a grace period for you to implement this new requirement, non-compliance will be a breach of the Victorian Retail Licence Conditions.

*(*Full details are contained in the Essential Services Commission 30/12/18 final decision: Building Trust through new customer entitlements in the retail energy market)*

Ensuring compliance to the new regulations

With 1 July only months away, you should already be thinking about how you can perform the extensive calculations required to ensure each and every customer is on best available energy plan.

We have been developing software solutions that adapt to the ever-evolving needs and regulations of the Australian energy market since 2005, and has released a new tool to help retailers meet their best offer obligations.

Brave's intelligent and powerful calculation engine, the Best Offer Calculator, can automatically determine your best offer/s and easily produce electricity and gas bills in line with the new regulations. This cloud-based solution will perform the complex task of calculating each generally available offer, determine the one that is the best for your customer and provide this detail via a standard API. The details provided can then be used when generating invoices, welcome packs or bill change notices.

The Best Offer Calculator can easily integrate with any current billing system, allowing retailers to meet regulatory requirements with a minimum of change to existing systems and processes.

Click **here** for more information on our Best Offer Calculator that will keep you compliant in a simple, automated way.

Brave wins Best Exhibitor Award at Australian Utility Week 2018.

Breaking the mould and challenging the norm.

When asked 'what does being Brave mean?' we all answer it a little bit differently here at Brave Energy Systems… and that's the point isn't it? After 15 years of growing our brand and developing solutions for our customers that make a difference to their business, we have all experienced challenges that we have needed to overcome. One thing we all say, though, is that we are not afraid of pushing the limit, stepping outside of the box and using new technology and a new way of thinking to advance an industry that often feels held back from being able to spread their wings…

Home of the Brave.

We were back this year as Gold Sponsors at Australian Utility Week held on Nov 21-22 at Melbourne Convention and Entertainment Centre.

We kept the house frame and the nod to renewable energy from 2017's display, but it was important to us that we didn't 'just do the same thing' as last year… even though it was pretty great last year too! We wanted to challenge ourselves, so we asked 'what can we do differently and what can we do better?'.

The answers were centred around our brand and our solutions. We know that a differentiator of ours is that we are local and

have real people, who genuinely care about Australian utilities and enabling them to succeed. We wanted everyone at AUW18 to see in our people, what we see in them everyday — passion and dedication. So we brought a bigger team, with more diverse skillsets, who were able to have meaningful conversations with visitors, no matter the topic. We wanted to make our stand a home for one and a home for all.

That means having a bit of fun too! So we introduced 'the games room' where visitors were competing for top prizes and we promised we wouldn't take ourselves too seriously.

Brave coffee was a hit and we hear it may have even helped us get the win… we are only now at the start of day 2 and we have already made over 500 coffees for our caffeine fiends here at the Show.

We also added in a bit of 'background buzz' in the form of fun promo videos that walk you through our company, and some of our solutions. We are thankful that nobody has complained yet about these videos being on loop… hopefully this is a sign that they are pretty great too!

Thanks for dropping by our house.

To the 1000+ visitors we have already seen at AUW18, thanks for dropping by. The conversations have been valuable and we have really enjoyed meeting new people, as well as talking to those who we have known for many years. We look forward to continuing the discussions in more detail outside of the Show.

To the other exhibitors at AUW18, we acknowledged on Day 1 that everyone has really stepped it up this year. Secure Meters — we thought you were going to pip us at the post… what a great stand you had this year. Newcomers, MessageMedia, was another standout we can;t help but acknowledge.

From all of us at Brave, thank you for your ongoing support

and we look forward to bringing you more innovation and fun at AUW19!

Are your systems ready for the pile up of 5-minute settlement data?

Coming into effect on 1 July 2021, the move to five-minute settlement will align the physical electricity system — which matches demand and supply of electricity every five minutes — with the price signal provided by the market for that five-minute period. With potentially up to six times the amount of meter data to manage, Market Participants need to use the transition period wisely to assess whether their current IT systems are capable of handling increased data volumes.

Why five-minute settlement?

The National Electricity Market (NEM) operates as a gross pool market, where all electricity delivered to the market is traded 24-hours a day, seven days a week. The Australian Energy Market Operator (AEMO) manages trading in the NEM, according to trading rules governed by the National Electricity Rules.

AEMO dispatches electricity every five minutes, so generators are required to bid to supply electricity in five-minute periods. For the past two decades, for the purposes of settlement, this price has been averaged out over 30 minutes — resulting in what is known as the spot price.

"In the NEM in its current form, there is a mismatch between dispatch and settlement: dispatch prices are calculated every five minutes, while the market is settled on the basis of the time-weighted average of the six five-minute dispatch prices over the 30-minute trading interval," Peter Taylor, COO at Brave Energy Systems, said.

"The disparity between dispatch and settlement timeframes creates market distortions that lead to inefficiencies in operation and market composition (generation mix and demand response). The recent incidences of strategic late bidding by generators and manipulation of the market by withdrawing Queensland generation are market distortions, which are then accentuated by the current market structure of five-minute dispatch and the 30-minute trading."

Studies have shown that generators can take advantage of the 30-minute settlement period by adjusting their bidding patterns to create scarcity in one five minute bidding period, pushing the price up, and then flooding the market with capacity that is suddenly made available.

Enabling the power system to operate in a more dynamic way

On 28 November 2017, the Australian Energy Market Commission (AEMC) made a final rule to change the settlement period for the electricity spot price from 30 minutes to five minutes.

The AEMC claims that over time, improved price signals will lead to more efficient decisions by generators, lowering wholesale costs which make up around one third of a typical bill.

Five-minute settlement starts on 1 July 2021 to give everyone time to adjust and the AEMC recommends that, where necessary,

retailers use the transition period to upgrade/make changes to the following IT systems:

- Settlement
- Risk management
- Trading
- Reporting
- Data collection and storage

Coping with the additional data load

The shift to five minute settlement means that energy retailers will have additional meter data to manage, and more granular meter profiles, which will be at a five minute increment rather than 15 or 30 minutes.

"Generally, meter data reads will increase six times (30 minutes to five minutes) or three times (15 minutes to five minutes). Major IT upgrades may be required depending on the robustness of the current solution to handle higher volumes of data," Peter said.

"Utilities will need to assess the impact of this change and discuss with their IT service provider to determine if increased data storage capacity is required."

The expected AEMO IT system interface changes related to retailers will involve: supporting five-minute metering data submission to AEMO; deciding whether to use a new or existing MDFF format for five-minute submission; and changes to MDM profiling for settlement to support 30-minute, five-minute and accumulation meter data.

AEMO will develop technical specifications to provide enough detail for participants to understand the required changes to

their own systems/processes that interface with AEMO.

Peter Taylor said that choosing an accurate, market compliant software solution is crucial in ensuring retailers and metering service providers can make a smooth transition to five-minute settlement.

"Brave's Retail Billing solution will be fully compliant and able to handle five-minute settlement data across impacted modules. Even more importantly, Brave's Meter Data Management solution will be capable of managing five-minute data, as will the specific metering service provider solution in order to package the five-minute data to the market. This means identifying and managing the data at the core of the system, enabling all modules to adapt to the new requirements.

Customers can also continue to enjoy the back-office service delivery with the knowledge that their solution will be compliant to the market when five-minute settlement data obligations come into effect."

Australian Utility Week 2018

21-22 November 2018 will see all major utilities under one roof at the Melbourne Convention and Entertainment Centre. What a perfect opportunity to visit Brave's stand (D11) and talk more about these upcoming changes and what you can do now to prepare and comply.

Click **here** for more information on how to reach us at the Australian Utility Week expo.

Utilities forced to strengthen data management systems

Effective data management key to ensuring regulatory compliance

Subject to an increasing number of rules and regulations, and a proliferation of data from the roll-out of smart meters across Australia's eastern states, utilities are being forced to strengthen their data management systems and processes to avoid costly penalties — and even more catastrophic outcomes.

Data integrity threatened by under-management

Effective data management is critical for all utilities and one of the processes most affected by poor quality data is the "meter to cash" process, the important function of turning meter readings into customer invoices.

If a utility mismanages its data, the impact will not only be felt on the "cash" side of the ledger, in the form of revenue leakage, but also in operational inefficiencies and a degradation of customer service.

When combined with a failure of business processes, the consequences of poor data management can even be fatal — as in the case of the accidental disconnection of a life support customer's power, an extreme but rare example.

New regulations

On 28 February 2017, the Australian Energy Regulator (AER) submitted a rule change request to strengthen protections for customers that have a person requiring life support equipment residing at their premises.

The final rule made by the Australian Energy Market Commission (AEMC) on 19 December 2017 provides better protection for life support customers, allocates responsibilities clearly and appropriately between retailers and distributors, and improves the accuracy of life support registers. This rule will come into effect from 1 February 2019, but transitional arrangements began on 1 February 2018.

A less extreme but also damaging outcome is the $20,000 penalty that can be imposed by the AER for a breach of the National Energy Retail Law (Retail Law), and the negative brand image that results from the inevitable reporting of these breaches in the public press.

Preventing common data management mistakes

Trent Jenkins, Chief Technology Officer at Brave Energy Systems, said he has observed several common mistakes when it comes to data management in utilities.

"The first failure point is the lack of a clear definition of which systems own which data attributes, and we often see blurred boundaries on which systems manage what data.

"Where this is not clearly defined, the associated processes that maintain and synchronise this data between systems also

become ill-defined. Different data in different systems leads to operational confusion and a lack of trust in the systems that support the business."

In some cases, a utility may have clear definitions of its data ownership boundaries, however another issue often emerges.

"The systems landscape for utilities is, and has been, changing rapidly since the introduction of contestability in the late 90s and early 2000s. In the early stages of this change, there was often just one system (e.g the monolithic billing system). This system would also manage premise and meter data, but as the industry has changed, so too have the needs of this data by other parts of the system," Mr Jenkins said.

"By way of example, managing meter data has typically been the sole responsibility of the billing engine. This data, once loaded into the billing system is subjected to the rules of the billing engine — this could mean the data is rejected, adjusted or manipulated in order to allow the billing engine to complete its function.

"The use of meter data within a utility has changed significantly over the last decade however. Additional processes need this information — settlement processes, trading systems, analytics and NUOS charge reconciliation to name a few.

"The question now is 'how do the rules applied by the billing engine affect these other system processes?'. If I'm adjusting meter data to satisfy a customer complaint on an estimate that is too high, do I still expect my settlement and NUOS reconciliation processes to be accurate? The short answer is no. The needs of these upstream processes are different to those of the billing system and so the default architecture of having the billing system act as the meter data repository

needs to be revisited."

Another common issue is when data consistency is not maintained across all systems, resulting in large, one-off data rectification projects which rarely deal with the source of the data drift and focus on uplifting the data quality at that point in time.

"A common example of this is keeping the billing system aligned with the standing data information within MSATS. It is a complex process to maintain 100 per cent accuracy, but, unfortunately, the failure to do so leads to issues such as operational efficiency, customer dissatisfaction and revenue impacts," Mr Jenkins said.

"Brave offers [standing data reconciliation](#) software that ensures you can regularly identify the differences between your billing platform and MSATS early enough to avoid these negative outcomes."

Preparing for huge data volumes

The introduction of smart meters has significantly increased the data storage and processing needs of market participants' systems.

Modern IT infrastructure and its corresponding processing power are becoming even more essential in ensuring utilities can effectively manage their data.

"The move to on-demand scaling and processing that is provided by cloud providers such as AWS and Azure will, in Brave's view, become core components of the future utility data management strategy," Mr Jenkins said.

"Brave's strategy is to ensure our products continue to meet and exceed the processing throughput of our largest customers

and we are therefore currently porting our flagship product, the Bravo retail, metering services and distribution solutions, to the Azure Cloud in a Platform as a Service model."[Talk to us about Cloud today](#)