

10.02

# Procedure for assigning customers to a tariff class

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# 1 INTRODUCTION

1. Ausgrid provides both transmission and distribution services through its network in Sydney, Newcastle, the Hunter Valley and Central Coast of NSW.
2. This document is Ausgrid's proposed procedure for assigning and re-assigning retail customers to network tariffs and tariff classes for standard control distribution services for the regulatory control period commencing on 1 July 2019.

## 1.1 Assignment of existing customers to tariff classes at the commencement of the regulatory control period

3. Ausgrid's customers will be taken to be "assigned" to the tariff class which was charging that retail customer immediately prior to 1 July 2019 if:
  - They were a customer prior to 1 July 2019
  - Continue to be a customer as at 1 July 2019.

## 1.2 Assignment of new customers to a tariff class during the regulatory control period

4. If, after 1 July 2019, Ausgrid becomes aware that a person will become a retail customer of Ausgrid, then Ausgrid must determine the tariff class to which the new customer will be assigned.
5. In determining the tariff class to which a retail customer or potential retail customer will be assigned, or reassigned, in accordance with paragraphs 4 or 7 of these procedures, Ausgrid must take into account one or more of the following factors:
  - The nature and extent of the customer's usage
  - The nature of the customer's connection to the network<sup>1</sup>
  - Whether remotely-read interval metering or other similar metering technology has been installed at the customer's premises as a result of a regulatory obligation or requirement.
6. In addition to the requirements of paragraph 5 above, when assigning or reassigning a retail customer to a tariff class, Ausgrid must ensure:
  - Retail customers with similar connection and usage profiles are treated equally<sup>2</sup>
  - Retail customers which have micro-generation facilities are not treated less favourably than customers with similar load profiles without such facilities.<sup>3</sup>

## 1.3 Reassignment of existing customers to another existing or a new tariff class during the regulatory control period

7. Ausgrid will make an annual assessment of the nature of each retail customer's connection (i.e. type and voltage of the metering point) as at 31 December in the regulatory year prior to the 1 July price change.

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<sup>1</sup> The AER interprets "nature" to include the installation of any technology capable of supporting time based tariffs.

<sup>2</sup> NER, cl 6.18.4(2)

<sup>3</sup> NER, cl 6.18.4(3)

## **1.4 Notice of proposed assignments and reassignments and rights of objection**

8. Ausgrid must notify the retail customers' retailer in writing or through appropriate B2B processes prior to the reassignment occurring. The obligation to notify a retail customer's retailer does not apply if the retail customer has agreed with its retailer and Ausgrid that its network charges are to be billed by Ausgrid directly to the retail customer, in which case Ausgrid must notify the retail customer directly.
9. A notice under paragraph 8 above must include advice informing the retail customer's retailer that they may request further information from Ausgrid and that the retail customer or their retailer may object to the proposed reassignment. This notice must specifically include:
  - NMI
  - Existing network tariff and tariff class
  - New network tariff and tariff class
  - The reason for the decision to re-assign retail customer to a new tariff class.
10. In addition the notice will provide the following information:
  - Either a copy of Ausgrid's internal procedures for reviewing objections or complaints of this type or the link to where such information is available on the Ausgrid's website
  - That if any objection is not satisfactorily resolved under Ausgrid's internal review process within a reasonable timeframe, then to the extent that the matter relates to a small retail customer and resolution of such disputes are within the jurisdiction of the Energy & Water Ombudsman NSW (EWON) the retail customer is entitled to escalate the matter to the EWON
  - That if the objection is not resolved to the satisfaction of the retail customer under the Ausgrid's internal review system or EWON processes, then the retail customer is entitled to seek a decision of the Australian Energy Regulator (AER) via the dispute resolution process available under Part 10 of the National Electricity Law (NEL).
11. If, in response to a notice issued in accordance with paragraph 8 above, Ausgrid receives a request for further information from a retail customer, then it must provide such information. If any of the information requested by the retail customer is confidential then it is not required to provide that information to the retail customer.
12. If, in response to a notice issued in accordance with paragraph 8 above, a retail customer or their retailer makes an objection to Ausgrid about the proposed assignment or reassignment, Ausgrid must reconsider the proposed assignment or reassignment. In doing so Ausgrid must take into consideration the tariff assignment factors and notify the retail customer's retailer in writing of its decision and the reasons for that decision.
13. If an objection to a tariff class assignment or reassignment is upheld, then any adjustment which needs to be made to tariffs will be done by Ausgrid as part of the next annual review of prices.
14. If a retail customer objects to Ausgrid's tariff class assignment Ausgrid must provide the information set out in paragraph 9 above and adopt and comply with the arrangements set out in paragraphs 6, 7 and 8 above in respect of requests for further information by the retail customer and resolution of the objection.

## **1.5 Assignment or re-assignment of a customer to a network use of system tariff**

15. Ausgrid is required under section 6.18.5 of the National Electricity Rules (NER) to undertake an annual review of the network tariffs of existing retail customers. Ausgrid proposes to undertake this review as part of the annual pricing proposal process.
16. If an existing customer in an applicable tariff class is identified during the annual tariff review as having changed their network usage to the extent that they no longer are eligible to remain assigned to their existing tariff, Ausgrid must re-assign this customer to another tariff in accordance with the tariff eligibility criteria set out in the Tariff Structure Statement as part of the next annual pricing proposal process.
17. To avoid unnecessary transaction costs associated with assigning or re-assigning retail customers to another network tariff that could arise from temporary changes to network usage, Ausgrid proposes to only re-assign an existing retail customer to another network tariff on the basis of at least 24 months of historical volume data
18. Ausgrid may take into account other relevant information in determining whether a retail customer's tariff remains appropriate.
19. Ausgrid is required to notify the retail customer or their retailer prior to the proposed network tariff re-assignment occurring.
20. This notice must specifically include:
  - NMI
  - Existing network tariff
  - New network tariff
  - The reason for the decision to re-assign retail customer to a new tariff.
21. In addition, the notice will provide information on Ausgrid's procedure for reviewing objections or complaints of this type or the link to where such information is available on the Ausgrid's website.
22. If any objection is not satisfactorily resolved under Ausgrid's internal review process within a reasonable timeframe, then to the extent that the matter relates to a small retail customer and resolution of such disputes are within the jurisdiction of the EWON the retail customer is entitled to escalate the matter to the EWON.
23. If the objection is not resolved to the satisfaction of the retail customer under Ausgrid's internal review system or EWON processes, then the retail customer is entitled to seek a decision of the AER via the dispute resolution process available under Part 10 of the NEL.
24. If an objection to a network use of system tariff assignment or reassignment is upheld by the AER, then any adjustment which needs to be made to tariffs will be done by Ausgrid as part of the normal billing process, inclusive of any compensation relating to the time value of money.