

21 April 2009

Chris Pattas
General Manager
Network Regulation South
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Chris

Interval Meter Reassignment Requirements – Draft Decision

Australian Power & Gas welcomes the opportunity to provide comment to the above paper, released in March 2009. In summary, our key concerns and recommendations are:

- We do not believe that Retailers should be required to provide specific notification to customers
- The distributor should notify the retailer of the meter change and/or NTC change 30 days in advance.
- Network Tariff Code (NTC) reassignment notifications should also be available in a market/ industry database (e.g. MSATS) so both outgoing and incoming retailers can be notified in advance.
- Distributors may choose to delay the NTC reassignment to a period after the meter exchange; this can be 6 months after the meter exchange. Where this occurs the Distributor should still provide the NTC reassignment notification within the same timeframe.
- Given the potentially large number of NTC reassignments under the AMI rollout, we recommend the grounds for customer appeal be tightened to ensure the validity of each appeal and to minimise the turnaround time. Further to this we consider the only valid grounds for appeal to be where a customer has an NTC incorrectly reclassified from residential to commercial, and vice versa.
- For retailers the right of appeal should also extend to NTCs reassignments within the residential category, for example from a single rate NTC to a two rate (peak/off peak) NTC. Both kinds of appeal should be reviewed by the network without charge, before the next scheduled read to minimise impact on customer billing.

Network Tariff Code Change Communication

A transitional arrangement is being proposed where the Network Tariff Code is not initially reassigned, we expect to see occasions where reassignment to a Time of Use (TOU) NTC happens sometime after the physical meter exchange. *It is not clear how as a retailer we can be sure that Distributors will provide sufficient notification in advance of the change, particularly as it could take up to 6 months after the meter exchange for the NTC to be reassigned.*

Where a network reassigns the NTC to a TOU from day one, we understand this is being considered where Control Load Meters (CLM) are in place, we would be grateful for as much time as possible to prepare our communication to these customers. The reason for this is the greater impact this change will have on them, the earlier the communication will allow for greater flexibility in using their Control Load Appliances, along with the opportunity to understand the impact of this change. We have contacted the distributors directly regarding this issue.

We would like to bring your attention to an issue surrounding the 45 day notice, our concerns are if the incoming retailer does not know a NTC reassignment is taking place and a churn occurs between either day 1 and 45 this could create issues before the scheduled NTC reassignment date. We recommend that pending NTC reassignments be flagged in a publicly available database, such as MSATs through NMI discovery. It is also not clear why the 45 day rule is restricted to just customers under 20MWh, it would be helpful if consistency could be provided. Finally, we believe the 45 day NTC reassignment notice is inconsistent with the 30 day meter exchange notice from the networks, which was approved by the Advanced Metering Industry Group (AMIPO) and the Industry Steering Committee (ISC). It would be ideal if the networks could provide to the retailers/MSATS the notification of the NTC reclassification and the meter exchange in the same workflow, this will minimise confusion and transaction volumes.

We also understand that Distributors may choose to delay the NTC reassignment to a period after the meter exchange; this can be 6 months after the meter exchange. We wish to emphasise that where this occurs the Distributor will still provide the NTC reassignment notification within the same timeframe.

We have concerns with the requirement for a retailer to provide a customer notification within 10 days of a tariff change, especially as the network tariff change will not necessarily result in a change in the retail tariff. As you are aware where a retail tariff does change we are required as part of our contract to inform a customer of a change in retail tariff, 26.4 of the Energy Retail Code states that retailers are required to give notice as soon as practicable, and in any event no later than the customers next bill period. We therefore do not believe that specific notification is required as this has the potential to confuse customers. With regards to the notification a period of 30 days would be sufficient to allow the customer the opportunity to consider the change, as well as giving the retailer the opportunity to amend systems.

The draft decision made reference to clause 2.1.25 of the December 2008 Price Determination¹. Given the potentially large number of NTC reassignments under the AMI rollout, we recommend the grounds for appeal be tightened to ensure the validity of each appeal and to minimise the turnaround time. Further to this we consider the only valid grounds for appeal to be where a customer has an NTC incorrectly reclassified from residential to commercial, and vice versa.

For retailers the right of appeal should also extend to NTCs reassignments within the residential category, for example from a single rate NTC to a two rate (peak/off peak) NTC. Many customer contracts are written based on the original NTC and as a result there is limited ability to change pricing. To ensure the benefits of AMI are realised retailers should have the ability to reverse or delay the reassignment until the expiry of the customer contract.

Both kinds of appeal should be reviewed by the network without charge, before the next scheduled read to minimise impact on customer billing.

Please contact my colleague Bonson Lam on 02 8908 2709 or me, we would be happy to discuss any of the above comments.

Yours sincerely

Thomas Jennings

Regulatory & Compliance Manager

ⁱ '2.1.25 If a distribution customer disagrees with the distribution tariff to which that distribution customer has been assigned, then that distribution customer may give a written notice to the Commission and the distribution business requesting that they be reassigned.'