

ATTACHMENT 10.3

PROCEDURE FOR ASSIGNING AND REASSIGNING CUSTOMERS TO TARIFFS

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1. Introduction

The current procedure for assigning and reassigning customers to tariffs for the current regulatory period is contained within Appendix A of the AER's decision for the 2009-14 regulatory control period.

Essential Energy proposed that the AER should use the same procedure for assigning and reassigning customers to tariffs as that used to assign and reassign customers to tariffs during the current regulatory control period.

The AER has rejected Essential Energy's proposed tariff class assignment methodology. The AER has based this decision on the false assumption that Essential Energy's proposed methodology will limit a retail customer's ability to seek recourse should they disagree with their tariff class assignment.

2. Relevant rule requirements

For the regulatory control period, the National Electricity Rules (the Rules), Clause 6.12.1 (17) requires the AER to make:

“a decision on the procedures for assigning retail customers to tariff classes, or reassigning retail customers from one tariff class to another (including any applicable restrictions)”

3. Proposed arrangements for the 2014-2019 regulatory control period

In response to the AER's draft decision on Essential Energy's proposed tariff assignment methodology, Essential Energy resubmits a revised tariff assignment methodology to include reference to:

- > our published procedure for customer complaints and dispute resolution; and
- > the practical need to include the customer's retailer as a contact for written notification

The revised methodology can be found at Appendix A.

Appendix A - Procedure for assigning and reassigning customers to tariffs

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

1. Each customer who was a customer of Essential Energy immediately prior to 1 July 2015, and who continues to be a customer of Essential Energy as at 1 July 2015, will be taken to be “assigned” to the tariff class which Essential Energy was charging that customer immediately prior to 1 July 2015.

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

2. If, after 1 July 2015, Essential Energy becomes aware that a person will become a customer of Essential Energy, then Essential Energy will determine the tariff class to which the new customer will be assigned.
3. In determining the tariff class to which a customer or potential customer will be assigned, or reassigned, in accordance with section 2 or 5, Essential Energy will take into account one or more of the following factors:
 - a. the nature and extent of the customer’s usage;
 - b. the nature of the customer’s connection to the network;
 - c. 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.
4. In addition to the requirements under section 3, Essential Energy, when assigning or reassigning a customer to a tariff class, will ensure the following:
 - a. that customers with similar connection and usage profiles are treated equally;
 - b. those customers who have micro–generation facilities are not treated less favourably than customers with similar load profiles without such facilities.

Reassignment of existing customers to another existing or a new tariff during the next regulatory control period

5. Essential Energy will review an existing customer’s assigned tariff and, following that review, may reassign the existing customer to a another tariff in the following situations:
 - a. Essential Energy receives a request from the customer’s retailer to review the tariff to which the existing customer is assigned; or
 - b. Essential Energy believes that an existing customer’s load characteristics or connection characteristics (or both) have changed such that it is no longer appropriate for that customer to be assigned to the tariff class to which the customer is currently assigned or, a customer no longer has the same or materially similar load or connection characteristics as other customers on the customer’s existing tariff, then Essential Energy may reassign that customer to another tariff class.

Notification of proposed assignments and reassignments

6. Essential Energy will notify the customer’s retailer of tariff assignments or reassignments in accordance with:
 - a. When a request is received under 5(a) above, Essential Energy will notify the customer’s retailer in writing of its decision, and if the decision is not to change the tariff or to assign a tariff other than that proposed by the retailer, the reasons for the decision; or
 - b. When the customer’s tariff is reviewed under 5(b) above, Essential Energy will notify the customer’s retailer in writing of the tariff class to which the customer has been assigned or reassigned, prior to the assignment or reassignment occurring.
7. A notice under paragraph 6 above must include advice informing the retailer that they may request further information from Essential Energy and that the retailer or retail customer may object to the proposed reassignment. This notice must specifically include reference to Essential Energy’s published procedure for customer complaints and dispute resolution.

8. If, in response to a notice issued in accordance with section 7 above, Essential Energy receives a request for further information from a retailer or retail customer, then it must provide such information within a reasonable timeframe. If Essential Energy reasonably claims confidentiality over any of the information requested by the retailer or retail customer, then it is not required to provide that information to the retailer or retail customer. If the retailer or retail customer disagrees with such confidentiality claims, he or she may have resort to the complaints and dispute resolution procedure, referred to in section 7 above.
9. If, in response to a notice issued in accordance with paragraph 7 above, a retailer or retail customer makes an objection to Essential Energy about the proposed assignment or reassignment, Essential Energy must reconsider the proposed assignment or reassignment. In doing so Essential Energy must take into consideration the factors in paragraphs 3 and 4 above, and notify the retailer or retail customer in writing of its decision and the reasons for that decision.
10. If a retailer or retail customer's objection to a tariff class assignment or reassignment is upheld, in accordance with Essential Energy's published procedure for customer complaints and dispute resolution then any adjustment which needs to be made to tariffs will be done by Essential Energy as part of the next annual review of charges.

System of assessment and review of the basis on which a customer is charged

11. Where the charging parameters for a particular tariff result in a basis of charge that varies according to the customer's usage or load profile, Essential Energy will set out in its pricing proposal a method of how it will review and assess the basis on which a customer is charged.