

26 March 2020

Essential Services Commission of Victoria

Submitted online via:

<https://engage.vic.gov.au/changing-back-billing-rules-retail-energy-customers>

Submission 'changing the back-billing rules for retail energy customers'

Tango Energy thanks the Essential Services Commission of Victoria (ESCV) for the opportunity to make this submission on the ESCV's draft decision on changing the back-billing rules for retail energy customers. We agree broadly with the ESCV's intent to include obligations in the Electricity Distribution Code and Gas Distribution System Code to reflect and align with the obligations being placed on retailers in the Energy Retail Code.

It is unclear how the proposed amendments to the Electricity Distribution Code clauses 15A.1.2 and 15A.1.3 are intended to operate with 15A.1.1 (and similarly for 12.3(b) and (c) with 12.3(a) for the Gas Distribution System Code) where a distributor adjusts network charges that a retailer is not allowed to recover from the customer under the back-billing rule. There is a need for greater clarity about whether the distributor is still allowed to charge the retailer in these instances.

Our interpretation is that the effect of 15A.1.2 and 15A.1.3 appear to negate the intent of Clause 15A.1.1. We request that Clauses 15A.1.2 and 15A.1.3 are removed, or at a minimum, further reviewed with respect to their intent and clarified. Similarly, we recommend that the proposed Clauses 12.3(b) and (c) of the Gas Distribution System Code are removed or revised in the same manner.

Justifications

In Victoria, where distributors are also responsible for the delivery of metering data, there may be significant delays in delivering meter data (or a backdated adjustment) that is not the result of an omission or unlawful act of the customer, that subsequently result in a retailer being unable to back-bill the customer due to the 4-month restriction.

Allowing the distributor to correct data beyond this period does not incentivise the distributor to perform its metering data obligations in a timely manner (i.e. obtain reads and/or update systems correctly).

Similarly, if there is a delay in updating a cost reflective network tariff initiated by the distributor that results in a significant increase in the customer's bill (for example, moving from a Residential to a Business network tariff, or a single rate to demand network tariff), a retrospective network tariff change request in the national metering database (MSATS) can be backdated up to 140 business days¹; this is approximately 200 days (approx. 6.5 months).

While this is not currently an issue with the 9 month (270 days) restriction currently in the Energy Retail Code, the proposed amendment to the Energy Retail Code to 4 months (120 days) would create a misalignment of 60 days for which the distributor can back bill (that the retailer cannot then on-charge), and would not incentivize the distributor to update the network tariff in a timely manner the same way a retailer is incentivised to bill customers in a timely manner. The differences can be significant where there is a change in the nature of usage at a property and would be amplified particularly in situations where the use of a property has changed from residential to commercial (and load has increased significantly at the site).

If you would like to discuss this submission, please contact me at [REDACTED] or [REDACTED]

Yours sincerely,

[REDACTED]
Assurance and Compliance Manager
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¹ https://aemo.com.au/-/media/files/electricity/nem/retail_and_metering/market_settlement_and_transfer_solutions/2019/msats-procedures-cats-procedure-principles-and-obligations-v47.pdf?la=en&hash=1A788DCCEBEB92D2ADFD969157F079EA MSATS Procedures, section 20.5 CR3101