

16 August 2013

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**Commission Draft Decision
Harmonisation of the Energy Retail Code and Guidelines with the NECF
SP AusNet Submission**

Thank you for the opportunity to contribute to the consideration of a revised Energy Retail Code (ERC) (and associated instrument changes) based on the National Energy Retail Rules as they apply to retailers.

SP AusNet have made comments on the ERC v11 from a number of viewpoints. The ERC is an important element of the regulatory regime and in a number of areas sets expectations with respect to the retailers' relationships with distributors. Hence we have not limited this input to just those aspects which immediately impact on SP AusNet as a distributor, but rather have also highlighted some aspects of the drafting which potentially could lead to some uncertainties regarding retailer obligations.

Some of the matters SP AusNet have raised are with respect to the NERR "extract" which was used as the basis of the new ERC. It is recognised that drafting changes to this NERR extract content of the ERC does raise some issues regarding the ultimate NECF regime in Victoria, and in particular potential differences in the Victorian and national NECF regimes. However we note that alignment with the NECF has not been achieved in a number of aspects of the retailer-customer relationship as proposed in the ERC v11. SP AusNet as a distributor operating in a single jurisdiction have no direct issues with this, although any retailer regulatory confusion resulting from national inconsistency may ultimately reflect into the distributors' operational relationships with retailers.

SP AusNet have limited comments on the Electricity Distribution Code, the Electricity Customer Metering Code, and the Electricity Customer Transfer Code, to matters related to the changes proposed by the Commission. This should not be taken as SP AusNet being content that these current Codes are satisfactorily reflecting the present operational processes and benchmark practice, nor if transferred into the ultimate Victorian NECF scheme through the DSDBI's subordinate instruments, represent all that is required in these instruments to ensure a rigorous distributor regulatory regime.



For example:

- the EDC in Clause 9.1.14 requires notification to customers when their meter is exchanged for a smart meter that their tariff may change to a Time of Use tariff. This has not been applicable for some time and is particularly not applicable under the new flexible tariff regime.
- the SP AusNet Standard Terms and Conditions – Electricity Distribution Contract has not been updated since 2002. It still refers to TXU and the TXU website, and contains other superseded references. SP AusNet has not analysed in detail whether ERC v11 introduces any issues of incompatibility with this Contract.

SP AusNet comments:

Energy Retail Code

1 Applicability of the ERC v11.

The ERC v10 makes it clear up front that the Code only applies to Small Customers. The ERC v11 does not have this clarity, but rather generally (but not always!) uses the term “small customer”. Part 6 Division 1 Clause 107 breaks this “convention” by stating that “This Part applies to small customers only,”.

Does this mean that some aspects of the rest of ERC v11 now apply to other than Small Customers??

2 Clause 3 Definition of *best endeavours*

SP AusNet commends the Commission for including the definition of “*best endeavours*” in the Definitions as being to “...do what is reasonably necessary in the circumstances”. This provides a more realistic basis for service expectations than the NERR which leaves best endeavours undefined.

3 Clause 3 Definition of *energy marketing services*

SP AusNet understand that the clauses in ERC v11 with respect to marketing apply only to retailer marketing. The wording used generally in clause 65 and related clauses specifically refers to *retailer* marketing and *retailer marketers*.

Hence to include marketing of *customer connection services* in this definition is inconsistent and potentially confusing.

4 Clause 3 Definition of *life support equipment*

SP AusNet is concerned that the NERR definition of *life support equipment* has been retained in its entirety in ERC v11. SP AusNet considers that item (g):

in relation to a particular *customer*—any other equipment that a registered medical practitioner certifies is required for a person residing at the *customer’s* premises for life support;

has the potential to significantly broaden the type of equipment which can be certified by a medical practitioner. Whereas the current definition is related to specific items of medical equipment, the definition from the NERR through item (g) has now been extended to potentially include non medical equipment such as gas heating or electrical cooling.

If lack of heating/cooling is accepted as a life support equipment requirement then the medical industry's decision to grant a certification becomes less certain and significantly more qualitative. Whilst expectation would be that the medical industry would act professionally in certifying a heating/cooling based life support need, they will potentially be under pressure to provide this certification when strongly requested by the customer. This could lead to a blowout in the number of life support customers and potentially lead ultimately to either significantly increased industry costs to manage this evergrowing number of life support customers and/or put pressure on the level of service provided to life support customers.

This point was made strongly with the DPI (now DSDBI) by the Victorian gas distributors in late 2011 and 2012, and the DSDBI provided written advice that their policy expectation was that the requirement for life support would continue to be an obligation for gas, even though there were currently no gas life support equipment known. ie only specific medical equipment was life support equipment, and therefore, for example, gas heating was not life support equipment. In discussion in a NECF progress meeting the DSDBI agreed that the same policy position applied for electricity eg with respect to electrical cooling or heating equipment.

SP AusNet suggest that item (g) be removed from the definition of life support equipment.

5 Clause 3 Definition of *smart meter*

This definition does not clearly restrict the term to those meters installed for the AMI rollout (and hence meeting the Functionality Specification) which are being remotely read. The AMI meters can be installed and read manually and hence not provide the functionality and service levels to which the ERC v11 refers when using the term.

In the context of the ERC v11, *smart meters* should only refer to remotely read meters.

6 Clause 18 Customer details to be collected by the retailer

There are industry accepted details of the customer's contact data and premise information which the retailer should provide to the distributor where they are known to the retailer. These details are specifically defined in the industry B2B Procedure Customer and Site Details. These details are:

- customer contact details (ie mailing address) for outage notifications. This may not be the customer's "contact details for billing purposes"
- any access hazards eg dog, electric fence, etc
- access details eg need for key to be obtained

Hence it is appropriate for the ERC to oblige the small customer to provide this detail to ensure the full range of operational support data being available.

The customer's phone number(s) is the other key item of customer contact information. It is used by distributors for dealing with safety, outage, and emergency issues, and more recently to enable use of messaging to augment other contact mechanisms with respect to outages, etc.

SP AusNet suggest consider should be given to emphasising to retailers through the ERC v11 the importance of obtaining where possible these details from customers.

7 Various Metering Terminology

The industry and AEMO have a well developed suite of regulatory instruments defining all aspects of energy metrology. These instruments are generally consistent in their terminology (at least within each fuel) and hence this terminology is known and understood in an unambiguous way across the industry. The clauses in the ERC v11 which deal with metrology

do not use metrology terms and concepts in a way which is consistent with these metrology instruments. In this very important aspect of the ERC which impacts on customer energy data and on their energy bills, the ERC is unclear because of these terminology issues.

SP AusNet has not rigorously reviewed all these clauses and suggested wording changes. SP AusNet suggested that the Commission utilise the expertise of AEMO to provide a more complete review of the terminology. Some examples are:

- Clause 20 (b) (2) contrary to this sub clause the *metering rules* whilst they provide the obligation for meter reading, do not provide requirements for retailer bills; ie this clause should read as below or similar:
 - (2) The retailer must use its best endeavours to ensure that actual readings of the meter are carried out, consistently with the metering rules, as frequently as is required to prepare its bills ~~consistently with the metering rules~~ and in any event at least once every 12 months.
- Clause 21 (1) (c) *metering data* can include other than actual data ie data developed by estimation. Hence the retailer should be able to base a bill on an estimation if the *metering data* provided by the RP includes estimations. The “release” in (c) should hence read:
 - (c) actual *metering data* is not provided to the retailer by the responsible person.
- Clause 21 (2A) (a) for consistency and to avoid introducing additional terminology the reference to “estimated and/or substituted metering data” should be revised to “metering data based on estimation”.

Further this should be done “... in accordance with applicable metering energy laws.”
- Clause 25 (1) (i) as above *metering data*, including from smart meters, can include other than actual data ie data developed by estimation.

- (ii) in the case of a smart meter, an accumulated total of at least 48 hours of trading intervals are not billed on the basis of actual smart-meter interval metering data; and,
if issued as a result of a meter reading, the date of the meter reading;

Further questions include:

- If the metering data is not from a smart meter but is from an interval meter, what are the estimation notification rules? Presumably the same as for interval data from a smart meter?
- A smart meter is read every day; what then is the “date of the meter reading” put on the bill?

8 Clause 24 (1) Potential 3 monthly billing for gas

The gas distributors have raised with the DSDBI concerns that the potential change to 3 monthly retailer billing could be seen by some to be an expectation that the distributor meter read frequency would move also to 3 monthly. The DSDBI gave assurance that this was not the policy expectation.

SP AusNet wish for this to be recognised by the Commission, and if considered necessary, made clear in the Commission's determination to ensure that any expectation of a meter read frequency change is avoided.

9 Clause 113 (c) De-en for denying access to meter

The ERC v11 has in other clauses modified the details of retailer notification to the customer compared with the equivalent NERR clauses, to remove the requirement for customer acknowledgement of receipt of a message. eg Clause 111 (e).

In this clause this modification was not done. Is this an oversight?

10 Clause 118 (1) (d) de-energisation request

The obligations with respect to de-energisations should recognise the sequential nature of the process. The retailer accepts a request from the customer; and passes this to the distributor (through the industry B2B process); who allocates field work to carry out the actual site action, or activates their remote switching "mechanism".

Hence it would seem that a clause which states the "... the retailer must arrange for de-energisation within two hours....." does not match this process. The requirement in Clause 15.2 of the Schedule 1 Model terms and conditions which states that the retailer must pass on the customer's request to the distributor within one hour of the request better reflects the retailer's role.

The distributors' obligation to respond to that retailers' request are in their regulatory documents.

Some consideration needs to be given to aligning the wording and the retailer's obligation to the practical operational process.

Further with respect to this clause, the retailer will generally not know with any certainty for any particular meter whether the distributor has the capability to carry out a remote disconnection. Whilst ultimately all small customer installations will have this capability, this will not be the case on the short to medium term. However if maximum utilisation of the remote read capability is to be the outcome, then the retailer should be obliged to proceed with all disconnection requests as if they can be done remotely, unless they know beyond reasonable doubt that the specific installation in question does not have the capability. Hence the wording ".....where a customer can be remotely disconnected and the retailer believes it can do so safely, the retailer must arrange" should be reworded to reflect this approach.

11 Clause 122A (1) (b) re-energisation request

As per the position stated in item 10 above, this clause does not reflect the operational process. The distributor obligation to complete the re-energisation manually on the same day is based on the request being received before 3 pm. The period of time between the latest delivery at 3 pm and close of business is required for distributor request handling, allocation of field work, and the carrying out of the site action. Under the end-to-end timing based on the current wording in ERC v11, a request received by the retailer immediately before 3 pm may not be able to be actioned by the distributor the same day given the delays caused by retailer handling and the B2B process.

Some consideration needs to be given to aligning the wording and the retailer's obligation to the practical operational process.

12 Clause 122A (1) (c) remote re-en request

Similarly to the above comments, the wording and obligation here do not match the operational process. For various reasons the distributor's processes for handling remote re-energisation requests will generally not carry out the remote re-energisation after 9pm and before early the next morning (for SP AusNet 9am).

Again some consideration needs to be given to aligning the wording and the retailer's obligation to the practical operational process.

A small point but the wording in (c) (ii) " within one hour after the conclusion of the interaction during which the customer made the request", is significantly different to 118 (1)(d) " within n hours of the customer's request". Is there any difference in intent?

13 Clause 124 (1) (b) Life support obligations

The agreed industry requirement as stated in the B2B Procedure Customer and Site Details Clause 2.2.4.2 (Procedure version 2.0) is the "The retailer must immediately advise the DNSP by telephone when they become aware of a Life Support situation."

The current ERC v11 wording states "...the retailer must inform the distributor as soon as possible of the advice received from the customer" This should be revised to more specifically align with the B2B Procedure approach.

14 Clause 124 (2) Life support cessation

The agreed industry requirement as stated in the B2B Procedure Customer and Site Details Clause 3.2.3 (b) (Procedure version 2.0) is the retailer must provide the notification transaction within one business day of a change in relevant customer data.

This clause of the ERC should reflect this approach.

15 Schedule 1 Model terms and conditions for standard retail contracts Preamble Distributor contract

This clause states:

You also have a separate contract with your distributor, called a customer connection contract. The customer connection contract deals with the supply of energy to your premises and can be found on your distributor's website.
More information about this contract and other matters is on our website.

The term *customer connection contract* is defined in the Simplified explanation of terms in the Schedule as including a deemed distribution contract under the EIA and the GIA. Whilst electricity distributors have an approved Standard Terms and Conditions – Electricity Distribution Contract, SP AusNet as a gas distributor (or we understand the other two gas distributors) do not have equivalent deemed contracts for gas. Rather the distributor's interactions with end use customers is through retailers and/or governed by obligations in the Gas Distribution System Code.

This position needs to be recognised in the drafting of this Clause and also in Clause 5.2 of the Schedule

16 Schedule 1 Clause 15.2 Re-energisation timeframes

Refer to comments in Items 10 and 11 regarding better aligning the wording and the retailer's obligation to the practical operational process.

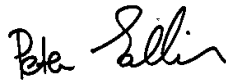
Electricity Distribution Code

17 Clause 5.6.1 Life support customers

As noted in Item 4 above, the NERR definition of life support equipment is problematic in the way it expands the scope to non medical equipment.

If you require further detail on any of the matters above, please contact myself on 9695 6629.

Yours Sincerely,

A handwritten signature in black ink that reads "Peter Ellis". The signature is written in a cursive style with a large initial "P" and a long, sweeping underline.

Peter Ellis
Network Market Services Manager