

Proposal to amend the Type 2 Methodology

The intent of the proposal is... improvement of the Type 2 gas meter estimation and substitution methodologies (...when meters have been connected for fewer than 12 months)... including ...installation-specific methodology for...

IIR Ref 1.1.1 Volume Boundary (VB) meters

IIR Ref 1.1.1 Volume Boundary Hybrid (VBH) meters

IIR Ref 1.1.2. Gas meters attached to the same MIRN as hot water meter

The proposal suggests a new Customer Characterisation which should be applied to these meters to guide the use of the “installation-specific methodology”.

	NSW metropolitan	NSW Non-metropolitan
Residential	R1	R2
<u>Residential medium-density high-rise</u>	<u>R3</u>	<u>R4</u>
Business	B1	B2
	ACT metropolitan	
Residential	R1	
<u>Residential medium-density high-rise</u>	<u>R3</u>	
Business	B1	

The suggestion that a customer, classified Business by a retailer, should be re-characterised, even just for the purposes of Type 2 Methodology implies that the Classification of the customer is Residential for that period.

Compliance risk under the NERL: Civil penalty

The NERL sets clear obligations including concessions and hardship provisions upon a retailer for Residential customers which carry a civil penalty and therefore Red Energy and Lumo Energy (Red & Lumo) consider that for the avoidance of doubt, the characterisation of a Business customer as a Residential customer should not be possible even if limited to the purposes of Type 2 Methodology.

There are additional implications for retailer reporting obligations to the AER which are determined by the customer's classification.

An alternate description or methodology should be considered; one possibility being “Load details per Annum” which would allow a Network Operator to characterise the meter within a

subset of small customers; taking into account the number of dwellings behind the meter, “Load details per Annum”, and occupancy factor.

Inconsistency under the NERR

Red & Lumo insist that the proposed change is also inconsistent with the NERR.

Part 1, Division 2, Clause 6 of the NERR clearly states that Classification of a customer as Residential or Business is a Retailer’s obligation. A Distributor (Network Operator) may only apply a consumption threshold to a Business customer of Small or Large, they may not classify a customer Residential or Business.

In the case of a VB or VBH meter, the customer of the retailer is the ENO or SO, not the end-use customers who are “...*outside of the retail gas market.*”

The ENO or SO is not using the gas for domestic use and therefore may be considered a Business customer. They should not be characterised Residential by the Distributor even if limited to the purposes of Type 2 Methodology.

Non-Compliance under the Retail Market Procedures

The RMP (Chapter 2, 2.2 MIRNS AND DATABASES) also clearly states that a Network Operator must clearly record the delivery point’s customer characterisation.

If the Network Operator were to use the proposed Type 2 Methodology, how would they record the customer characterisation for the first twelve months?

- If it is recorded as ‘Residential medium-density high-rise’ there is risk to the retailer of failing to meet their obligations under the NERL and NERR.
- If the characterisation for the first twelve months is not recorded as ‘Residential medium-density high-rise’ the Network Operator has potentially failed to meet their obligations.

Further to Network Operator obligations:

Will the Network Operator provide a CDN transaction notifying the retailer of an update to the customer characterisation for this period?

Which tariff will the consumption be billed on for this period?

Alternate proposal

An alternate description or methodology should be considered; one possibility being “Load details per Annum” supplied in the Service Connection Request or Meter Fix which would allow a Network Operator to characterise these customers within the subset of small customers; taking into account the number of dwellings behind the meter, “Load details per Annum”, and occupancy factor.

This would also remove the need for the undefined term “medium-density high-rise” which is proposed in the name of the characterisation.

Consider that every Service Connection Request is submitted with “Load details per Hour”. “Load details per Annum” is also currently Mandatory for Business customers, although Optional for Residential customers.

Meter Fix requests may also contain “Load details per Hour” and “Load details per Annum” for a Business customer, although these are both currently Optional for a Residential customer.

Data analysis of all meters should support the first 12 months of consumption; in much the same way JGN has already proposed.

Now consider grouping the MIRN according to “Load details per Annum” / (number of dwellings):

C1. where “Load details per Annum” / (number of dwellings) is less than 5GJ

This would encompass the gas meters where hot water is metered separately

C2. where “Load details per Annum” / (number of dwellings) is between 10GJ and 25GJ

This would encompass our current expectations of Residential metering

C3. where “Load details per Annum” / (number of dwellings) is greater than 25G

This would encompass exceptions (not sure if this is truly necessary)

Note that the GJ values determining the limits of groups C1, C2 and C3 should be subject to further analysis before being committed.

References

[National Energy Retail Law \(South Australia\) Act 2011—20.5.2021](#)

Schedule—National Energy Retail Law

Part 1—Preliminary

Division 1—Citation and interpretation

2—Interpretation

(1) In this Law—

business customer means a customer who is not a residential customer;

residential customer means a customer who purchases energy principally for personal, household or domestic use at premises;

5—Meaning of customer and associated terms

(1) A customer is a person—

(a) to whom energy is sold for premises by a retailer; or

(b) who proposes to purchase energy for premises from a retailer

7—Classification and reclassification of customers

The Rules may make provision for or with respect to the classification and reclassification of customers, including, for example—

- (a) whether a person is a residential customer by reference to whether the person purchases energy principally for personal, household or domestic use at premises; or
- (b) whether a business customer is a small customer or a large customer; or
- (c) whether a business customer is a small market offer customer.

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Division 3 Classification of customers

6 Classification

Customers are classified as follows:

- (a) retailer classification of a customer as:
 - (i) a residential customer; or
 - (ii) a business customer;
- (b) distributor classification of a business customer as:
 - (i) a small customer; or
 - (ii) a large customer;
- (c) distributor classification of a business customer who is a small customer as:
 - (i) a small market offer customer; or
 - (ii) not a small market offer customer.

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CHAPTER 2. MIRNS AND DATABASES

2.2 Network Operator Metering Database

- (a) Each Network Operator must create, maintain and administer a metering database that includes the following information in respect of each delivery point in its network:
 - (i) the MIRN;
 - (ii) the delivery point's discovery address and any other site address information specified in the Gas Interface Protocol;
 - (iii) the delivery point's customer characterisation;