

Response to IIR IN004/20

Amendment of Type 2

Estimation & Substitution Methodology



Customer Characterisation

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.

| | NSW metropolitan | NSW Non-metropolitan |
|--|--------------------|----------------------|
| Residential | R1 | R2 |
| Residential medium-density high-rise | R3 | R4 |
| Business | B1 | B2 |
| | ACT metropolitan | |
| Residential | R1 | |
| Residential medium-density high-rise | R2 | |
| Business | B1 | |

Customer Characterisation is defined by:
In relation to a Customer at a delivery point, whether the Customer is:
(a) 'metropolitan' or 'non-metropolitan'... and
(b) 'residential' or 'business', where residential indicates the primary use of the consumed energy is for household purposes and business indicates the primary use of the consumed energy is for commercial purposes, as determined by the Customer's Retailer.

The issue

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 corresponding obligation is placed on a distributor (network operator) to classify business customers as small or large.

The proposed approach places undue risk on retailers. An alternate approach must be implemented to avoid this risk.



Alternate proposal - straw person for discussion

Option 1 - apply the same estimation methodologies to business customers as residential customers.

Option 2 - “Load details per Annum” or “Load details per Hour” would allow a Network Operator to characterise the meter within the subset of small customers, taking into account:

- number of dwellings behind the meter,
- “Load details per Annum”, and
- occupancy factor.

“Load details per Hour” is Mandatory in a Service Connection Request

“Load details per Annum” is currently Mandatory for Business customers only

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