GAS METER MATE – NERR IMPLICATIONS

The purpose of this document is to outline JGN's position on whether the treatment of customer own reads submitted electronically, in accordance with requirements set out by JGN, as actual reads, presents any issues under the current version of rules 20 and 21 of the National Energy Retail Rules (**NERR**).

Note:

- this outline assumes that changes will be made to the Gas Retail Market Procedures for NSW / ACT (**RMP**), broadly in line with those JGN is presently working through with AEMO and other industry stakeholders – so that the RMP will provide that customer own reads submitted direct to JGN which meet requirements specified in an RMP Attachment, are to be treated as actual reads,

- this meter reading solution has been developed by JGN on the basis that no changes to the NERR or National Gas Rules will be required, in order for it to operate.

Position under rules 20 and 21 of the NERR

1. NERR rule 20(1)(b) relevantly provides:

   (1) A retailer must base a small customer's bill for the customer's consumption of:

   …

   (b) gas:

   (i) on an actual reading of the relevant meter at the customer's premises provided by the responsible person and determined in accordance with the metering rules; or
   (ii) on metering data provided for the relevant meter at the customer's premises provided by the responsible person and determined in accordance with the metering rules; or
   (iii) on an estimation of the customer's consumption of energy, as provided by rule 21; or
   (iv) on any other method agreed by the retailer and the small customer.

2. Under the NERR, "responsible person" in our case is JGN, and "metering rules" are the RMP. "Metering data" is defined in the NERR by reference to the RMP.

3. The NERR does not define the terms "actual reading" or "estimated reading". As can be seen, for example, in rule 20(1)(b)(i) above, where necessary the NERR cross refers to the "metering rules" (RMP).

4. NERR rule 21(1) in turn provides:

   (1) A retailer may only base a small customer's bill on an estimation of the customer's consumption of energy where:

   (a) the customer consents to the use of estimation by the retailer; or

   (b) the retailer is not able to reasonably or reliably base the bill on an actual meter reading; or

   (c) metering data is not provided to the retailer by the responsible person…

5. In the present case, changes have been proposed to the RMP, which would have the effect of providing that in specified circumstances a particular category of customer own reads, which is provided directly to JGN (not via the retailer), <u>will be treated as an actual read</u>, and processed as such in market systems. These are to be called in the current draft RMP

'customer-own reads (actual)'. Not all customer-own reads will be customer-own reads (actual) – those that are not will continue to be treated in the RMP as estimated reads.

6. Therefore, tracking this through the NERR, when it comes to preparing a small customer's gas bill, in the case of customer-own reads (actual), rule 20(1)(b)(i) would apply – i.e. actual reading. Furthermore, in that case, rule 21 would not be enlivened, due to rule 21(1)(b) – i.e. there is an actual meter reading for the customer, so the retailer is not able to base the bill on an estimation.

References to customer own reads in rules 21(2) and 21(3A)

7. It is understood that some stakeholders had queried the above, given wording in NERR rules 21(2) and 21(3A).

8. However, due to this category of customer own reads being classified as actual reads under the "metering rules", neither rule 21(2) nor rule 21(3A) are applicable.

9. Further clarification is set out below.

Why rule 21(2) is not relevant

10. Rule 21 relevantly provides:

> *(1) A retailer may only base a small customer's bill on an estimation of the customer's consumption of energy where:*
>
> *(a) the customer consents to the use of estimation by the retailer; or*
>
> *(b) the retailer is not able to reasonably or reliably base the bill on an actual meter reading; or*
>
> *(c) metering data is not provided to the retailer by the responsible person…*
>
> *(2) <u>Where estimations are permitted to be used as the basis for a small customer's bill</u>, the estimations must be based on:*
>
> *(a) the customer's reading of the relevant meter (which may be a customer read estimate, as defined in subrule (3A)); or*
>
> *(b) historical metering data for the customer reasonably available to the retailer; or*
>
> *(c) the average usage of energy by a comparable customer over the corresponding period, if there is no historical metering data for the customer.*

11. As noted above, estimation does not come into play here, because the customer reads in question will be treated as actual reads. Therefore, rule 21 is not relevant at all.

12. But for additional clarity, the way rule 21 operates is that it first specifies the circumstances in which <u>a retailer</u> may estimate a bill in rule 21(1), and it then specifies in rule 21(2) the options which <u>the retailer</u> has to undertake the estimation. This includes rule 21(2)(a), which makes it clear that a retailer may base its estimate on a customer's reading of the meter (e.g. a photo submitted by the customer to the retailer, as might occur, for example, in the circumstance of rule 21(1)(c) where the responsible person has not provided a reading to the retailer at all). Rule 21 essentially provides the retailer with a backup mechanism for billing if there is some issue i.e. essentially where the responsible person (JGN) has not read the meter or there is otherwise no metering data provided.

13. The correct application of rule 21(2) was acknowledged by the AEMC as part of its rule determination in 2018 which amended rule 21 to insert rule 21(3A). The AEMC stated:

For the most part, retailers use the metering data (including estimated data) that is provided by the MDP or distributor for billing purposes. In limited circumstances, some retailers generate their own estimates of a customer's energy consumption. This may occur where metering data has not been provided to the retailer in time for the customer's bill, or where a customer and the retailer have agreed to use a customer's reading of the meter.

Rule 21 of the NERR outlines the circumstances when a small customer's bill may be based on an estimate of energy consumption that is generated by the retailer, and the bases on which an estimate may be made.

Why rule 21(3A) is not relevant in the context of JGN's proposal

14. Rule 21(3A) provides:

> *If:*
>
> *(a) a small customer receives a bill based on an estimate, other than a customer's reading of the relevant meter; and*
>
> *(b) … [relates to electricity only],*
>
> *the small customer may request an adjusted bill based on the customer's reading of the relevant meter (a* ***customer read estimate****) by providing the retailer with the customer read estimate before the due date for payment of the bill under paragraph (a).*

15. This rule does not come into play here, because:

    (a) the customer-own reads (actual) are to be treated as actual reads, so the rule is not enlivened in the first place, and

    (b) in any case, this particular rule is designed to operate in an entirely different set of circumstances – one where a bill has been generated by the retailer by reference to an estimate which is not based on a customer reading, and the customer then seeks an adjustment, by providing a customer read <u>direct to the retailer</u>.

16. It is also noted that rule 21(3A) uses the term 'customer read estimate' – but per the existing NERR wording this is clearly for a different set of circumstances to those contemplated by JGN's proposal – it doesn't mean that under the NERR all customer reads are estimates:

    (a) JGN proposal: operates so that the customer submits a read <u>direct to JGN</u>, which is processed as an actual read, provided it meets specified conditions,

    (b) rule 21(3A) customer read estimate: only operates in very specific circumstances, where the customer has previously received a bill based on an estimate, and before the due date for that bill the customer provides a customer read <u>direct to the retailer</u> to enable a new bill to be issued.

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