



Energy & Water  
Ombudsman NSW

Independent Pricing and Regulatory Tribunal

Review of Initial Metrology Procedure

Draft Report

*October 2002*

Response by the

Energy & Water Ombudsman NSW

## **Introduction**

Thank you for the opportunity to comment on the review of the Initial Metrology Procedure.

We are not in a position to comment on all of the details of the issues arising from the draft report. However, the following comments address selected sections of the proposed changes to the metrology procedure. Comments are made from EWON's perspective as an independent dispute resolution mechanism for electricity, gas and water providers in NSW. EWON's jurisdiction includes complaints from residential customers of exempt network operators (for example residential parks, boarding houses and strata units) and customers of some embedded networks.

We have adopted the same numbering as the draft report.

### **2.3 Who should be the Responsible Person for customers in an embedded network?**

We note the proposal in the draft paper that the LNSP, rather than the retailer, is designated as the Responsible Person for customers within embedded networks who switch retailers and consume less than 100MWh per year. We are aware that this proposal is consistent with the ESC's draft report on Victorian Metrology Procedures, and that LNSP's have argued against the proposed change. In principle, EWON believes that customers in an embedded network should have access to the competitive market. We support changes designed to improve this access and those which promote consistency of treatment across all customers with regard to metering services.

### **2.4 Requirement to install a new meter**

We note, as stated in the draft report, that:

- the proposal to limit the circumstances under which a child customer would be required to purchase a new meter may be rendered irrelevant by provisions of the *Electricity Supply Act (1995)*,
- administration of the proposed change would be difficult, and
- any costs borne by the parent customer as a result of the proposed change may be passed on to other child customers.

We note the issue raised in the draft report concerning potential windfall gains / losses if the parent customer and the child customer have different types of meters. However, we are also aware that in relation to residential parks, the park operator may already

make windfall gains from the sale of electricity to child customers. This may arise as follows:

Section 72(3) of the *Electricity Supply Act (1995)* allows a landlord to charge a tenant for electricity consumed, providing the property is separately metered and that the charge does not exceed the maximum allowed. The maximum allowed rate is defined at s72(6)(b) as “the amount that the relevant standard retail supplier would have charged under a standard form customer supply contract for a similar quantity of electricity supplied during the same period”.

If a landlord:

- (a) is on a cheaper negotiated contract, but charges customers at the maximum allowed rate that the standard retail supplier would have charged, or
- (b) is charged one “service access charge” by their supplier but then charges every tenant a “service access charge”

then the landlord may make a windfall gain.

We are aware that the Department of Fair Trading has released a draft *Customer Service Standards for the Supply of Electricity to Permanent Residents of Residential Parks* which may assist in addressing billing and quality of supply issues.

We agree that there may be little benefit in proportion to costs if child customers are permitted to switch when the switch requires a different meter type to that used by the parent, and we support the proposal that a child customer should not be responsible for the costs of changing their meter if the parent customer decides to install a new meter subsequent to the child customer’s transfer.

#### **4. Additional controlled load profile**

We support the proposal to conduct a cost benefit analysis before introducing a new load profile (OP2), in order to ensure that the benefits of additional information to the consumer will outweigh any costs in design and maintenance, which may eventually be passed on to the end user.

#### **5.3.2 Actions in event of non-compliance with testing and inspections requirements**

The end-user customer is not the market for meters and it is difficult for customers to be adequately informed about meter accuracy and its implications. However they are likely to bear a high proportion of any costs associated with reduced accuracy or reliability.

The draft paper proposes in the event that a meter demonstrates errors in excess of prescribed limits, and the time at which the error arose is not known, the error is

deemed to have occurred at a time half way between the time of the most recent satisfactory test and the time when the error was detected.

We note that a review of historical metering information may 'suggest' the time at which a meter fault developed. However, it may be difficult to 'know' the time and hence be able to satisfy the wording of the current requirement. We support the proposed methodology to 'deem' the time that the fault arose if a review of the circumstance does not suggest a likely time.

#### **5.4.2 Tariffs for customers with sample meters**

Although more data may be available, we support the proposal to charge customers who have sample type 5 (interval) meters on the basis of accumulation data because:

- (a) it appears that the proposal will not disadvantage the customer (as they will be charged on the same basis that would have been applied, but for the installation of the sample interval meter), and
- (b) this will remove the incentive for customers to vary consumption patterns through the trial period, where the variation may have an impact on the accuracy of the load profile generated.